

Company No: 310628-D

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Company No: 310628-D

INDICATIVE TIMETABLE

MILESTONES		DATE
OPENING OF THE ISSUE	:	9 OCTOBER 2000
CLOSING OF THE ISSUE	:	23 OCTOBER 2000
TENTATIVE BALLOTING DATE	:	30 OCTOBER 2000
TENTATIVE ALLOTMENT DATE	:	14 NOVEMBER 2000
TENTATIVE LISTING DATE	:	20 NOVEMBER 2000

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DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“AC Nielsen”	:	AC Nielsen (Malaysia) Sdn Bhd (10909-V)
“ADA Code”	:	ADA (Broker) Code
“ADA”	:	Authorised Depository Agent
“AOL”	:	Accountants Online Sdn Bhd (505314-T)
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“Bonus Issue”	:	The bonus issue of 15,900,000 new ordinary shares of RM1.00 each in HeiTech at par to the existing shareholders of HeiTech, which had been undertaken prior to the issuance of this Prospectus
“CDS”	:	Central Depository System
“CRCP”	:	Convertible Redeemable Cumulative Preference Shares
“COO”	:	Chief Operating Officer of subsidiary company
“EBIDTA”	:	Earnings before interest, depreciation, taxation and amortisation
“e-Image”	:	e-Image Technologies Sdn Bhd (498775-V)
“EPS”	:	Earnings per share
“ETSB”	:	Educational Trend Sdn Bhd (324657-D)
“ESTS”	:	Employees Share Trust Scheme
“FIC”	:	Foreign Investment Committee
“GP Margin”	:	Gross profit margin
“HeiTech” or “the Company”	:	HeiTech Padu Berhad (310628-D)
“HeiTech Group” or “Group”	:	HeiTech and all its subsidiary companies
“IT”	:	Information Technology
“JIM”	:	Jabatan Imigresen Malaysia
“JPJ”	:	Jabatan Pengangkutan Jalan
“JPN”	:	Jabatan Pendaftaran Negara
“KCSB”	:	Kayangan Cahaya Sdn Bhd (429889-V)
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE
“Megacenter”	:	Megacenter System Sdn Bhd (498590-H)

DEFINITIONS

“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
"MITI"	:	Ministry of International Trade and Industry
“MBO”	:	Management buy-out of PNB Information Technologies Sdn Bhd by Padujade on 31 December 1997
“MRC”	:	Motordata Research Consortium Sdn Bhd (352966-T)
“MSC”	:	Multimedia Super Corridor
“N/A”	:	Not applicable
“NP Margin”	:	Net profit margin
“NTA”	:	Net tangible assets
“Offerors”	:	The existing shareholders of HeiTech, namely PNB, Padujade, PUNB, certain employees of HeiTech and individual shareholders of HeiTech
“Padu Bantu”	:	Padu Bantu Sdn Bhd (501481-V)
“Padujade”	:	Padujade Corporation Sdn Bhd (429904-X)
“Padusoft”	:	Padusoft Sdn Bhd (404901-A)
“PaduNet”	:	PaduNet Sdn Bhd (485673-A)
“PaduTech”	:	PaduTech Solutions Sdn Bhd (485659-H)
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price earnings multiple
“Placement”	:	The placement by the Offerors of 4,000,000 ordinary shares of RM1.00 each in HeiTech to parties nominated in consultation with the Company at a placement price of RM2.50 per Placement Share
“Placement Share(s)”	:	The 4,000,000 existing ordinary shares of RM1.00 each in HeiTech which are the subject of the Placement
“PNB”	:	Permodalan Nasional Berhad (38218-X)
“Public Issue”	:	The public issue of 12,500,000 new ordinary shares of RM1.00 each in HeiTech at an issue price of RM2.50 per Public Issue Share by HeiTech, subject to the terms and conditions of the Prospectus
“Public Issue Share(s)”	:	12,500,000 new ordinary shares of RM1.00 each in HeiTech to be issued pursuant to the Public Issue
“PUNB”	:	Perbadanan Usahawan Nasional Berhad (221057-V)
“RCPS”	:	Redeemable Convertible Preference Shares
“Rights Issue”	:	The rights issue of 36,600,000 new ordinary shares of RM1.00 each in HeiTech at par to the existing shareholders of HeiTech, which had been undertaken prior to the issuance of this Prospectus

DEFINITIONS

“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“ROC”	:	Registrar of Companies, Malaysia
“SAM”	:	Software Alliance (M) Sdn Bhd (178156-W)
“SC”	:	Securities Commission
“HT Soft”	:	HT Soft Technologies Sdn Bhd (505138-K)
“VPC”	:	Vantage Point Consulting Sdn Bhd (447773-W)
“WAP”	:	Wireless Application Protocol

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HEITECH PADU BERHAD

Company No: 310628-D

(Incorporated in Malaysia under the Companies Act, 1965)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Nationality	Address	Occupation
Dato' Mohd Hilmey bin Mohd Taib	Malaysian	13, Jalan SS 14/8 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	Executive Chairman
Dato' Mohd Zuki bin Kamaluddin	Malaysian	A-5050, Jalan Dato' Bahaman Taman Sri Kuantan, 25250 Kuantan Pahang Darul Makmur	Independent Non-executive Director
Dato' Lee Hau Hian	Malaysian	2, Jalan Raja Di-Hilir 30350 Ipoh Perak Darul Ridzuan	Non-executive Director
Safiee bin Mohammad	Malaysian	53, Jalan USJ 9/5K Taman Seafield 47620 Subang Jaya Petaling Jaya Selangor Darul Ehsan	President / Executive Director
Syed Agel bin Syed Salim	Malaysian	2, Lorong SS 1/24A Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	Non-executive Director
Azlan bin Rashid	Malaysian	41, Jalan USJ 2/5L UEP Subang Jaya 47600 Petaling Jaya Selangor Darul Ehsan	Non-executive Director
Jamaludin bin Ibrahim	Malaysian	HR1-25-3, Riana Green Tropicana Golf & Country Club Jalan Tropicana Utara 47410 Petaling Jaya Selangor Darul Ehsan	Independent Non-executive Director

AUDIT COMMITTEE

Name	Responsibility	Directorship
Dato' Mohd. Zuki bin Kamaluddin	Chairman	Independent Non-executive Director
Safiee bin Mohammad	Member	President / Executive Director
Jamaludin bin Ibrahim	Member	Independent Non-executive Director

CORPORATE INFORMATION (Cont'd)

COMPANY SECRETARY	:	Khaeruddin bin Sudharmin (LS 007037) 44, Jalan SS 7/6 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan
REGISTERED OFFICE AND MANAGEMENT OFFICE	:	Tingkat 2, Blok B Plaza Damansara Medan Setia Bukit Damansara 50490 Kuala Lumpur
TELEPHONE NUMBER	:	03 – 254 3777
WEB SITE	:	www.heitech.com.my
PRINCIPAL BANKERS	:	Malayan Banking Berhad (3813-K) Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
	:	Bumiputera-Commerce Bank Berhad (13491-P) 1 st Floor, Menara Permodalan Nasional Berhad Jalan Tun Razak 50400 Kuala Lumpur
	:	Public Bank Berhad (6463-H) 36-40, Medan Setia 2 Plaza Damansara Bukit Damansara 50490 Kuala Lumpur
AUDITORS AND REPORTING ACCOUNTANTS	:	Arthur Andersen & Co Level 23A, Menara Milenium Pusat Bandar Damansara 50490 Kuala Lumpur
SOLICITORS FOR THE ISSUE	:	Lee Choon Wan & Co Advocates and Solicitors No. 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur
ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sdn Bhd (11324-H) Ground Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

REGISTRAR : Malaysian Share Registration Services Sdn Bhd (378993-D)
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

**ADVISER AND
MANAGING
UNDERWRITER** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

UNDERWRITERS : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

RHB Sakura Merchant Bankers Berhad (19663-P)
Level 9, Tower Three, RHB Centre,
Jalan Tun Razak
50400 Kuala Lumpur

Perwira Affin Merchant Bank Berhad (9999-V)
27th Floor, Menara Boustead,
No. 69, Jalan Raja Chulan
50200 Kuala Lumpur

**INDEPENDENT MARKET
RESEARCHER** : AC Nielsen (Malaysia) Sdn Bhd (10909-V)
19/F Menara MPPJ
Jalan Tengah
46200 Petaling Jaya
Selangor Darul Ehsan

LISTING SOUGHT : Main Board of the KLSE

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1. SUMMARY INFORMATION

“The Summary Information is only a summary of the salient information about the Company and investors should read and understand the whole Prospectus prior to deciding whether to invest”

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

1.1 History and Principal Activities

HeiTech was incorporated in Malaysia under the Companies Act, 1965 on 5 August 1994 as a private limited company under the name of PNB Training and Resort Management Sdn Bhd. On 27 March 1995, the Company changed its name to PNB Information Technologies Sdn Bhd. Pursuant to the MBO on 31 December 1997, the Company changed its name to HeiTech Padu Sdn Bhd on 31 May 1999. The Company was subsequently converted into a public limited company on 24 March 2000, and since then, assumed its present name.

The Company is principally involved in providing total business solutions in IT, which include system integration, application development, data center management, network & business recovery services. The principal activities of its subsidiary and associated companies are as follows:

Subsidiary and Associated Companies	Effective Equity Interest (%)	Principal Activities
SAM	100.0	Provision of system integration services, turnkey software development, professional IT services and software products implementation
VPC	50.0	Provision of management consultancy and information technology consulting services in System Applications and Products (“SAP”) systems
Padusoft	100.0	Provision of software development and related marketing and support activities and research and development works for software development
KCSB	78.0	Provision of IT infrastructure works and building maintenance and administration
PaduTech	100.0	Provision of consultancy services, application development, project management, system integration and change management services
HT Soft	100.0	Provision of research and development in developing, installing and supporting software for small and medium sized industries
PaduNet	100.0	Provision of consultancy services, network management , local area network design and installation services
Megacenter	100.0	Provision of consultancy services, business recovery services, enterprise system management, data center management, service bureau, technical consultancy and value added resale

1. SUMMARY INFORMATION (Cont'd)

Subsidiary Companies	Effective Equity Interest (%)	Principal Activities
e-Image	100.0	Provision of record management services, document imaging and document storage warehousing services
ETSB	50.4	Development and implementation of educational software via computer aided instruction and computer aided learning programs for smart school
Padu Bantu	100.0	Provision of one-stop customer support service center and consultancy service desks
AOL	51.0	Provision of on-line financial accounting services over the Internet
MRC	60.0	Provision of motor repair and insurance research services

1.2 Promoters/Major Shareholders, Directors And Key Management/Technical Personnel

1.2.1 Promoters/Major Shareholders

Name	Nationality/ Place of Incorporation	Principal Activity/ Designation	No. Of Ordinary Shares Held After Public Issue			
			Direct	%	Indirect	%
Padujade	Malaysian	Investment holding	30,691,685	38.36	-	-
PNB	Malaysian	Investment holding	15,875,000	19.84	-	-
Dato' Mohd Hilmey Mohd Taib	Malaysian	Executive Chairman	6,063,327	7.58	30,691,685	38.36 ⁽¹⁾
Safiee Mohammad	Malaysian	President / Executive Director	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Wan Zaidi Wan Jaafar	Malaysian	Senior Vice President	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Other individuals ⁽²⁾	Malaysian	N/A	2,982,271	3.73	30,691,685	38.36 ⁽¹⁾
PUNB	Malaysia	Venture capital and management services	523,875	0.65	30,691,685	38.36 ⁽¹⁾

Note :

(1) Deemed interested by virtue of their direct shareholding in Padujade.

(2) List of names is set out in Section 13.3(e).

1. SUMMARY INFORMATION (Cont'd)**1.2.2 Directors**

		No. Of Ordinary Shares Held After Public Issue			
		No. Of Shares	%	No. Of Shares	%
Dato' Mohd Hilmey Mohd Taib	Executive Chairman	6,063,327	7.58	30,691,685	38.36 ⁽¹⁾
Safiee bin Mohammad	President/Executive Director	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Dato' Mohd Zuki bin Kamaluddin	Independent Non-executive Director	-	-	-	-
Dato' Lee Hau Hian	Non-executive Director	-	-	-	-
Syed Agel bin Syed Salim	Non-executive Director	-	-	-	-
Azlan bin Rashid	Non-executive Director	-	-	-	-
Jamaludin bin Ibrahim	Independent Non-executive Director	-	-	-	-

Note :

(1) Deemed interested by virtue of their direct shareholding in Padujade, which holds 38.37% in HeiTech

1.2.3 Key Management / Technical Personnel

Name	Designation	No. Of Ordinary Shares Held After Public Issue			
		No. Of Shares	%	No. Of Shares	%
Dato' Mohd Hilmey Mohd Taib	Executive Chairman	6,063,327	7.58	30,691,685	38.36 ⁽¹⁾
Safiee Mohammad	President / Executive Director	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Wan Zaidi bin Wan Jaafar	Senior Vice President	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Omar bin Che Mad	Vice President	253,457	0.32	30,691,685	38.36 ⁽¹⁾
Abidin bin Yahya	Vice President	253,457	0.32	30,691,685	38.36 ⁽¹⁾
Fauzi Che Embi	Vice President/COO	253,457	0.32	30,691,685	38.36 ⁽¹⁾
Che Ngah Ibrahim	Vice President/COO	253,457	0.32	30,691,685	38.36 ⁽¹⁾
Abdullah Ahmad	Vice President/COO	202,756	0.25	30,691,685	38.36 ⁽¹⁾
Khaeruddin bin Sudharmin	Vice President / Group Company Secretary	158,750	0.20	30,691,685	38.36 ⁽¹⁾
Hasnan Hashim	COO	50,000	0.06	-	-

1. SUMMARY INFORMATION (Cont'd)

Name	Designation	No. Of Ordinary Shares Held After Public Issue			
		No. Of Shares	%	No. Of Shares	%
Mohd Sultan Abdul Majeed	COO	30,400	0.04	30,691,685	38.36 ⁽¹⁾
Tajul Razi bin Abdul Aziz	Vice President	30,000	0.04	-	-
Mohamed Radzi Taib	COO	5,000	0.006	-	-
Mohd Khairuddin Martin Abdullah	COO	5,000	0.006	-	-
Fauzi bin Mustapha	Director of Human Resources	5,000	0.006	-	-
N. Azamee Nasir	COO	3,000	0.004	-	-
Dr. Lee Oi Kum	COO	-	-	-	-
Razalee Amin	COO	-	-	-	-

Note:

(1) *Deemed interested by virtue of their direct shareholdings in Padujade, which holds 38.37% in HeiTech*

Detailed information on the Promoters/Major Shareholders, Directors and Key Management / Technical Personnel is set out in Section 5 of this Prospectus.

1.3 Technology/software/systems used by the HeiTech Group

The description of the technology/software/systems used by the HeiTech Group in supplying and providing its products and services are summarized as follows:-

(i) Josten Learning Corporation (“JLC”) Educational Software

JLC is a member of the WRC Media Family, the largest publisher of supplementary educational materials in the world. WRC Media is the education division of Ripplewood Holdings, LLC, an investment firm established in 1995 to fund and grow market leaders.

HeiTech, through its subsidiary, ETSB provides marketing and distribution of educational software to schools nationwide, including smartschools and colleges. With the strategic partnership, ETSB and JLC products such as Tomorrow’s Promise, Writing Expedition, Compass and Worldware are now sold/used nationwide.

(ii) Genesis Total Solution system

Genesis Total Solution is a system that enables the user to estimate motor insurance claims and repairs.

1. SUMMARY INFORMATION (Cont'd)

(iii) e-media Workflow

e-media Workflow is a document imaging and workflow solution services and digital records management services. The services changes a traditional business into a paperless enterprise.

(iv) Centura

Centura is a set of software products which includes application development tools, a database and connectivity tool for small appliances (e.g. handphones, palm pilot) that scale from intelligent appliances to large Internet servers.

(v) Bank Trade

Bank Trade is an integrated system for trade finances automation. The software consists of modules such as letter of credit, banking acceptance, bonds and guarantees, loans/advances, fund transfer/remittance and bank to bank reimbursement.

(vi) Fair, Isaac

Fair, Isaac is a credit application scoring and credit risk management software. Major modules include credit desk (automated loan origination system), behavior scoring, commercial scoring etc.

HeiTech is also in partnership with the following organizations for their technology in providing the Company's services:-

(i) IBM World Trade Corporation, a business alliance to provide IT outsourcing service in the area of facilities management and business recovery services to the public sector.

(ii) Oracle Systems Sdn Bhd, under the Oracle Partner Program (OPP) to distribute Oracle's databases and application software.

(iii) Hewlett Packard (M) Sdn Bhd, a partnership arrangement to provide business recovery services.

(iv) AFIS Fr. Sagem SA, the use of hardware and software for the technology used for JPN Project. AFIS is an automatic biometric identification system based on fingerprint.

(Source : Management of HeiTech)

1. SUMMARY INFORMATION (Cont'd)**1.4 Table of income statement for the past five (5) years**

The following table, which should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus, sets out a summary of the consolidated results of the HeiTech Group for the past five (5) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000:

	17-month	<-----Financial year ended 31 December----->				4-month
	period ended 31 December 1995	1996	1997	1998	1999	period ended 30 April 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	28,521	46,477	65,798	97,699	142,051	41,088
EBIDTA	7,242	14,530	11,330	19,922	42,826	13,758
Interest	(156)	-	-	(3)	(937)	(192)
Depreciation	(2,352)	(6,660)	(4,494)	(6,806)	(7,965)	(3,115)
Amortisation	(744)	(744)	(744)	-	-	(469)
Operating Profit	3,990	7,126	6,092	13,113	33,924	9,982
Share of profit/loss of associated company	-	-	-	439	(311)	(226)
Consolidated profit before taxation from ordinary activities	3,990	7,126	6,092	13,552	33,613	9,756
Taxation	(575)	(3,017)	(1,074)	(3,692)	(500)	(4,183)
Consolidated profit after taxation from ordinary activities	3,415	4,109	5,018	9,860	33,113	5,573
Extraordinary items	-	-	-	-	-	-
Minority interest	-	-	-	-	262	1,412
Consolidated profit after taxation after minority interests	3,415	4,109	5,018	9,860	33,375	6,985
No. of ordinary shares in issue ('000)	15,000	15,000	15,000	15,000	15,000	15,000
Gross EPS (sen)	26.6	47.5	40.6	90.3	224.1	65.0
Net EPS (sen)	22.8	27.4	33.5	65.7	220.8	37.2

Notes: (1) HeiTech was incorporated on 5 August 1994
(a) There were no extraordinary or exceptional items in the financial years under review
(b) There were no Group accounts prepared prior to the financial year ended 31 December 1998 as HeiTech had no investment in subsidiaries then

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1. SUMMARY INFORMATION (Cont'd)**1.5 Proforma summary of the balance sheet for the latest financial year adjusted for the financial effects**

The summarised balance sheet and proforma summary of the balance sheet of HeiTech Group as at 30 April 2000 on the assumption that the following events had been completed on that date, is set out below:

	Audited as at 30.4.2000 RM'000	Proforma 1 RM'000	Proforma 2 RM'000	Proforma 3 RM'000
CURRENT ASSETS				
Cash and bank balances	57,077	122,677	99,677	57,707
Trade debtors	37,338	37,338	37,338	37,338
Development expenditure	2,188	2,188	2,188	2,188
Other debtors	8,746	8,746	8,746	8,746
	105,349	170,949	147,949	105,349
CURRENT LIABILITIES				
Bank overdraft	530	530	530	530
Trade creditors	28,831	28,831	22,831	22,831
Other creditors	33,961	33,961	33,961	33,961
Taxation	6,543	6,543	6,543	6,543
Dividends	3,973	3,973	3,973	3,973
Due to holding company	51	51	51	51
	73,889	73,889	67,889	67,889
NET CURRENT ASSETS	31,460	97,060	80,060	37,460
INVESTMENTS	458	458	9,458	9,458
FIXED ASSETS	32,727	32,727	32,727	75,327
STAFF LOAN	2,081	2,081	2,081	2,081
DEFERRED EXPENDITURE	6,574	6,574	6,574	6,574
DEFERRED INCOME	(22,204)	(22,204)	(22,204)	(22,204)
DEFERRED TAXATION	(3,190)	(3,190)	(3,190)	(3,190)
MINORITY INTERESTS	(1,265)	(1,265)	(1,265)	(1,265)
	46,641	112,241	104,241	104,241
SHAREHOLDERS' FUNDS				
Share capital	15,000	80,000	80,000	80,000
Share premium	-	16,500	16,500	16,500
Reserve arising on consolidation	228	228	228	228
Retained profits	31,413	15,513	7,513	7,513
	46,641	112,241	104,241	104,241

1. SUMMARY INFORMATION *(Cont'd)*

Please refer to Section 9.8 of this Prospectus for the detailed proforma consolidated balance sheet as at 30 April 2000.

Notes:

Proforma 1 : *Assuming receipt of proceeds of RM67.85 million net of expenses of RM2.25 million.*

Proforma 2 : *Assuming utilisation of proceeds as follows :-*
i) Research & development expenditure of RM8 million.
ii) Investment of RM9 million.
iii) Working capital of RM6 million.

Proforma 3 : *Assuming capital expenditure of RM42.6 million.*

1.6 Audit qualifications in the audited accounts, for the past five (5) financial years

Save for the following subsidiaries whereby the Reporting Accountants have not acted as the auditors throughout the past 5 years, all the accounts were reported on without any qualification throughout the relevant periods under review:

Company	Financial year of appointment
SAM	31 December 1997
MRC	31 December 1999
ETSB	30 April 2000

1.7 Material investment considerations in relation to the Group and industry

An investment in the shares listed/to be listed on the KLSE involves a number of risks some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and are inherent in the business of the Group.

The investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the Public Issue Shares which are the subject of this Prospectus. The investment considerations that should be considered includes, but is not limited to, the following:

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

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1. SUMMARY INFORMATION (Cont'd)

- The ownership and control rests with PNB, Padujade, Dato' Mohd. Hilmey Mohd. Taib and individuals who make up the MBO team. It is likely that PNB, Padujade, Dato' Mohd Hilmey Mohd Taib and individuals who make up the MBO team will be able to control the outcome of certain matters requiring the vote of the Company's shareholders.
- Business risks inherent in the IT industry which includes human resource and supply shortages, increases in salary costs, technological changes, changes in general economic, business and credit conditions.
- The dependence on key personnel, which could affect the Company's continuing ability to compete in the industry.
- Competition from other companies that are involved in IT business and providing similar services and products.
- Dependence on certain customers and failure of on-going relationships such as the PNB Group and Government departments such as JIM, JPJ and JPN which have accounted for approximately 76% of its profits over the past five (5) years.
- Political and Economic considerations such as changes in interest rates, foreign exchange rates, methods of taxation, tariffs and duties.
- Government control or regulation via the Communications & Multimedia (Licensing) Regulations 2000 (under the Communications and Multimedia Act 1998), for which HeiTech is a license holder.
- Legal uncertainties concerning the corporation's business or operations or contractual agreements such as changes or amendments to laws and regulations that governs HeiTech's business.

Please refer to Section 3 for further information concerning the abovesaid investment considerations, which should be considered by prospective investors. Investors are advised to carefully consider the investment considerations, together with other information contained in this Prospectus before subscribing to any of the ordinary shares, which are the subject of this Prospectus.

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1. SUMMARY INFORMATION *(Cont'd)*

1.8 Highlights of the consolidated profit estimate and forecast

<u>Financial Years Ending 31 December</u>	<u>Estimate</u> <u>2000</u> <u>RM'000</u>	<u>Forecast</u> <u>2001</u> <u>RM'000</u>
Consolidated profit before tax and minority interest	28,625	30,598
Taxation	(11,204)	(10,413)
Consolidated profit after tax	17,240	20,185
Minority interest	2,646	1,463
Consolidated profit after tax and minority interest	20,067	21,648
Weighted average number of shares in issue ('000) ⁽¹⁾	32,923 ⁽¹⁾	N/A
Number of enlarged shares in issue ('000)	80,000	80,000
Gross EPS (sen)	86.94 ⁽²⁾	38.25
Net EPS (sen)	60.95 ⁽²⁾	27.06
Fully diluted gross EPS (sen)	35.78 ⁽³⁾	38.25
Fully diluted net EPS (sen)	25.08 ⁽³⁾	27.06
Gross price earnings multiple (times)	2.88 ⁽⁴⁾	6.54
Net price earnings multiple (times)	4.10 ⁽⁴⁾	9.24
Gross price earnings multiple (times)	7.0 ⁽⁵⁾	6.54
Net price earnings multiple (times)	9.96 ⁽⁵⁾	9.24

Notes:

- (1) *Weighted average number of shares in issue of 32,923,497 ordinary shares of RM1.00 each was calculated based on the assumption that the Placement and Public Issue were completed on 25 October 2000.*
- (a) *Calculated based on the weighted average number of shares in issue.*
- (b) *Calculated based on the enlarged share capital in issue of 80,000,000 ordinary shares of RM1.00 each.*
- (c) *Calculated based on the gross and net EPS based on the weighted average number of shares in issue of 32,923,492 ordinary shares of RM1.00 each.*
- (d) *Calculated based on the fully-diluted gross and net EPS.*

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1. SUMMARY INFORMATION (Cont'd)**Dividend Estimate And Forecast**

Financial Years Ending 31 December	Estimate 2000	Forecast 2001
Gross dividend per ordinary share (%)	12.00	12.00
Net dividend per ordinary share (%)	8.64	8.64
Gross dividend yield based on the Issue/Placement price of RM2.50 per ordinary share (%)	4.80	4.80
Net dividend yield based on the Issue/Placement price of RM2.50 per ordinary share (%)	3.46	3.46
Net dividend cover (times)	2.90	3.13

1.9 Principal statistics of the Public Issue and Placement**(a) Share Capital**

<i>Authorised</i>	RM
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and fully paid-up</i>	
Existing 67,500,000 ordinary shares of RM1.00 each	67,500,000
To be issued pursuant to the Public Issue	
- 12,500,000 new ordinary shares of RM1.00 each	12,500,000
	80,000,000

(b) Issue/Placement Price Per Ordinary Share **RM2.50**

1.10 Proforma Consolidated NTA and NTA per share

	NTA RM'000	NTA Per Ordinary Share RM
Audited as at 30 April 2000	40,067	2.67
Proforma Group NTA as at 30 April 2000 (after adjusting for Bonus Issue, Rights Issue, Public Issue and after deducting estimated listing expenses ⁽¹⁾)	105,667 ⁽¹⁾	1.32 ⁽¹⁾

Note:

(1) Net of estimated listing expenses of RM2,250,000

Detailed calculation of the Proforma Consolidated NTA are set out in Section 9.10 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)

1.11 Proposed utilisation of proceeds

The Public Issue will raise RM31.25 million which shall accrue to the Company. The total gross proceeds of RM67.85 million arising from the Rights Issue and Public Issue will be utilised as follows:

	RM'000
(i) Research and development	17,000
(ii) Business center in Guthrie Telepark, Bukit Jelutong, Shah Alam	30,000
(iii) MSC Centre	12,600
(iv) Working capital	6,000
(v) Listing expenses	2,250
Total proceeds	67,850

The Company shall bear all expenses such as brokerage and underwriting commission, registration and share transfer fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of HeiTech on the Main Board of the KLSE estimated at RM2.25 million.

Details of the proposed utilisation of proceeds are set out in Section 2.7 of this Prospectus.

1.12 Material commitments, contingent liabilities and material litigation**(a) Material Commitment For Capital Expenditure**

Save as disclosed below, as at 30 September 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this prospectus) there are no material commitments for capital expenditure incurred or known to be incurred by HeiTech, which may have a substantial impact on the results or the financial position of the Company.

	Amount RM
Approved and contracted for	4,674,811
Approved but not contracted for	8,728,488

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1. SUMMARY INFORMATION (Cont'd)

The details of the capital commitments are as follows:-

Approved and contracted for	
- in respect of purchases of fixed assets	RM4,374,811
- in respect of purchases consideration for the acquisition of an associated company	RM300,000
Total	<u>RM4,674,811</u>
Approved and not contracted for	
- additional funding to subsidiaries	RM599,988
- other proposed investments	RM8,128,500
Total	<u>RM8,728,488</u>

(b) Contingent Liabilities

Save as disclosed below, as at 30 September 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this prospectus) there are no material contingent liabilities incurred by the Company:

	Amount RM
Corporate guarantee for credit facility of a subsidiary	<u>9,100,000</u>

The credit facility has been fully utilised by the subsidiary.

(c) Material Litigation

Save as disclosed below, as at 30 September 2000, the Company and its subsidiaries are presently not engaged in any litigation whether as plaintiff or defendant which has a material effect on the financial position of the Company or any of its subsidiaries and the Directors do not know of any proceedings whether 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 HeiTech and its subsidiaries.

- (i) Debt of RM786,489.68 owing to VPC for services rendered to a number of RCM & Associates Sdn Bhd's ("RCM") clients at RCM's request. This debt has been admitted by RCM. VPC is still deciding whether to proceed with Non-Judgemental Winding-Up.

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2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT

This Prospectus is dated 9 October 2000. A copy of this Prospectus has been registered by the SC and has been lodged with the ROC who takes no responsibility for its contents.

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 and for dealing in and quotation for the entire issued and fully paid-up ordinary shares of HeiTech, including the Public Issue Shares and Placement Shares, which are the subject of this Prospectus, on the Main Board of the KLSE. These ordinary shares will be admitted to the Main Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and quotation for all the issued shares of the Company on the Main Board of the KLSE. Monies paid in respect of any application accepted will be returned without interest if the said permission is not granted. Admission to listing is not being sought on any other stock exchange.

2.1 Opening And Closing Of Application Lists

The Application Lists will open at 10.00 a.m. on 23 October 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 HeiTech in their absolute discretion may decide.

2.2 Dates of Special Events

Opening Date Of The Issue	:	9 October 2000
Closing Date Of The Issue	:	23 October 2000
Tentative Balloting Date	:	30 October 2000
Tentative Allotment Date	:	14 November 2000
Tentative Listing Date	:	20 November 2000

2.3 Number and type of Securities to be issued

	RM
<i>Authorised Share Capital</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and fully paid-up Share Capital</i>	
Existing 67,500,000 ordinary shares of RM1.00 each	67,500,000
<i>To be issued pursuant to the Public Issue:</i>	
- 12,500,000 new ordinary shares of RM1.00 each	12,500,000
Enlarged issued and fully paid-up share capital	80,000,000

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

The issue price of RM2.50 per ordinary share is payable in full upon application.

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

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

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

2.4 Details Of The Public Issue and Placement

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

(i) Eligible Directors And Employees Of HeiTech Group

500,000 Public Issue Shares will be reserved for eligible directors and employees of the HeiTech Group.

(ii) Malaysian Public

12,000,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(iii) Nominated Places for the Placement

4,000,000 Placement Shares will be reserved for selected parties and customers nominated in consultation with the Company.

In the event that any of the Public Issue Shares under paragraph (i) above are not taken up by the eligible directors and employees of the HeiTech Group, such Public Issue Shares will be made available for application by members of the Malaysian investing public.

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

In the event that any of the Placement Shares under paragraph (iii) above are not taken up by the selected parties and customers nominated, such Placement Shares will be made available for application by other selected parties and customers to be nominated in consultation with the Company.

All the Public Issue Shares and Placement Shares under paragraph (ii) and (iii) above have been fully underwritten together with any ordinary shares not subscribed for by the eligible directors and employees of the HeiTech Group under paragraph (i) above.

2.5 Basis of Arriving at the Issue/Placement Price

The Issue/Placement price of RM2.50 per ordinary share was determined and agreed upon by the Company and Aseambankers as the Adviser and Managing Underwriter based on various factors after taking into account the following: -

- (i) the Group's financial and operating history and conditions as outlined in Section 9 of this Prospectus;
- (ii) the prospects of the industries in which the Group operates as outlined in Section 4 of this Prospectus;
- (iii) the estimate net PE multiples of 4.1 times based on the estimate net EPS of 60.95 sen based on the weighted average number of ordinary shares in issue of 32,923,497 ordinary shares of RM1.00 each and estimate net PE multiple of 9.96 times based on the estimate fully diluted net EPS of 25.08 sen based on the enlarged paid-up capital of 80,000,000 ordinary shares of RM1.00 each;
- (iv) the forecast net PE multiples of 9.24 times based on the forecast net EPS of 27.06 sen based on the enlarged paid-up capital of 80,000,000 ordinary shares of RM1.00 each;
- (v) the proforma Group NTA per share of RM1.34 as at 30 April 2000; and
- (vi) the estimate and forecast gross dividend yield of 12% respectively.

2.6 Purposes Of The Public Issue And Placement

The purposes of the Public Issue And Placement are as follows:

- (i) to provide an opportunity for the Malaysian public, selected parties and customers and employees of the HeiTech Group to participate in the continuing growth of the Group;
- (ii) to provide HeiTech Group with access to the capital market to raise funds to finance the future growth and expansion of the Group;

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

- (iii) to promote and increase the number of Bumiputera companies listed on the KLSE; and
- (iv) to obtain a listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE.

2.7 Proposed Utilisation of Proceeds

The Public Issue will raise RM31.25 million which shall accrue to the Company. The total gross proceeds of RM67.85 million arising from the Rights Issue and Public Issue accruing to the Company will be utilised as follows:

	RM'000	Estimated Completion Date
(i) Research and development	17,000	December 2001
(ii) Business center in Guthrie Telepark, Bukit Jelutong, Shah Alam	30,000	December 2003
(iii) MSC Centre	12,600	December 2001
(iv) Working capital	6,000	December 2000
(v) Listing expenses	2,250	December 2001
Total proceeds	<u>67,850</u>	

There is no minimum subscription to be raised from the Public Issue as the Public Issue shares are fully underwritten.

Brief details on the utilization of proceeds are as follows:-

(i) Research and Development

The key thrust of the information technology industry is the strength of research and development activities, which consequently generate value added products to existing and potential customers. Realising its paramount importance to HeiTech's long term business viability, an allocation of RM17 million has been set aside to enhance research and development capabilities. This investment includes those internally generated within the HeiTech Group and externally acquired via equity stake in application and software development companies. The key areas that will utilize the proceeds includes:-

- Software development and enhancement
- Multimedia communications
- Multimedia content software
- Mobile and wireless computing platform
- Internet infrastructure
- E-Commerce related activity

For further details on research and development, please refer to Section 4.4.8 of this prospectus.

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)

(ii) Business Center at Guthrie Telepark, Bukit Jelutong, Shah Alam

The new business center of approximately 150,000 square feet will house HeiTech's core business activities, excluding research and development activities, which will include:-

- Data Centre and Business Recovery Centre which will accommodate 140 system engineers and information technology executives
- System Integration Services Group which will accommodate 250 applications software developers and system analysts
- Network and Facilities Management center which will accommodate 60 system engineers and information technology executives
- Command Centre and Call Centre servicing all HeiTech customers
- Corporate office and training facilities

The capital expenditure is estimated as follows:-

	RM' million
Building cost	17.20
Interior decoration, furniture and fittings, computer network and equipments	12.80
	30.00

The new business center will realize rental cost savings of approximately RM3,155,000 annually.

(iii) Research & Development Centre at Cyberjaya

The proposed Research and Development Center in Cyberjaya, Selangor is the hub of Malaysia's MSC initiatives. In support of this, HeiTech through its MSC status companies, Padusoft Sdn Bhd and Educational Trend Sdn Bhd, intends to centralize all its research and development efforts in Cyberjaya to capitalize its technological and physical infrastructure. The proceeds will be utilized to acquire space of approximately 40,000 square feet to accommodate software research and development activities, a business recovery facility and a data center facility. This will realise rental savings of approximately RM1,844,832 per annum.

(iv) Working Capital

An amount of RM6 million of the proceeds will be utilized as working capital to support HeiTech's existing business operations which includes financing its purchases of computer hardware and software and other operating expenses.

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

The impact of the utilization of proceeds on the cashflow of the Company can be summarized as follows :-

Cashflow

	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	Total RM'000
Inflow :					
IPO Proceeds	67,850	-	-	-	67,850
Outflow :					
Research & Development	(9,500)	(7,500)	-	-	(17,000)
Listing expenses	(1,688)	(562)	-	-	(2,250)
Working Capital	(6,000)		-	-	(6,000)
MSC Centre at Cyberjaya	(6,300)	(6,300)	-	-	(12,600)
Business Center in Bukit Jelutong		(10,000)	(10,000)	(10,000)	(30,000)
Net Cashflow	44,362	(24,362)	(10,000)	(10,000)	0

Notes:-

The net increase in cash and cash equivalents includes the net cashflow in respect of proceeds arising from the Proposed Listing and the utilisation of the said proceeds.

The impact on the consolidated balance sheet of the Company is reflected in Section 1.5 of this prospectus.

(v) Listing Expenses

The Company shall bear all expenses such as brokerage and underwriting commission, registration fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of HeiTech on the Main Board of the KLSE estimated at RM2.25 million.

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2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

2.8 Proceeds of the Placement

The gross proceeds of the Placement of RM10.0 million shall accrue to the Offerors and no part of the proceeds of the Placement is receivable by HeiTech. The Offerors shall bear brokerage and underwriting fees and all other expenses relating to the Placement.

The details of the shareholding of the Offerors before and after the Placement and Public Issue are as follows:

Offerors	Before the Placement and Public Issue		Placement		After the Placement but before Public Issue		After the Placement and Public Issue	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%
PNB	16,875,000	25.00	1,000,000	25.00	15,875,000	23.52	15,875,000	19.84
Padujade	32,625,018	48.33	1,933,333	48.33	30,691,685	45.47	30,691,685	38.36
PUNB	556,875	0.83	33,000	0.83	523,875	0.77	523,875	0.65
Individuals	10,693,107	15.84	633,667	15.84	10,059,440	14.90	10,059,440	12.57
Employees of HeiTech (ESTS)	6,750,000	10.00	400,000	10.00	6,350,000	9.41	6,350,000	7.94
Employees and directors of HeiTech Group (Public Issue)	-	-	-	-	-	-	500,000	0.63
Nominated Placees	-	-	-	-	4,000,000	5.93	4,000,000	5.00
Malaysian Public	-	-	-	-	-	-	12,000,000	15.00
	67,500,000	100.00	4,000,000	100.00	67,500,000	100.00	80,000,000	100.00

2.9 Underwriting Commission And Brokerage

The Underwriters as stated in section 2.10 below and mentioned earlier under Corporate Information of this Prospectus have agreed to underwrite all the 12,000,000 Public Issue Shares to be made available to the Malaysian public and any ordinary shares not subscribed for by the eligible directors and employees of HeiTech Group under paragraph 2.4(i) above. Underwriting commission relating to the Issue Shares to be underwritten is payable by the Company at the rate of 1.5% of the issue price of RM2.50 per ordinary share.

Aseambankers have agreed to underwrite all the 4,000,000 Placement Shares which shall be reserved for selected parties and customers nominated in consultation with the Company. Underwriting commission relating to the Placement Shares to be underwritten is payable by the Offerors at the rate of 1.5% of the Placement price of RM2.50 per ordinary share.

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

Brokerage relating to the Public Issue Shares is payable by the Company at the rate of 1.0% of the Issue price of RM2.50 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

Brokerage relating to the Placement Shares is payable by the Offerors at the rate of 1.0% of the Placement price of RM2.50 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

2.10 Underwriters

The names of the underwriters are as follows:

Managing Underwriter	:	Aseambankers Malaysia Berhad
Co - Underwriters	:	RHB Sakura Merchant Bankers Berhad
	:	Perwira Affin Merchant Bank Berhad

The underwriters may withdraw from their obligations under the said Underwriting Agreement (“the Agreement”) after the opening of the offer in the event any of the warranties, representations, or undertakings given by the Company is breached prior to the Listing Date and on the occurrence of any unforeseen circumstances beyond the reasonable control of the contracting parties.

2.11 Details of Estimated Listing Expenses

The estimated listing expenses for the proposed listing of and quotation for the enlarged share capital of 80,000,000 ordinary shares of RM1.00 each in HeiTech on the Main Board of the Kuala Lumpur Stock Exchange are as follows: -

	To be borne by Offerors RM	To be borne by HeiTech RM	Total RM	Notes
The Kuala Lumpur Stock Exchange				
- Initial Listing fee	-	40,000	40,000	Note (1)
Prospectus Lodgement fee with ROC	-	300	300	Estimated
Prospectus Registration fee with SC	-	5,000	5,000	Estimated
SC processing fee	-	70,000	70,000	Note (2)
Issuing house fee and disbursement	-	100,000	100,000	Estimated
Advertisement of prospectus	-	130,000	130,000	Estimated
Printing of application forms, share certificates and prospectus	-	250,000	250,000	Estimated
Independent Market Researcher fees	-	52,500	52,500	

2. DETAILS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)

	To be borne by Offerors RM	To be borne by HeiTech RM	Total RM	Notes
Professional advisory fees	-	797,500	797,500	Estimated
Underwriting commission	150,000	450,000	600,000	Note (3)
Brokerage fees	100,000	300,000	400,000	Note (4)
Contingencies	-	54,700	54,700	Balancing figure (5)
Total Estimated Listing Expenses	250,000	2,250,000	2,500,000	

Notes:

- (1) *Initial Listing Fee – the higher of the following: -*
 - (a) *RM500 per million Ringgit or part thereof of the issued capital of the company
i.e. RM500 (80,000,000 / 1,000,000) = RM40,000; or*
 - (b) *a minimum fee of RM2,000 and a maximum of RM50,000 is payable for initial listing.*
- (2) *Nominal Fee + (0.05% of the issued capital to be listed on the stock exchange)
i.e. RM30,000 + (0.05% 80,000,000) = RM70,000*
- (3) *1.5% of the amount of shares underwritten
i.e. 1.5% X 16,000,000 x 2.5 = RM600,000*
- (4) *1.0% of the amount of public issue shares
i.e. 1.0% X 16,000,000 x 2.5 = RM400,000*
- (5) *Any unutilised amount shall be used for working capital purposes*

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3. RISK FACTORS

Prior to making an investment decision, potential investors should carefully consider the following investment considerations in addition to all the other relevant information contained elsewhere in this Prospectus, before making an application.

(a) Marketability Of HeiTech's Shares

Prior to this Public Issue, there has been no public market for HeiTech's shares. There can be no assurance that an active market for HeiTech's shares will develop upon its listing on the Main Board of the KLSE. The indicative issue price of RM2.50 per ordinary share has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and standing, the future prospects of the Group and the industries in which the Group is involved, the net tangible assets of the Group, the market prices for shares of other companies engaged in businesses similar to that of the Group and the prevailing market condition at the time of application to the SC for the listing of HeiTech's shares.

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

(b) Ownership And Control By The Substantial Shareholders

Upon completion of the Public Issue, PNB, Padujade, Dato' Mohd. Hilmey Mohd. Taib and individuals who make up the MBO team will have a combined equity interest of 70.78% (please refer to Section 5.1 of this Prospectus) in the Company. As a result, it is likely that PNB, Padujade, Dato' Mohd. Hilmey Mohd. Taib and individuals who make up the MBO team will be able to control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

(c) Business Risks

HeiTech is subject to certain risks inherent in the IT industry. These include human resource and supply shortages, increases in salary costs, technological changes, changes in general economic, business and credit conditions. Although the HeiTech Group seeks to limit these risks through, inter alia, continuous research and development of new products, expansion of markets and creation of large pool of highly qualified staff, no assurance can be given that any change in these factors will not have a material effect on HeiTech Group's business:-

(i) Availability of Resources

Having been in business for the past 19 years, HeiTech has established close association with its vendors and suppliers. Multinationals like IBM and Hewlett Packard are among the names on HeiTech's long list of vendors and suppliers. The Company has not encountered any problem in staff turnover as evidenced by support received from key personnel who have been with the Company since its early days and growing number of employees recruited.

3. RISK FACTORS (Cont'd)

(ii) Market Risk

HeiTech will certainly be subjected to the inherent risks within the IT and communication industries, particularly the rapid changes in technology, increase in capital investment required as well as the general economic and business fluctuation. HeiTech seeks to minimize these risks through continuously providing follow up and delivering innovative quality services to its clients.

(iii) Investment in a new or relatively new venture

Currently, the HeiTech Group, through its investments in IT related investments, has ventured into areas of Electronic Commerce (“E-Commerce”) and internet Application Service Provider (“ASP”). Whilst the business opportunities in these borderless areas of Electronic Economy (“E-economy”) is limitless, there is a potential risk that these investments will not be successful. In this event, the HeiTech Group may not recoup the cost of investments amounting to approximately RM5.25 million incurred in respect of these new ventures.

(iv) Risks relating to new / unproven products/services

The risks for unproven or new products/services are as follows :-

- (a) PS X@ntian WAP – this is an advanced and intelligent messaging services allowing users to access and interact with services and information via wireless devices. The risks associated to this product is whether it is acceptable to potential customers. This is largely due to the fact that service providers are not geared into utilising the WAP technology, in Malaysia. This in turn slows down the penetration of WAP technology as far as the retail market is concerned.
- (b) Accountants Online – these are information-based accounting services over the Internet based on the PaduFin system. The risks associated is the security of the customers’ data.

In view of the above, the Company does not expect the contribution from the above products and/or services to be more than 1% of total revenue in the Company’s profit estimate and forecast.

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3. RISK FACTORS (*Cont'd*)

The steps taken to mitigate these risks are as follows:

(i) **PS X@ntian WAP**

The continuous undertaking of R&D activities to upgrade or tailor these products to meet the future demands.

(ii) **Accountants Online**

Leveraging through the undertaking of partnerships with other players, for example AOL which is partnered with Razalee & Co. for accounting knowledge.

(d) **Dependence On Key Personnel**

The company's future success will also depend upon its ability to attract and retain skilled personnel. The loss of key personnel could affect the Company's continuing ability to compete in the industry. Recognising the importance of its human resource, efforts have been taken to groom younger members of the senior management team to ensure smooth transition in the management team.

(e) **Competition**

HeiTech Group faces competition from other companies that are involved in IT business and providing similar services and products. Whilst HeiTech will continue to take effective measures such as ensuring good quality products and services and developing innovative marketing strategies to remain competitive and maintain the Company's existing market position, no assurance can be given that the HeiTech Group will be able to maintain its existing market share in the future.

(f) **Dependence on certain customers, maintaining contracts / agreements and failure of on-going relationships.**

Within the last 5 years, PNB as a customer, was a major contributor to HeiTech's revenue. For the year 1999, PNB's contribution constituted approximately 10% of HeiTech's total revenue. There is a risk of failure of this relationship with PNB.

The risk relating to the failure of the on-going relationship between HeiTech and PNB is mitigated with PNB having 19.84% equity holding of HeiTech after the Public Issue. The risk is further mitigated through the Master Outsourcing Agreement entered between HeiTech and PNB for the provision of IT services for a duration of 5 years from 1 January 1998 to 31 December 2002.

Other customers, for example, JIM, JPN and JPJ have also contributed significantly to HeiTech's total revenue. In the year 1999, the total contribution received from JIM, JPN and JPJ accounted to approximately 58% of HeiTech's revenue. There is also a risk of failure of this relationship with JIM, JPN and JPJ.

3. RISK FACTORS *(Cont'd)*

This dependence on JIM, JPN and JPJ has been mitigated by the continuous relationship between HeiTech and JIM, JPN and JPJ, evidenced by the maintenance agreement with JPJ and the extension of the computerisation phase with JPN, for example.

The dependence on the abovementioned customers is mitigated by new business revenue sources mainly from network services, business recovery services and other outsourcing contracts.

(g) Security and system disruptions

Risks relating to system disruptions are as follows:

(i) Network system services

There is minimum risk for disruptions in network systems based on HeiTech's experience. If any, HeiTech shall pay a rebate if the network system's availability is less than 95% per month as stated in the agreements with customers. The steps taken to mitigate the risk are the availability of redundancy features such as back-up lines, "mesh topology" providing alternate routes in the event of a disruption and skilled personnel and proactive software to monitor and alert problems.

(ii) Business Recovery Services

The risk associated with Business Recovery Services is that HeiTech may face difficulty with the volume of customers in the highly unlikely event that all of HeiTech's customers face system disruption and declare a disaster situation at the same time. The steps taken to mitigate this risk are the "back-up" of data at regular intervals, regular testing of systems and a business recovery site to perform operations during a disruption. In addition, HeiTech is looking into setting-up an alternate business recovery center at Bukit Jelutong.

(h) Political and Economic considerations

Adverse developments in the political and economic conditions in Malaysia could unfavourably affect the financial prospects of the Company. Other political and economic uncertainties that could unfavourably affect the Company include changes in interest rates, foreign exchange rates, methods of taxation, tariffs and duties. Whilst HeiTech will continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect the Company.

(i) Government control or regulation, including government funding, grants or subsidies, tariff protection and environmental regulations, that, when changed, have financial consequences for the corporation.

HeiTech's Network Data Services is governed by the Communications & Multimedia (Licensing) Regulations 2000 (under the Communications and Multimedia Act 1998), for which HeiTech is a license holder. Should the license be revoked by the Ministry of Energy, Comservices to its customers which makes up approximately 20% of HeiTech's turnover.

3. RISK FACTORS *(Cont'd)*

(j) Legal uncertainties concerning the corporation's business or operations or contractual agreements.

The products and/or services provided by HeiTech to customers are governed by contractual agreements entered into with the other party. The operations and contracts entered into by HeiTech are within its legal capacity and therefore there are no foreseeable risks associated to legal uncertainties.

However, changes or amendments to the law may trigger some problems for HeiTech's business related to document imaging. Although the Evidence Act 1950 Section 62 on Primary Evidence, Explanation 3 has been amended to take in to account a document produced by a computer as being primary evidence, and Section 90A has been amended, which reflects the admissibility of documents produced by computers and of statements contained herein, the above has not been tested in the court of law. Bearing in mind the above, HeiTech has taken all reasonable steps to overcome the matter by ensuring that all original documents are kept for the minimum period 6 years.

(i) Technology used or to be used by the corporation and the rapid development of technological change.

The risks involved with rapid technological changes are the obsolescence of current technology, the requirement of new technology not matched by existing technical staff and that the operations of the Company not being ready for new methods. Nevertheless, HeiTech is continuously undertaking research and development and exploring other areas of IT, ensuring that staff are continuously trained to align their skills with the requirements of technological change and leveraging via partnerships with other players in the industry.

(l) Dependence on PNB to secure and maintain contracts

HeiTech has been largely dependent on Government projects such as JPJ, JIM and JPN secured under PNB. Even though the contracts for JPJ, JIM and JPN were secured under the name of PNB, it was specifically stated in the respective contract/agreements that the performance of the works shall be undertaken by PNB Information Technologies Sdn Bhd (now known as HeiTech). For the year 1999, JIM, JPN and JPJ accounted for approximately 58% of HeiTech's total revenue.

Subsequent to 1 January 1998, the risk of the dependency on PNB to secure and maintain these contracts were mitigated when the award and/or renewal of Government contracts were made directly under HeiTech's name.

To date, HeiTech have directly secured further contracts and letter of intents from the Government for the maintenance project for JPJ, the extension of the computerization phase for JPN and also the computerization project for Bahagian Pencen, Jabatan Perkhidmatan Awam. In addition to the above, HeiTech have also renewed contracts directly with private sector companies such as Bank Islam and MCIS which was previously secured under PNB's name.

3. RISK FACTORS (Cont'd)

(m) Restrictive covenants under borrowing facility agreements

ETSB has banking facilities amounting to RM8,600,000 which have covenants that may limit the HeiTech Group's operating and financial flexibilities. The said covenants are, inter alia, summarized as follows:-

- (i) ETSB shall maintain a debt to equity ratio so as not to exceed 2.0 times throughout the tenure of the banking facilities;
- (ii) ETSB shall not sell, transfer, lease or otherwise dispose of a substantial part of its respective capital assets or undertake or permit any merger, consolidation or reorganization without the prior written consent of the lender;
- (iii) ETSB shall not enter into any partnership, profit-sharing or royalty agreement whereby its respective income or profits are, or might be, shared with any other person, firm or company or enter into any management contract or similar arrangement whereby its respective business or operations are managed by any other person, firm or company without the prior written consent of the lender; and
- (iv) ETSB shall not obtain credit facilities from any other institutions without the prior written consent of the lender.

However, the restrictive covenants are limited to ETSB only and so the risk of it affecting the operating and financial flexibilities of the Group is minimal.

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4. INFORMATION ON THE HEITECH GROUP

4.1 History and Principal Activities

HeiTech was incorporated in Malaysia under the Companies Act, 1965 on 5 August 1994 as a private limited company under the name of PNB Training and Resort Management Sdn Bhd. On 27 March 1995, the Company changed its name to PNB Information Technologies Sdn Bhd. Pursuant to the MBO on 31 December 1997, the Company changed its name to HeiTech Padu Sdn Bhd on 31 May 1999. The Company was subsequently converted into a public limited company on 24 March 2000, and since then, assumed its present name.

The Company is principally involved in providing total business solutions in IT, which include system integration, application development, data center management, network & business recovery services. The principal activities of its subsidiary and associated companies are as follows:

Subsidiary and Associated Companies	Effective Equity Interest (%)	Principal Activities
SAM	100.0	Provision of system integration services, turnkey software development, professional IT services and software products implementation
VPC	50.0	Provision of management consultancy and information technology consulting services in SAP systems
Padusoft	100.0	Provision of software development and related marketing and support activities and research and development works for software development
KCSB	78.0	Provision of IT infrastructure works and building maintenance and administration
PaduTech	100.0	Provision of consultancy services, application development, project management, system integration and change management services
HT Soft	100.0	Provision of research and development in developing, installing and supporting software for small and medium sized industries
PaduNet	100.0	Provision of consultancy services, network management , local area network design and installation services
Megacenter	100.0	Provision of consultancy services, business recovery services, enterprise system management, data center management, service, bureau, technical consultancy and value added resale
e-Image	100.0	Provision of record management services, document imaging and document storage warehousing services
ETSB	50.4	Development and implementation of educational software via computer aided instruction and computer aided learning programs for smart school

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

Subsidiary Companies	Effective Equity Interest (%)	Principal Activities
Padu Bantu	100.0	Provision of one-stop customer support service center and consultancy service desks
AOL	51.0	Provision of on-line financial accounting services over the Internet
MRC	60.0	Provision of motor repair and insurance research services

4.2 Changes In Share Capital

The authorised share capital of HeiTech is RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each of which 67,500,000 ordinary shares of RM1.00 each have been issued and fully paid-up. Details of the changes in the issued and paid-up share capital of HeiTech since its incorporation are as follows:

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued And Paid-Up Share Capital RM
05.08.1994	2	1.00	Cash	2
20.09.1995	14,999,998	1.00	Cash	15,000,000
25.09.2000	15,900,000	1.00	Bonus Issue	30,900,000
25.09.2000	36,600,000	1.00	Cash	67,500,000

4.3 The Flotation Scheme

Pursuant to the listing of the entire issued and paid-up share capital of HeiTech on the Main Board of the KLSE, the Company had implemented a flotation scheme, which was approved by the SC, MITI and FIC on 24 July 2000, 18 July 2000 and 6 June 2000 respectively.

The flotation scheme is as follows:

4.3.1 ESTS

The establishment of an ESTS whereby 1,500,000 existing ordinary shares of RM1.00 each in HeiTech held by PNB is sold to Padujade, which will hold the shares in trust for the benefit of the eligible employees of HeiTech, for a consideration based on the NTA per share of HeiTech Group as at 31 July 2000.

4.3.2 Bonus Issue

HeiTech had undertaken a Bonus Issue of 15,900,000 new ordinary shares of RM1.00 each in HeiTech at par to the existing shareholders of HeiTech, prior to the issuance of this Prospectus.

4.3.3 Rights Issue

HeiTech had undertaken a Rights Issue of 36,600,000 new ordinary shares of RM1.00 each in HeiTech at par to the existing shareholders of HeiTech, prior to the issuance of this Prospectus.

4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

4.3.4 Placement of Shares

The Offerors will make a Placement of 4,000,000 ordinary shares of RM1.00 each at a placement price of RM2.50 per ordinary share to placees nominated in consultation with HeiTech.

The Placees, which have been nominated in consultation with HeiTech, are as follows:

Placees

AMAL Assurance Bhd

Bank Simpanan Nasional

PadiBeras Nasional Berhad

MCIS Insurance Berhad

South East Asia Insurance Berhad

Syarikat Takaful Malaysia Berhad

KOPERIMA (Koperasi Imigresen Malaysia Berhad)

KOPENA Malaysia Berhad (Koperasi Jabatan Pendaftaran Negara)

KOPONAS (Koperasi Pos Malaysia)

Koperasi Tenaga Nasional

Urusdaftar Automotif Berkomputer Sdn Bhd

Permodalan Peladang Berhad

Capment Base Sdn Bhd

Talasco Insurance Berhad

Hentian Abadi Sdn Bhd

Amanah Saham Mara Berhad

4.3.5 Public Issue

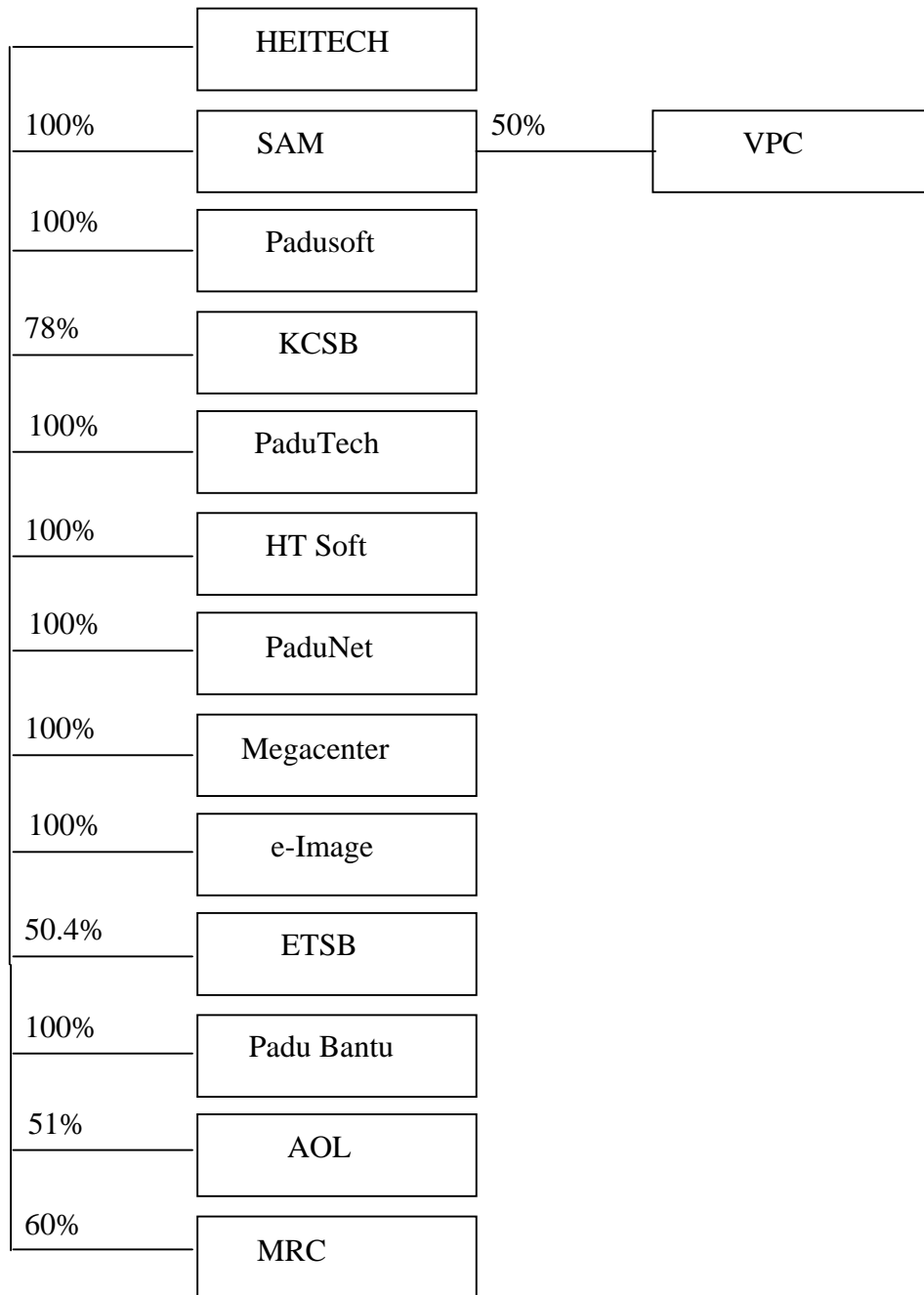
To facilitate the listing of and quotation for HeiTech shares on the Main Board of the KLSE, the Company will make a Public Issue of 12,500,000 new ordinary shares of RM1.00 each at an issue price of RM2.50 per new ordinary share.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.4 Business Overview of the HeiTech Group

4.4.1 Group Structure

The Group structure of HeiTech can be summarised as follows:



4. INFORMATION ON THE HEITECH GROUP (*Cont'd*)

4.4.2 Products and services of HeiTech Group

HeiTech's Products

HeiTech's products which are either designed, developed or customized by HeiTech, solely or jointly in collaboration with others or are sold by the HeiTech Group as a reseller, are as follows:-

(a) **X-Electra**

This is a complete retail suite of application consisting of a distributed branch delivery system ("PS JADE") that captures and validate transactions and subsequently delivers it to the back-end on-line transactions processing environment ("PS TAIPAN") for real time update to a central enterprise server.

(b) **Padu*FIN**

This is a financial application solution to assist organizations in managing their Financial Accounting functions. A window-based application system, it can be deployed in client's server environment, as well as for stand-alone and web-enabled environment. Available modules consist of General Ledger, Accounts Payable and Accounts Receivable.

(c) **Padu *PEOPLE**

This is an application solution to assist organizations in managing their Human Resource functions. It is a windows-based application that can be deployed in a "thin-client" or "thick client" in a client-server environment. Commands can be executed either by using the pull-down menu or short-cut keys. Padu*PEOPLE comprises of various modules such as Personnel and Organization Administration, Salary Administration, Leave Administration, Payroll System, Training Administration, Staff Loan System and Executive Information System.

(d) **Padu*GATE**

This is a gateway solution which functions as a message interpreter from the Multi-Purpose Card ("MPC") system or the legacy system of JPN, JPJ and JIM. This intelligent gateway massages the messages received from the MPC System, routes the messages to the corresponding JPN, JPJ or JIM central host system, retrieve information from the desired system and reply back to the MPC system.

(e) **PS X@ntian WAP**

This is an advance and intelligent messaging service allowing users to access and interact within services and information via wireless devices, including mobile phones.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(f) Padu*AFIS

A solution that enables the interfacing with a biometric system.

(g) Padu*MRD

This is a solution that produces the integration of the Machine Readable Document (“MRD”) using Optical Character Recognition technology.

(h) Padu*DOC

This is a solution that enables the document workflow to interface with the main system.

(i) Padu*ENTERPRISE

This is a solution that uses PaduSoft engine i.e. PS JADE from the branch system and PS TAIPAN for the host system.

(j) Padu*LINK

This is a solution for the connectivity of JPN with other agencies (public and private) for the infrastructure sharing of JPN database.

Products sold by HeiTech Group as Value Added Resellers are as follows:

(a) Centura

This is a set of software products which includes application development tools, a database and a connectivity tool for small appliances (e.g. mobile phones, palm pilot, etc) that range from intelligent appliances to large Net servers.

(b) Bank trade

This is an integrated system for trade finance automation. The software consists of modules such as letter of credit, bankers’ acceptance, bonds and guarantees, loans/advances, fund transfer/remittance and bank reimbursement.

(c) Fair, Isaac

This is a credit application scoring and credit risk management software. The major modules of this software are credit desk (automated loan origination system), application scoring, behaviour scoring, commercial credit scoring, application scoreware and fast track (data analysis and reporting) software.

4. INFORMATION ON THE HEITECH GROUP (*Cont'd*)

(d) Range Of Educational Software

A range of teaching-learning educational software from Jostens Learning Corporation (“JLC”) which offers comprehensive instruction and complete objective covering areas of reading, mathematics and language arts.

HeiTech’s Services

(a) System Integration (“SI”) services

SI is a package of total IT solutions consisting of a combination of IT services and/or IT products tailored to customers’ requirements. HeiTech’s trademarks are in large SI projects such as PNB, Pos Malaysia Berhad, JPJ, JIM and JPN.

(b) Application Development

This includes the development and implementation of computer application systems according to customers’ requirements, based on a comprehensive systems development life cycle methodology, consisting of generic activities such as:

- (i) identifying user requirements;
- (ii) designing the system;
- (iii) developing application systems;
- (iv) testing and acceptance of application systems; and
- (v) implementing the application system.

Apart from the development and delivery of the application system, HeiTech also offers application support and maintenance, which includes:

- (i) handling change request;
- (ii) rectifying application error;
- (iii) providing post implementation review; and
- (iv) analysing new requirements for system enhancements.

HeiTech has delivered various types of systems, especially mission critical, on-line and real-time based transactional system

(c) Network Management Services

HeiTech is a value added network service provider, which offers fast and effective end-to-end data communications solution. This is enabled through the sophisticated telecommunications infrastructure, that links single or multiple connections, nationwide.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

The network services offered by HeiTech are on a nationwide basis and currently HeiTech has 45 nodes, which are strategically dispersed. These nodes are easily accessible through dial-up or dedicated connections that supports a wide range of network services. It has more than 1,800 physical connections throughout the country and 14 regional service centers.

(d) Facilities Management

This service manages the day-to-day routine operations of a computer system. The computer systems could vary from a mainframe to mid-range systems. The management of computer systems is both vendor and system independent.

Facilities Management consists of two options:-

- Strategic Data Center Outsourcing
- Data Center Operational Facility Management

(e) Business Recovery Services

This service offers total solution to customers' contingency planning requirements, regardless of the size, hardware, platform and industry. It also offers one-stop recovery services such as backup computer facilities (hot-site), cold-site, off-site data storage and recovery planning consultancy through a state-of-the-art facility.

(f) Total and Partial IT Outsourcing Service

Outsourcing involves hiring an outside party to deliver some services that are usually performed within the organisation. Through this service, customers are able to redirect its resources from non-core activities and devote more time and resources to their core business activities. In line with the above, in the area of facilities management and business recovery services to the public sector, HeiTech has a strategic alliance with IBM World Trade Corporation to offer IT outsourcing service.

Apart from this, Heitech also offers outsourcing services in the areas of application development and maintenance, network services, document imaging and workflow management and call center management among others.

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4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

(g) Consultancy Services

HeiTech offers a variety of consulting that includes all aspects of IT to meet the requirements of businesses in the following areas:

- (i) application systems development;
- (ii) network services;
- (iii) facilities management;
- (iv) business recovery plan development;
- (v) outsourcing;
- (vi) desktop management;
- (vii) document imaging and workflow management;
- (viii) implementation of SAP;
- (ix) call centre set-up and management; and
- (x) public services network.

(h) Desktop Management Services (“DMS”)

DMS offers services in the areas of:-

- **Local Area Network (“LAN”) Consultancy**

This involves LAN design, installation, management and troubleshooting.

- **Office Automation (“OA”) Services**

This involves the supply, installation and maintenance of Intel-based hardware and software items i.e. PCs, servers, workstations, printers and peripherals, Lotus Notes solutioning, installation and customization of operating systems (Windows NT/98, OS2, etc).

- **Desktop Rental services**

These services involves the rental of PCs and peripherals, packaged together with the OA services and LAN consultancy for duration specified by the customer who opt IT outsourcing to minimise their IT operations.

(i) Document Imaging and Workflow Solution Services and Digital Records Management Services

These services change the traditional business into a paperless enterprise by converting documents into digital images. With this service, document handling becomes simplified, secure and the use of paper is reduced. A Record Management Center is established for the following:

4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

- (i) activities and operations of document imaging; and
- (ii) storage warehousing for customers who require space to store their documents for a period of time before they are destroyed.

Digital Records Management is a systematic process of capturing, storing, managing and distributing digital records.

(j) SAP Consultancy

SAP is an integrated data processing software which, consists of modules of finance, human resource and logistics. In addition, it has a total of 19-industry specific solutions such as healthcare, public sector, utilities and oil & gas. HeiTech, through VPC, offers consultancy services to customers on the implementation of SAP software.

(k) Padu*Serve Net (“PSN”)

PSN delivers government on-line service to the public via designated computerised outlets. It is offered as a collaboration between the Malaysian Administrative Modernization and Management Planning Unit, Pos Malaysia Berhad and HeiTech. Through PSN, the public can renew road tax, driving licenses and business registration licenses at postal counters.

(l) Call Centre Service

This is a one-stop state-of-the-art service, which operates on a “round-the-clock” basis. The centre is the focal point for customers, where all IT related problems and complaints are channeled for solutions.

(m) Production and sale of Educational Courseware

HeiTech markets educational courseware to schools nationwide including smart schools and colleges through ESTB via the strategic partnership between ESTB and the Josten Learning Corporation.

(Source : Independent Market Research Report prepared by AC Nielsen dated April 2000)

4.4.3 Technology/software/systems used by HeiTech

The description of the technology/software/systems used by the HeiTech Group in supplying and providing its products and services are summarized as follows:-

(i) JLC Educational Software

JLC is a member of the WRC Media Family, the largest publisher of supplementary educational materials in the world. WRC Media is the education division of Ripplewood Holdings, LLC, an investment firm established in 1995 to fund and grow market leaders.

4. INFORMATION ON THE HEITECH GROUP (*Cont'd*)

HeiTech, through its subsidiary, ETSB provides marketing and distribution of educational software to schools nationwide, including smart schools and colleges. With the strategic partnership, ETSB and JLC products such as Tomorrow's Promise, Writing Expedition, Compass and Worldware are now sold/used nationwide.

(ii) Genesis Total Solution system

Genesis Total Solution is a system that enables the user to estimate motor insurance claims and repairs.

(iii) e-media Workflow

e-media Workflow is a document imaging and workflow solution services and digital records management services. The services change a traditional business into a paperless enterprise.

(iv) Centura

Centura is a set of software products which includes application development tools, a database and connectivity tool for small appliances (e.g. hand phones, palm pilot) that scale from intelligent appliances to large Internet servers.

(v) Bank Trade

Bank Trade is an integrated system for trade finance automation. The software consists of modules such as letter of credit, banking acceptance, bonds and guarantees, loans/advances, fund transfer/remittance and bank to bank reimbursement.

(vi) Fair, Isaac

Fair, Isaac is a credit application scoring and credit risk management software. Major modules include credit desk (automated loan origination system), behavior scoring, commercial scoring etc.

HeiTech is also in partnership with the following organizations for their technology in providing the Company's services:-

(i) IBM World Trade Corporation, a business alliance to provide IT outsourcing service in the area of facilities management and business recovery services to the public sector.

(ii) Oracle Systems Sdn Bhd, under the Oracle Partner Program ("OPP") to distribute Oracle's databases and application software.

(iii) Hewlett Packard (M) Sdn Bhd, a partnership arrangement to provide business recovery services.

4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

- (iv) **AFIS Fr. Sagem SA**, the use of hardware and software for the technology used for JPN Project. AFIS is an automatic biometric identification system based on fingerprint.

(Source : Management of HeiTech)

4.4.4 HeiTech Group's market position

The HeiTech Group is a leading provider of system integration and applications development in Malaysia. Software, hardware, network and infrastructure with the necessary flexibility, reliability, redundancy and fail-safe operations are crucial for a company such as the HeiTech Group to survive in the e-market. The long list of the HeiTech Group's successful achievements with local establishments and government agencies is proof of their reputation, experience and expertise in the highly technical knowledge based industry.

The cutting edge that the Group has over all of its competitors is its value-added services which includes end-to-end managed Help Desk services, on-line assistance and solutions with nationwide linkage and well equipped and knowledgeable sales consultants. The present size of HeiTech Group goes to show that they are all set to conquer every avenue of the e-market by their establishment of long-term relationships with the government and its agencies and with major local establishment.

(Source: Independent Market Research Report prepared by AC Nielsen dated April 2000. Please refer to Page 168 Section 11 of the prospectus for further details.)

4.4.5 Principal Markets for HeiTech's Products

The new trend in business-to-consumer ("B2C") transactions will involve a larger number of related business-to-business ("B2B") transactions. These transactions will have a *multiplier effect* on the Malaysian economy as the new services will not only complement existing services, but will stimulate the introduction of new services by suppliers as the market size increases.

As a one-stop total IT solutions provider, the HeiTech Group will have the opportunity to develop leading edge IT applications, or to collaborate with international providers to develop solutions and applications. These can be marketed at home or abroad to meet the demands of e-commerce, B2C, B2B, etc.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

Products relating to the various industries are:

- (i) Content development
- (ii) Network architecture and end-user interface
- (iii) Creating online databases/virtual libraries
- (iv) Telecommunications equipment and systems integration

4.4.6 Supply Conditions, Availability of Raw Material and Vulnerability to Imports

The growing popularity of the Internet, multimedia, networking and e-mail systems, has created a demand for hardware products such as modems, peripheral cards, multimedia plug-on boards, Local Area Network (“LAN”) products, sound blaster cards and CD-ROM drivers, network interface cards, hubs, routers and switches.

In line with all industries the IT raw materials sector faced a decline in 1998 (-38% or US\$1107 million) due to the recession. Sales improved in 1999 with an increase of 6% or US\$1174 million. Sales are forecasted to increase further to US\$1309 million or 12% this year.

Table: Raw materials of IT industry, Malaysia (US\$ mil)

Products	1997	1998	1999	2000*	2001*
Multi-user systems	216.1	120.8	127.8	138.3	166.8
Single user systems	1028.2	633.7	663.4	723.6	844.5
Data communications equipment	191.7	116.3	107.9	123.1	148.4
Packaged software	364.2	236.5	274.8	323.7	379.3
Total	1800.2	1107.3	1173.9	1308.7	1539.0
		-39%	6%	12%	18%

* Forecast

(Source : *Independent Market Research Report prepared by AC Nielsen dated April 2000*)

HeiTech’s raw materials are sourced locally to reduce costs (freight and insurance), and to make it easier for the Group to monitor their availability, as well as a faster access to the raw materials.

As such, HeiTech is not vulnerable to imports because HeiTech does not directly import supplies and raw material.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.4.7 Quality Control Procedures

The HeiTech Group, driven by their quality motto: 'Pursuit for quality and excellence', achieved the MS ISO 9001 certification in July 1998. The certificate includes the following:

- (i) The design, development and maintenance of application software for the commercial sector;
- (ii) Office automation services;
- (iii) LAN and Wide Area Network ("WAN") installations and maintenance services; and
- (iv) Systems operations services.

The Group has implemented quality management systems ("QMS") throughout the company and its subsidiaries. All actions and decisions are guided by standards and procedures of the QMS, according to the requirements of MS ISO 9001. Implementation by the QMS team at the respective divisions and subsidiaries will assist the HeiTech Group to deliver quality products and services, which ultimately will contribute to customers' satisfaction.

HeiTech's QMS monitoring and assurance functions, are performed by the following departments:

- (i) Operations monitoring - performs the overall QMS co-ordination including liaison with SIRIM Berhad on MS ISO 9001 certification and updating procedural documents; and
- (ii) Quality and compliance audit - performs internal quality audit functions of the HeiTech Group to verify that the respective divisions/subsidiaries comply with QMS policies and procedures.

4.4.8 Research and Development ("R&D")

The key thrust of the information technology industry is the strength of research and development activities which consequently generate value added products to existing and potential customers. Realising its paramount importance to HeiTech's long term business viability, an allocation of RM17 million has been set aside to enhance research and development capabilities. This investment includes those internally generated within the HeiTech Group and externally acquired via equity investments in companies thereby acquiring the cutting-edge technologies and e-commerce venture for business- to- business transactions ("B2B").

Of the total allocation of RM17 million from the proceeds of the Rights Issue and Public Issue, RM8 million has been set aside for internal R&D activities and these initiatives is expected to be completed by December 2001. An amount of RM9 million has been allocated for the technology acquisition and is expected to be completed by December 2000.

4. INFORMATION ON THE HEITECH GROUP (*Cont'd*)

HeiTech's R&D policy carries the objective to orientate and conduct all R&D activities in a manner that is to fulfill customer needs and enhance the value of HeiTech Group.

HeiTech's R&D process can be summarized as follows:

1. Establishment of R&D strategies and plans
2. Funding of the R&D activities
3. Executing and reviewing R&D activities
4. Treatment of costs and expenses for the R&D projects

HeiTech's R&D team has been in the IT industry for many years with support provided from the industry professionals and also experienced personnel of various background and expertise. HeiTech's core business is highly personalized, in which innovation and creativity is a pre-requisite key success factor to excel in the highly competitive and regional market. Hence, the major task of the R&D team is focused on product innovation and continuous product improvement, to ensure that all products and deliverables will continue to meet, if not exceed HeiTech's customers expectations.

The areas of IT in which the HeiTech Group undertakes R&D internally can be summarized as follows:

- i. Financial application and human resource application
- ii. Product enhancement and expansion of services of existing products on their core software platform
- iii. Educational multimedia software with interactive computer-assisted instructions
- iv. Development of an Enterprise Resource Planning ("ERP") and Enterprise Corporate Application software
- v. Product and software development for target industry segments
- vi. Provision of business solution via the Application Service Provider ("ASP") platform with focus on the Small and Medium –Size Enterprises ("SME")

In collaboration with the governments effort in developing the MSC, the HeiTech Group focuses on the development of software products and business solutions by exploring and enhancing the growth of software development in Malaysia. A major portion of their R&D efforts is undertaken by Padusoft, ETSB and HT Soft. Through this efforts, it develops and expands software products, which is done through the evolution of the family software products, from the core software platform.

In tandem with the internal R&D activity, HeiTech also acquires new cutting-edge technologies via equity investments in companies with strategic global partnership. These acquired technologies are penetrated into the local and regional market to introduce and utilize these new cutting-edge and proven technologies. These companies provide business solutions in the following areas:

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

- i. Mobile and wireless computing platform
- ii. Automotive claims and information and processing services
- iii. E-Commerce initiatives for identified business communities (B2B vertical portals)

Whilst pursuing these technologies externally and customizing them for the local market, emphasis has been given for technology transfer to ensure knowledge acquisition. This will benefit HeiTech in the future via increasing the level of competence and experience of HeiTech's IT personnel.

The strength of the R&D staff of the HeiTech Group can be summarized as follows:-

Subsidiary	No. of R&D Staff
Padusoft	33
ETSB	78
HT Soft	16
TOTAL	127

(Source : Management of HeiTech)

4.4.9 Key achievements and milestones

Certification and awards received by the HeiTech Group are summarised as follows:

- (j) The "Enterprise 50 Award" for recognition as a Malaysian Enterprising home grown company and for its management and financial performance in 1999. This was organised by the MITI and Andersen Consulting; and
- (ii) The "Penghargaan Khas Kepada Padujade Corporation Sdn Bhd 1999" award, from Perbadanan Usahawan Nasional Berhad, a company that provides funding for bumiputra entrepreneurs under the small to medium-sized industries category.
- (iii) The MS ISO 9001 certificate in July 1998 which encompasses the following aspects of HeiTech's business:
 - a) The design, development and maintenance of application software for the commercial sector;
 - b) Office automation services;
 - c) LAN and WAN installations and maintenance services; and
 - d) Systems operations services.

(Source : Independent Market Research Report prepared by AC Nielsen dated April 2000)

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.4.10 Methods of Distribution

The HeiTech Group has a network of sales personnel, consultants and distributors to market their services and products. Small operators in most cases do not have the important connections to link them to the market. HeiTech is predominantly an IT service provider, which markets and distributes its services through direct and personalised marketing to commercial sectors, government departments and institutions. New contracts are normally acquired through participation in tenders, direct and personalised marketing, recurring services from existing customers or new business arising from existing customers.

HeiTech's methods of distributions can be summarised as follows:

- (i) direct marketing to principal markets e.g. Government & its agencies;
- (ii) through existing client network;
- (iii) with service providers of the Group;
- (iv) exhibitions and seminars; and
- (v) strategic business alliance arrangements such as with IBM World Trade Corporation, to offer outsourcing services in the areas of data center and business recovery services to the public sector and specialised customers via a Memorandum of Understanding dated 17 December 1998.

(Source : Independent Market Research Report prepared by AC Nielsen dated April 2000)

4.4.11 Location of Production Facilities and/or Principal Place of Business

The location of principal assets, production facilities and place of business of the HeiTech Group are as follows:

- | | | |
|----------------------|---|--|
| Head office | : | HeiTech Padu Berhad
2 nd Floor, Block B, Plaza Damansara
Medan Setia, Bukit Damansara
50490 Kuala Lumpur |
| Subsidiary companies | : | <ul style="list-style-type: none"> a) Padusoft Sdn Bhd
Level 1, Enterprise 2,
Technology Park Malaysia,
Bukit Jalil
57000 Kuala Lumpur b) Educational Trend Sdn Bhd
Enterprise 2, Lot 1-1
Technology Park Malaysia,
Bukit Jalil
57000 Kuala Lumpur |

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

- c) Accountants Online Sdn Bhd
15th Floor, Menara Safuan
80 Jalan Ampang
50450 Kuala Lumpur
- 4) Motordata Research Consortium
Sdn Bhd
Suite C-7-5, Megan Phileo Avenue
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
- Other activity centers : a) HeiTech Business Recovery Services
Centre
4th Floor, MAS Computer Centre
No.2, Jalan SS7/13, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

4.5 Subsidiaries and Associated Companies

The subsidiaries and associated companies of HeiTech, all of which are incorporated in Malaysia are as follows:

Name	Date & Place of Incorporation	Authorised Ordinary Share Capital RM	Issued & Paid-Up Ordinary Share Capital RM	Effective Equity Interest %	Principal Activities
Subsidiary Companies					
SAM	23/1/1989 Malaysia	20,000,000	10,000,000	100.00	System Integration & value added IT services
Padusoft	5/10/1996 Malaysia	1,000,000	500,000	100.00	Software application system
KCSB	3/5/1997 Malaysia	100,000	100,000	78.00	Building infrastructure
ETSB	25/11/1994 Malaysia	15,000,000	12,720,222	50.40	Development of educational software
PaduTech	11/6/1999 Malaysia	100,000	100,000	100.00	Application development
Megacenter	10/11/1999 Malaysia	100,000	100,000	100.00	Data centre management and business recovery
PaduNet	11/6/1999 Malaysia	100,000	100,000	100.00	Network services and desktop management
AOL	14/2/2000 Malaysia	100,000	100,000	51.00	On-line accounting services
MRC	27/7/1995 Malaysia	3,000,000	1,000,000	60.00	Motor repair and insurance research

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

Name	Date & Place of Incorporation	Authorised Ordinary Share Capital RM	Issued & Paid-Up Ordinary Share Capital RM	Effective Equity Interest %	Principal Activities
HT Soft	10/2/2000 Malaysia	100,000	100,000	100.00	Research and development in software development
Associated company of SAM					
VPC	23/9/1997 Malaysia	500,000	200,000	50.00	IT business solutions (SAP)

Details of the subsidiary and associated companies of HeiTech are as follows:

4.5.1 SAM

(i) History and Business

SAM was incorporated on 23 January 1989 as a private limited company under the Companies Act, 1965 under the name of MIPS Programming Services Sdn Bhd. On 22 May 1989, the company changed and adopted its present name.

The principal activities of the company are the provision of integration services, turn-key software development, professional IT services and software products implementation.

As at 30 September 2000, SAM has a total workforce of 122 employees.

(ii) Share Capital

The authorised share capital of SAM is RM20,000,000 divided into 20,000,000 ordinary shares of RM1.00 each, of which RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
23.01.1989	5	1.00	Cash	5
26.05.1989	9,999,995	1.00	Cash	10,000,000

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(iii) Subsidiary and Associated Companies

The detail of the associated company of SAM is as follows:

Name	Date & Place Of Incorporation	Year Of Commencement Of Core Business	Effective Equity Interest	Principal Activities
VPC	23 September 1997 / Malaysia	1997	50%	Provision of management consultancy and information technology consulting services in SAP systems

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of SAM based on its audited accounts for the past five (5) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	10,177	18,837	21,073	18,742	14,452	5,010
Profit/(loss) before taxation	(883)	334	1,099	1,742	1,602	138
Taxation	-	-	-	-	-	-
Profit/(loss) after taxation	(883)	334	1,099	1,742	1,602	138
Number of ordinary shares in issue ('000)	10,000	10,000	10,000	10,000	10,000	10,000
Gross EPS/(LPS) (sen)	(8.8)	3.3	11.0	17.4	16.0	1.4
Net EPS/(LPS) (sen)	(8.8)	3.3	11.0	17.4	16.0	1.4
Dividend rate (%)	-	-	-	-	-	-

Notes: (i) SAM was incorporated on 23 January 1989.
(ii) SAM commenced commercial operations in 1995.
(iii) There are no extraordinary items in the financial years under review.

4.5.2 VPC

(i) History and Business

VPC was incorporated on 23 September 1997 as a private limited company under the Companies Act, 1965. The principal activities of the company are the provision of management consultancy and information technology consulting services in the implementation of SAP systems.

As at 30 September 2000, VPC has a total workforce of 15 employees.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(ii) Share Capital

The authorised share capital of VPC is RM500,000 divided into 500,000 ordinary shares of RM1.00 each, of which RM200,000 comprising 200,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
23.09.1997	2	1.00	Cash	2
24.09.1997	24,998	1.00	Cash	25,000
28.02.1998	175,000	1.00	Cash	200,000

(iii) Other shareholders of VPC

The other shareholders of VPC are as follows:-

Shareholders	Nationality/Place of incorporation	<----- No. Of Shares held ----->			
		Direct	%	Indirect	%
SAM	Malaysia	100,000	50.00	-	-
Abdul Rahim Osman	Malaysian	85,000	42.50	-	-
Mohd Saufi Hussain	Malaysian	15,000	7.50	-	-
Total		200,000	100.00	-	-

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, VPC does not have any subsidiary or associated companies.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(v) Profit and Dividend Record

A summary of the audited profit and dividend record of VPC based on its audited accounts for the past two (2) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	4,798	1,609	674
Profit/(loss) before taxation	-	-	-	1,121	(621)	(572)
Taxation	-	-	-	(398)	-	-
Profit/(loss) after taxation	-	-	-	723	(621)	(572)
Number of ordinary shares in issue ('000)	-	-	-	200	200	200
Weighted average number of ordinary shares in issue ('000)	-	-	-	142	-	-
Gross EPS/(LPS) (sen)	-	-	-	8.00	(310.5)	(286.0)
Net EPS/(LPS) (sen)	-	-	-	5.16	(310.5)	(286.0)
Dividend rate (%)	-	-	-	-	-	-

Note: (i) VPC was incorporated and commenced operations on 23 September 1997.
(ii) The audited accounts for financial year 1998 is for the period from 23 September 1997 to 31 December 1998.
(iii) There are no extraordinary items for the period/year under review.

4.5.3 Padusoft

(i) History and Business

Padusoft was incorporated on 5 October 1996 as a private limited company under the Companies Act, 1965 under the name of PNB Corporate Information Services Sdn Bhd. On 29 April 1999, the company changed and adopted its present name.

The principal activities of the company are the provision of software development and related marketing and support activities and research and development works for software development.

As at 30 September 2000, Padusoft has a total workforce of 35 employees.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(ii) Share Capital

The authorised share capital of Padusoft is RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each, of which RM500,000 comprising 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
05.10.1996	2	1.00	Cash	2
15.09.1999	499,998	1.00	Cash	500,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Padusoft does not have any subsidiary or associated companies.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of Padusoft based on its audited accounts for the past four (4) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	3,118	522
Profit/(loss) before taxation	-	-	-	-	1,189	(381)
Taxation	-	-	-	-	-	-
Profit/(loss) after taxation	-	-	-	-	1,189	(381)
Number of ordinary shares in issue ('000)	-	0.002	0.002	0.002	500	500
Gross EPS/(LPS) (sen)	-	-	-	-	237.8	(76.2)
Net EPS/(LPS) (sen)	-	-	-	-	237.8	(76.2)
Dividend rate (%)	-	-	-	-	-	-

- Note : (i) Padusoft was incorporated on 5 October 1996.
(ii) Padusoft commenced operations on 1 January 1999.
(iii) There are no extraordinary items in the financial year under review.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.5.4 KCSB

(i) History and Business

KCSB was incorporated on 3 May 1997 as a private limited company under the Companies Act, 1965 under the name of Terbit Pesat Sdn Bhd. On 29 September 1998, the company changed and adopted its present name.

The principal activities of the company are the provision of infrastructure works, building maintenance and administration.

As at 30 September 2000, KCSB has a total workforce of 19 employees.

(ii) Share Capital

The authorised share capital of KCSB is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 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 KCSB since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
03.05.1997	2	1.00	Cash	2
27.09.1999	99,998	1.00	Cash	100,000

(iii) Other Shareholders of KCSB

The other shareholders of KCSB are as follows:-

Shareholders	Nationality/Place of incorporation	<----- No. Of Shares held ----->			
		Direct	%	Indirect	%
N Azamee Nasir	Malaysian	10,000	10.00	-	-
Azami Maitit	Malaysian	4,000	4.00	-	-
Mohd Bakri Abu Bakar	Malaysian	4,000	4.00	-	-
Mohd Hanafi Selamat	Malaysian	4,000	4.00	-	-
Total		22,000	22.00	-	-

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, KCSB does not have any subsidiary or associated companies.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(v) Profit and Dividend Record

A summary of the audited profit and dividend record of KCSB based on its audited accounts for the past two (2) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	478	2,397	556
Profit/(loss) before taxation	-	-	-	59	933	143
Taxation	-	-	-	(17)	-	(43)
Profit/(loss) after taxation	-	-	-	42	933	100
Number of ordinary shares in issue ('000)	-	-	0.002	0.002	100	100
Weighted average number of ordinary shares in issue ('000)	-	-	-	-	25	-
Gross EPS/(LPS) (sen)	-	-	-	2,950,000	3,732	143
Net EPS/(LPS) (sen)	-	-	-	2,100,000	3,732	100
Dividend rate (%)	-	-	-	-	-	400

- Notes: (i) KCSB was incorporated on 3 May 1997.
(ii) KCSB commenced operations on 1 July 1998.
(iii) The audited accounts for financial year 1998 is for the 6-month period from 1 July 1998 to 31 December 1998.
(iv) There are no extraordinary items for the financial period/year under review.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.5.5 PaduTech**(i) History and Business**

PaduTech was incorporated on 11 June 1999 as a private limited company under the Companies Act, 1965 under the name of Adipuspa Corporation Sdn Bhd. Prior to its incorporation, PaduTech was formerly a division under HeiTech called Consultancy and Services Group. On 2 March 2000, the company changed and adopted its present name.

The principal activities of the company are the provision of consultancy services, application development, system integration, project management and change management.

As at 30 September 2000, PaduTech has a total workforce of 172 employees.

(ii) Share Capital

The authorised share capital of PaduTech is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 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 PaduTech since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
11.06.1999	2	1.00	Cash	2
29.08.2000	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, PaduTech does not have any subsidiaries or associated companies.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of PaduTech based on its audited accounts for the past five (5) financial years ended 31 December 1999 and the 4-months period ended 30 April 2000 are as follows:-

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	0.002	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Notes: The company commenced business operations on 1 April 2000.

4.5.6 HT Soft

(i) History and Business

HT Soft was incorporated on 10 February 2000 as a private limited company under the Companies Act, 1965.

The principal activities of the company are the provision of research and development in developing, installing and supporting software for small and medium sized industries. The company is presently in pre-operating stage.

As at 30 September 2000, HT Soft has a total workforce of 16 employees.

(ii) Share Capital

The authorised share capital of HT Soft is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
10.02.2000	2	1.00	Cash	2
29.08.2000	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, HT Soft does not have any subsidiaries or associated companies.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of HT Soft based on its audited accounts for the past five (5) financial years ended 31 December 1999 and 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	-	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Notes: The company was incorporated on 10 February 2000.

4.5.7 PaduNet

(i) History and Business

PaduNet was incorporated on 11 June 1999 as a private limited company under the Companies Act, 1965 under the name of Vicfit Corporation Sdn Bhd. Prior to its incorporation, PaduNet was formerly part of Support Services Group, a division under HeiTech, specialising in networking. On 2 March 2000, the company changed and adopted its present name.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

The principal activities of the company are the provision of consultancy services, network management, local area network design and installation services.

As at 30 September 2000, PaduNet has a total workforce of 114 employees.

(ii) Share Capital

The authorised share capital of PaduNet is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 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 PaduNet since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
11.06.1999	2	1.00	Cash	2
29.08.2000	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, PaduNet does not have any subsidiary or associated companies.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of PaduNet based on its audited accounts for the past five (5) financial years ended 31 December 1999 and 4-month period ended 30 April 2000 are as follows:

	<----- 31 December ----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	0.002	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Notes: The company commenced operations on 1 April 2000.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.5.8 Megacenter
(i) History and Business

Megacenter was incorporated on 10 November 1999 as a private limited company under the Companies Act, 1965 under the name of Duaktif Corporation Sdn Bhd. Prior to its incorporation, Megacenter was formerly part of a division under HeiTech known as Support Services Group specializing in data center management and business recovery facilities. On 31 January 2000, the company changed and adopted its present name.

The principal activities of the company are the provision of consultancy services, facilities management, business recovery services, enterprise system management, data center management, service bureau, technical consultancy and value added resale.

As at 30 September 2000, Megacenter has a total workforce of 98 employees.

(ii) Share Capital

The authorised share capital of Megacenter is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 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 Megacenter since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
10.11.1999	2	1.00	Cash	2
29.08.2000	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Megacenter does not have any subsidiary or associated companies.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of Megacenter based on its audited accounts for the financial year ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	0.002	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Notes: The company commenced business operations on 1 April 2000.

4.5.9 e-Image

(i) History and Business

e-Image was incorporated on 12 November 1999 as a private limited company under the Companies Act, 1965 under the name of Scancoast (M) Sdn Bhd. Prior to its incorporation, e-Image was formerly part of Support Services Group, a division under HeiTech, specialising in record management services. On 29 January 2000, the company changed and adopted its present name.

The principal activities of the company are the provision of record management services, document imaging and document storage warehousing services.

As at 30 September 2000, e-Image has a total workforce of 142 employees.

(ii) Share Capital

The authorised share capital of e-Image is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
12.11.1999	2	1.00	Cash	2
29.08.2000	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, e-Image does not have any subsidiary or associated companies.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of e-Image based on its audited accounts for the financial year ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December ----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	0.002	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Notes: The company commenced business operations on 1 April 2000.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.5.10 ETSB

(i) History and Business

ETSB was incorporated on 25 November 1994 as a private limited company under the Companies Act, 1965 under the name of Multi Splendid Sdn Bhd. On 18 January 1995, the company changed and adopted its present name.

The principal activities of the company are the development and implementation of educational software using computer aided instruction and computer aided learning programs for smart schools.

As at 30 September 2000, ETSB has a total workforce of 78 employees.

(ii) Share Capital

The authorised share capital of ETSB is RM25,000,000 comprising 15,000,000 ordinary shares of RM1.00 each and 10,000,000 CRCP shares of RM1.00 each. The existing issued and paid-up share capital is RM16,100,222 comprising 12,720,222 ordinary shares of RM1.00 each and 3,380,000 CRCP shares of RM1.00 each.

The existing share capital of ETSB is divided as follows:

	No. Of Shares	Par Value RM	Amount RM
Authorised			
Ordinary	15,000,000	1.00	15,000,000
CRCP Class A	7,000,000	1.00	7,000,000
CRCP Class B	3,000,000	1.00	3,000,000
Issued and Paid-up			
Ordinary	12,720,222	1.00	12,720,222
CRCP Class A	1,600,000	1.00	1,600,000
CRCP Class B	1,780,000	1.00	1,780,000

Note: The holders of the CRCP shares are as follows:

Shareholders	No. of Shares	Par Value RM	Amount RM
CRCP A			
Child Focus Sdn Bhd	1,300,000	1.00	1,300,000
Barisan Swasta Sdn Bhd	300,000	1.00	300,000
	<u>1,600,000</u>		<u>1,600,000</u>
CRCP B			
HeiTech	1,780,000	1.00	1,780,000

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
25.11.1994	2	1.00	Cash	2
08.03.1995	8	1.00	Cash	10
29.09.1995	99,990	1.00	Cash	100,000
27.02.1997	900,000	1.00	Cash	1,000,000
31.05.1997	666,667	1.00	Cash	1,666,667
30.12.1998	4,067,718	1.00	Cash	5,734,385
23.12.1999	5,293,132	1.00	Convertible Redeemable Cumulative Preference class A shares converted into ordinary shares	11,027,517
23.12.1999	1,692,705	1.00	Cash	12,720,222

(iii) Other Shareholders of ETSB

The other shareholders of ETSB are as follows:-

Shareholders	Nationality/Place of incorporation	<----- No. Of Shares held ----->			
		Direct	%	Indirect	%
Barisan Swasta Sdn Bhd	Malaysian	2,979,272	23.42	-	-
Child Focus Sdn Bhd	Malaysian	2,931,150	23.04	-	-
Whitmore Holdings Sdn Bhd	Malaysian	400,000	3.14	-	-
Total		6,310,422	49.60	-	-

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, ETSB does not have any subsidiary or associated companies.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(v) Profit and Dividend Record

A summary of the audited profit and dividend record of ETSB based on its audited accounts for the past five (5) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December ----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	258	353
Profit before taxation	(406)	(328)	(1,095)	(3,284)	(6,334)	(2,626)
Taxation	-	-	-	-	(4)	-
Profit after taxation	(406)	(328)	(1,095)	(3,284)	(6,338)	(2,626)
Number of ordinary shares in issue ('000)	100	100	1,667	5,734	12,720	12,720
Weighted average number of ordinary shares in issue ('000)	-	-	1,239	1,689	5,907	-
Gross EPS/(LPS) (sen)	(406.0)	(328.0)	(88.4)	(194.4)	(107.2)	(20.6)
Net EPS/(LPS) (sen)	(406.0)	(328.0)	(88.4)	(194.4)	(107.3)	(20.6)
Dividend rate (%)	-	-	-	-	-	-

Notes: (i) ETSB was incorporated on 25 November 1994

(ii) There were no extraordinary items in the financial period/year under review

4.5.11 Padu Bantu

(i) History and Business

Padu Bantu was incorporated on 17 December 1999 as a private limited company under the Companies Act, 1965 under the name of Fleximint Corporation Sdn Bhd. Prior to its incorporation, Padu Bantu was formerly part of Support Services Group, a division under HeiTech, specialising in customer support services. On 10 March 2000, the company changed and adopted its present name.

The principal activities of the company are the provision of a one-stop customer support service center and consultancy services desks.

As at 30 September 2000, Padu Bantu has a total workforce of 30 employees.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(ii) Share Capital

The authorised share capital of Padu Bantu is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 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 Padu Bantu since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
17.12.1999	2	1.00	Cash	2
29.08.2000	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Padu Bantu does not have any subsidiary or associated companies.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of Padu Bantu based on its audited accounts for the financial year ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	0.002	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Notes: The company commenced business operations on 1 April 2000

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.5.12 AOL

(i) History and Business

AOL was incorporated on 14 February 2000 as a private limited company under the Companies Act, 1965. The principal activities of the company are the provision of on-line financial accounting services over the Internet.

As at 30 September 2000, AOL has a total workforce of 7 employees.

(ii) Share Capital

The authorised share capital of AOL is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 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 AOL since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
14.02.2000	2	1.00	Cash	2
31.03.2000	99,998	1.00	Cash	100,000

(iii) Other Shareholders of AOL

The other shareholders of AOL are as follows:-

Shareholders	Nationality/Place of incorporation	<----- No. Of Shares held ----->			
		Direct	%	Indirect	%
RCO Management and Consultancy Services Sdn Bhd ("RCO")	Malaysian	49,000	49.00	-	-

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, AOL does not have any subsidiary or associated companies.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(v) Profit and Dividend Record

A summary of the audited profit and dividend record of AOL based on its audited accounts for the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-
Number of ordinary shares in issue ('000)	-	-	-	-	-	0.002
Gross EPS/(LPS) (sen)	-	-	-	-	-	-
Net EPS/(LPS) (sen)	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-

Note: The company was incorporated on 14 February 2000 and has been dormant since the date of incorporation.

4.5.13 MRC

(i) History and Business

MRC was incorporated on 27 July 1995 as a private limited company under the Companies Act, 1965 under the name of UOA Consultants Sdn Bhd. On 30 October 1998, the company changed its name to Mega Research Consortium Sdn Bhd. On 12 November 1998, the company changed and adopted its present name.

The principal activities of the company are the provision of motor repair and insurance research services.

As at 30 September 2000, MRC has a total workforce of 10 employees.

(ii) Share Capital

The authorised share capital of MRC is RM5,000,000 divided into 3,000,000 ordinary shares of RM1.00 each and 2,000,000 RCPS of RM1.00 each, of which RM1,600,000 comprising 1,000,000 ordinary shares of RM1.00 each 600,000 RCPS of RM1.00 each have been issued and fully paid-up.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

	No. Of Shares	Par Value RM	Amount RM
Authorised			
Ordinary	3,000,000	1.00	3,000,000
RCPS	2,000,000	1.00	2,000,000
Issued and Paid-up			
Ordinary	1,000,000	1.00	1,000,000
RCPS	600,000	1.00	600,000

Note: The holders of the RCPS are as follows:

Shareholders	No. of Shares	Par Value RM	Amount RM
HeiTech	360,000	1.00	360,000
Pac Total Solutions Sdn Bhd	180,000	1.00	180,000
Maphilindo International Sdn Bhd	60,000	1.00	60,000
	<u>600,000</u>		<u>600,000</u>

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
27.07.1995	2	1.00	Cash	2
14.03.1999	8	1.00	Cash	10
11.11.1999	999,990	1.00	Cash	1,000,000

(iii) Other Shareholders of MRC

The other shareholders of MRC are as follows:-

Shareholders	Nationality/Place of incorporation	<----- No. Of Shares held ----->			
		Direct	%	Indirect	%
Pac Total Solutions Sdn Bhd	Malaysia	300,000	30.00	-	-
Maphilindo International Sdn Bhd	Malaysia	100,000	10.00	-	-

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, MRC does not have any subsidiary or associated companies.

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

(v) Profit and Dividend Record

A summary of the audited profit and dividend record of MRC based on its audited accounts for the five (5) financial years ended 31 December 1999 and the 4-month period ended 30 April 2000 are as follows:

	<----- 31 December----->					4 months period ended 30 April 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	10	1
Profit/(loss) before taxation	-	-	-	-	(1,192)	(569)
Taxation	-	-	-	-	-	-
Profit/(loss) after taxation	-	-	-	-	(1,192)	(569)
Number of ordinary shares in issue ('000)	0.02	0.02	0.02	0.02	1,000	1,000
Weighted average number of ordinary shares in issue ('000)	-	-	-	-	182	-
Gross EPS/(LPS) (sen)	-	-	-	-	(655.4)	(56.9)
Net EPS/(LPS) (sen)	-	-	-	-	(655.4)	(56.9)
Dividend rate (%)	-	-	-	-	-	-

- Note: (i) MRC was incorporated on 27 July 1995 under the name of UOL Consultants Sdn Bhd and there was no income and expenditure prior to the period shown above.
- (ii) MRC commenced commercial operations in 1999.
- (iii) There was no extraordinary item in the financial year / period under review.

4.6 Industry Overview

The growth, integration and sophistication of IT and communications are changing our society and economy. Consumers and businesses have been particularly quick to recognise the potential and realise the benefits of adopting new computer-enabled networks.

Businesses use networks more extensively to conduct and re-engineer production processes, streamline procurement processes, reach new customers and manage internal operations. This electronic revolution in our economy is spurring additional investments in facilities, hardware, software, services and human capital. Ultimately, it will change the structure and performance of the global economy as much as the introduction of the computer a generation ago.

4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

The electronic economy consists of three primary components, namely:

(i) Supporting Infrastructure

This is the share of total economic infrastructure used to support electronic business processes and conduct electronic commerce transactions. It includes hardware, software, telecommunication networks, support services and human capital used in electronic business and commerce. Examples of e-business infrastructure are:

- a) Computers, routers and other hardware;
- b) Satellite, wire, optical communications and network channels;
- c) System and application software;
- d) Support services such as web site development and hosting, consulting, electronic payment, and certification services; and
- e) Human capital such as programmers.

(ii) Electronic business process (e-business)

This is any process that a business organisation conducts over a computer-mediated network (electronically linked device that communicates interactively over network channels). Business organisations include any form of profit, governmental or non-profit entity. Their process includes production, customer and internal or management-focused business process. Examples of e-business are:

- a) Production-focused processes which include procurement, ordering, automated stock replenishment, payment processing and other electronic links with suppliers, as well as production control and processes more directly related to the production process;
- b) Customer-focused processes include marketing, electronic selling, processing of customers orders and payments and customer management and support; and
- c) Internal or management-focused processes include automated employee services, training, information sharing, video conferencing and recruiting.

(iii) Electronic commerce (e-commerce)

This is any transaction completed over a computer-mediated network that involves the transfer of ownership or rights to use goods and services. Transactions occur within selected e-business processes (e.g. selling process), which are “completed” when agreement is reached between the buyer and seller to transfer the ownership or rights to use goods or services. Completed transactions may have a zero price (e.g. free software download).

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4. INFORMATION ON THE HEITECH GROUP (*Cont'd*)

Examples of devices and networks are:

- a) Linked electronic devices such as computers, personal digital assistants, web TV
- b) Internet-enabled cellular phones and telephones linked with interactive telephone systems
- c) Networks such as Internet, intranets, extranets, Electronic Data Interchange (EDI) networks and telecommunication networks.

4.6.1 Overview of the IT Industry in Malaysia

IT has created a borderless and virtual marketplace where organisations can now conduct on-line and real-time business. Computers and other electronic devices increasingly communicate and interact directly with other devices over a variety of networks.

Internet technologies and applications have very rapidly opened brand new frontiers of communication, collaboration and co-ordination between consumers, businesses and trading partners. Inevitably, such B2C (business-to-consumer) or B2B (business-to-business) electronic commerce (“e-commerce”) has caused a paradigm shift in lifestyles and commercial activities. There are now 750,000 Internet customers in Malaysia with more than 1.5 million Internet users countrywide and the number is expected to grow to 2.2 million by the year 2001 but Malaysian companies in general have only just begun to realise the significance of e-commerce. However, the pace of activities on the Internet is picking up and companies are becoming increasingly aware that on-line business is becoming more lucrative.

The emerging economies of Southeast Asia have reached an important turning point in their economic cycles, evidenced by the technological projects being planned or implemented in the region. Each of the national IT initiatives has tremendous potential for growth, and in turn, will return unrivalled benefits to the community in terms of employment and wealth creation. This in itself is a significant argument for nurturing a healthy environment for the development of Malaysian software and applications, which should augur well for the HeiTech Group.

The growth of IT in Malaysia has been carefully shaped and guided by strategic development plans which provide the ultimate backdrop for Vision 2020. For example, the MSC was created to assist companies to test the limits of technology and accelerate Malaysia's entry into the Information Age. Malaysian companies are in an enviable position, due to government initiatives which offer local businesses the opportunity to be at the forefront of the IT revolution. By putting in place the electronic information infrastructure needed to support IT, the government has not only turned itself into a model user but also the largest “business” in Malaysia.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

Malaysia's economic growth and strong economic performance have given rise to the development of IT in various sectors of the business community in Malaysia. This in turn has increased the demand for computer hardware, software, expertise, Internet and Web service providers and many other knowledge-based services. This is due to the increasing need by Malaysian companies for timely, accurate and focused information on partners, competitors, markets, legislation and many other aspects of their business.

Increasingly, IT products are shifting from hardware production to the application of emerging technologies such as development of tools, solutions and products for business and individual consumers. The largest single area of opportunity for software businesses is in the provision of Intranets to corporations and Network applications that are crucial to the success and performance of a business. Systems and applications are being developed for the emerging markets to capitalise on the special capabilities of the different technologies involved. Vendors and service providers are supplying an abundance of new solutions such as customer relationship management, knowledge management and supply-chain management.

4.6.2 Industry Players and Competition

There are many players within the application development market. Major players that directly competes with HeiTech are as shown in the table below.

Company Name	Nature of Business	Year of Incorporation	Staff	Turnover (RM)
MESINIAGA BERHAD	SALE, LEASE AND SERVICES OF COMPUTER SYSTEMS, SYSTEMS INTEGRATION AND SOLE AGENT FOR IBM COMPUTERS	1981	380	77,681,000
IBM WORLD TRADE CORPORATION	WHOLESALE OF COMPUTER SYSTEMS, SYSTEMS INTEGRATION AND IT RELATED SERVICES	1961	430	245,000,000

(Source : Independent Market Research Report prepared by AC Nielsen dated April 2000)

4.6.3 Laws and Regulations Governing the Industry

The law and regulation that governs HeiTech's business are the Communications and Multimedia Act, 1998 for its Network Data Services and are subject to the provisions of the Evidence Act, 1950 for Digital Documentary Evidence, which indicates that digital images produced through document imaging are valid in court.

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4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

The Government also provides incentives, which are summarised as follows:

- (i) Abolishment of import duty on all hardware and software products, which is an important step to facilitate greater levels of computerisation;
- (ii) Incentives via the Promotion of Investments Act, 1986;
- (iii) Tax allowance incentives via the Income Tax Act, 1967, Invest Tax Allowance and Reinvestment Allowance; and
- (iv) incentives offered by MIMOS Berhad, such as the R&D grant.

Two of HeiTech's subsidiaries namely Padusoft and ETSB are entitled to the incentives under the MSC umbrella, as summarized, inter alia, below:

- (i) Bill of guarantees to investors in the MSC, to protect them from illegal producers of entertainment compact discs and computer;
- (ii) a framework for e-commerce aimed at guaranteeing that transactions take place safely and securely;
- (iii) Asia Pacific MSC Information Technology and Telecommunications Awards (APMITTA) which will be given to individuals and enterprises that contribute to the growth of the MSC; and
- (iv) up to 70% funding for their R&D activities through the Multimedia Development Corporation administered by the MSC R&D Grant Scheme.
- (v) Five-year exemption from Malaysian income tax, renewable to 10 years or a 100 percent investment tax allowance on new investments made in Cybercities.
- (iv) Duty-free importation to multimedia and training equipment
- (vi) R&D grants available to Malaysian-owned Small to Medium Industries
- (viii) Unrestricted employment of foreign knowledge workers.
- (ix) Freedom to source capital globally for MSC infrastructure and the right to borrow funds globally

(Source : Independent Market Research Report prepared by AC Nielsen dated April 2000)

4.6.4 Industry Reliance on and Vulnerability to Imports

Most of the IT companies in Malaysia have a certain degree of collaboration with international providers to develop solutions and applications for their clients. Hence, the industry to some extent is reliant on foreign partners for some IT applications. However, with the increase of local IT expertise as well as more foreign companies investing in Malaysia, Malaysian IT industry will be less dependent on foreign input in the future.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.7 Major Customers

HeiTech's customers cover areas of insurance, banking and finance, manufacturing, health care, public services, transportation and education. For the year 1999, 76% of total revenue was generated from customers such as JPN, JIM, PNB, Amanah Saham Nasional Berhad, JPJ, Pos Malaysia Berhad, Tenaga Nasional Berhad, Malaysian Airlines Systems Berhad and Bank Islam Malaysia Berhad. All of the abovementioned customers have been with Heitech for the past five years except for Bank Islam Malaysia Berhad, who has been with HeiTech for the past three years.

The ranges of the level of sales to major customers are as follows:

Major Customer	Years of Relationship
a) 0.1% to 5.0%	
Tenaga Insurance Bhd	3
Takaful Nasional Berhad	4
Nusantara Worldwide Insurance Berhad	3
Hunza Consolidated Berhad	3
Amal Assurance Bhd	3
South East Asia Insurance Berhad	4
AIZ Information Services (M) Sdn Bhd	2
Subang Jaya Medical Centre Sdn Bhd	1
Malaysian Nasional Reinsurance Berhad	5
Perkhidmatan Kajicuaca Malaysia	5
American Home Assurance Company	4
Bahagian Pencen, Jabatan Perkhidmatan Awam	1
Bumiputra-Commerce Bank Berhad	5
RHB Bank Berhad	5
Mayban Finance Berhad	5
MCIS Insurance Berhad	4
Syarikat Takaful Malaysia Berhad	4
Malaysia National Insurance Berhad	4

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

PadiBeras Nasional Berhad	5
Perusahaan Otomobil Kedua Sdn Bhd	4
Bank Islam Malaysia Berhad	3
Malaysian Airlines Systems Berhad	5
Tenaga Nasional Berhad	5

a) 5.1% to 9.9%

JPJ	5
POS Malaysia Berhad	5

b) 10% to 30%

JPN	5
JIM	2
PNB Group	5

Note : The percentage of the above major customer is based on the turnover for year 1999.

The HeiTech Group has ventured into all avenues of the IT industry. Hence, the Group does not have any dependency on a single customer.

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4. INFORMATION ON THE HEITECH GROUP (Cont'd)

4.8 Major Suppliers

HeiTech seek purchases of supplies in the form of equipments and services from local suppliers as to ensure availability of supply and support services and to mitigate the risk of foreign exchange fluctuations.

HeiTech Group's raw materials as described below are sourced locally to make it easier for the Group to monitor their availability, as well as a faster access to the raw materials. The ranges of the level of purchases from major suppliers are summarized as follows:-

Major Suppliers	Materials Supplied	Years of Relationship
a) 0.1% to 5.0%		
Electronic News Sdn Bhd	MRP QA reader	3
Perkom Sdn Bhd	Modems, frame-relay box, SNA hub	5
Scientific Digital Business Sdn Bhd	Juke box, conversion software	2
Kodak Malaysia Sdn Bhd	High-end scanner, viewing software	2
DiCom Information Technology Sdn Bhd	Juke box, conversion software	2
Diversified Gateway Sdn Bhd	Modems	5
Hypercom Network System Pte Ltd	Router	5
BT Systems (M) Sdn Bhd	Packet switches	2
Symmetrix Technology (M) Sdn Bhd	Structured cabling	5
MOY Ultimate Sdn Bhd	MRP reader	3
Nishiki Technologies Solutions Sdn Bhd	Passport observation page printer	3
CD Holdings Sdn Bhd	MRP reader	3
Sprivest Sdn Bhd	ICR solution	3
b) 5.1% to 9.9%		
Solsis (M) Sdn Bhd	Personal computer ("PC"), cartridge drive	5
Dell Asia Pacific Ltd	PC, server, software, printer	2

4. INFORMATION ON THE HEITECH GROUP (Cont'd)

c) 10% to 30%

IBM World Trade Corporation	Router and front-end processor (“FEP”), mainframe, PC, server, printer	5
Yasmin-Technology Sdn Bhd	Biometric solution	3
Mesiniaga Berhad	Router and front-end processor (“FEP”), mainframe, PC, server, printer	5

Note : The percentage of the above suppliers is based on total purchase for year 1999.

4.9 Future Plans, Strategies and Prospects**4.9.1 Business development and future plans of the HeiTech Group**

HeiTech Group will continue to look for new avenues and a faster means to capture the available market. The Group not only understands the industry but also has the ability to provide enterprise solutions to Malaysian businesses as well as the foresight to be a step ahead of their competitors. The HeiTech Group has established partnerships with local and overseas partners to enhance its content, technology and marketing services. It is a major player in providing easy-to-use one-stop solutions for businesses wanting to capitalise on Internet opportunities. HeiTech strives to continuously improve upon existing products and services as well as create new applications to meet future challenges and evolving customer needs. Among the future priorities of HeiTech are as follows:-

- 1) Developing e-commerce solutions to become one of the players in the regional market, building upon the success of Accountants Online operations and further strengthened by the partnership with a local Public Accountant firm to provide accounting services - launched and available now;
- 2) Developing an enterprise Wireless Application Protocol (WAP) to address future business needs - ready to market;
- 3) Undertaking motor insurance repair research to reduce and contain the cost of motor insurance claims whilst maintaining standards for the benefit of the motoring public – readily available;

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4. INFORMATION ON THE HEITECH GROUP (*Cont'd*)

- 4) Developing Enterprise Resource Planning (ERP) software. The successfully developed financial and human resource system known as Padu*FIN and Padu*PEOPLE, will be the foundation for the further development of a complete ERP system;-
- 5) Enhancing on X-Electra which is a complete retail suite of applications consisting of a distributed branch delivery system (PS JADE) - ready and in use by customers; and
- 6) Undertaking multimedia courseware development under the MSC Smart Schools Project for the Ministry of Education's Smart Schools curriculum as well as a web-based platform for online learning (Virtual Schools) capabilities.

The HeiTech Group has established partnerships with local and overseas partners to enhance its content, technology and marketing services such as the Data Center Outsourcing for the public sector in partnership with IBM and equity partnership with Maphilindo International Sdn Bhd and Pac Total Solution Sdn Bhd in MRC.

The Group's success depends on the respect, trust, loyalty and extraordinary teamwork that exist throughout their organisation. Central to achieving their goals are the ideas, talents and expertise that exist within their employees which are nurtured and developed to their fullest potential.

4.9.2 Prospects for the Group in the light of industry conditions and competition

Traditionally, knowledge-based companies such as HeiTech Group have focused only on maintaining profitability but with the advent of the Internet, there's a global wish to revolutionise the way applications software is sold. Over time, package software offerings could be replaced by application service providers and companies may have to pay for software on a pay-per-use formula.

Telemedicine will play a significant role in healthcare not only in Malaysia but worldwide as well. It will offer commercial opportunities to HeiTech Group in content development, network architecture and end-user interface. Products and services useful in Telemedicine range from creating online databases or virtual libraries, telecommunications equipment and systems integration.

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4. INFORMATION ON THE HEITECH GROUP *(Cont'd)*

Global e-commerce business is expected to increase by 100 percent per year over the next four years. The issues identified with e-commerce include customs, taxation, e-banking, Internet banking and Internet stockbroking. These issues will require complex and well-integrated solutions. Very few companies today have Web sites that are fully integrated with their business systems. As such, the HeiTech Group with all of their expertise will have every advantage of capitalising on the situation. Competition among IT vendors and applications developers will get stiffer but with the HeiTech Group's vast experience and knowledge in the industry, they have successfully diversified their activities in all directions all within the related industry.

The HeiTech Group's business, which is consumer and retail based, is set to grow in harmony with the increase in population, consumer spending and retail development. The gradual increase in per capita income will translate into growth in the corporate and retail sectors, which in turn will boost the sales for IT products and services.

The HeiTech Group is expected to continue to retain its niche in the Malaysian market and should have the ability to sustain growth as a market leader of the IT and applications development segments in Malaysia. It also has the potential to become the lead player of the IT industry in the Asia Pacific region. This is due to their vast experience, technical knowledge, facilities, and equipment and due to the constant introduction of new technologies in their manufacturing process and commitment to R&D.

As Malaysia moves into the information age, almost all aspects of life will involve IT. Therefore, with their foresight to diversify into all directions related to the IT industry, the HeiTech Group is well equipped and ready to meet the challenges of the 21st century and onwards the vision year of 2020.

(Source : Independent Market Research Report prepared by AC Nielsen dated April 2000)

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT

5.1 Shareholders and Promoters

The details of the major shareholders and Promoters of the HeiTech Group and their shareholdings after the Placement and Public Issue are as follows: -

Name	Nationality/ Place of Incorporation	No. Of Ordinary Shares Held After Public Issue			
		Direct	%	Indirect	%
Padujade	Malaysia	30,691,685	38.36	-	-
PNB	Malaysia	15,875,000	19.84	-	-
Dato' Mohd Hilmey Mohd Taib	Malaysian	6,063,327	7.58	30,691,685	38.36 ⁽¹⁾
Safiee Mohammad	Malaysian	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Wan Zaidi Wan Jaafar	Malaysian	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Other individuals ⁽²⁾	Malaysian	2,982,271	3.73	30,691,685	38.36 ⁽¹⁾
PUNB	Malaysia	523,875	0.65	30,691,685	38.36 ⁽¹⁾

Note :

(1) Deemed interested by virtue of their direct shareholding in Padujade.

(2) List of names is set out in Section 13.3(e).

5.1.1 Brief information on Padujade

1. Company Name : Padujade Corporation Sdn Bhd
2. Principal Activities : Investment Holding
3. Directors: : Dato' Mohd Hilmey bin Mohd Taib
Safiee bin Mohammad
Omar bin Che Mad
Wan Zaidi bin Wan Jaafar

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4. Shareholders :

Shareholders	Total No. Of RM1.00 Ordinary Shares Held	%
Dato' Mohd Hilmei Mohd Taib	381,942	57.29
Safiee Mohammad	31,932	4.79
Wan Zaidi Wan Jaafar	31,932	4.79
Omar Che Mad	15,966	2.39
Abidin Yahaya	15,966	2.39
Fawzi Che Embi	15,966	2.39
Che Ngah Ibrahim	15,966	2.39
Abdullah Ahmad	12,772	1.92
Lim Yoon Che	12,772	1.92
Khaeruddin Sudharmin	10,000	1.50
Abu Bakar Yusof	9,505	1.43
Kamsiah Abu	9,579	1.44
Md. Zaidan Md. Zain	7,663	1.15
Nor Azlina Abd Latif	6,386	0.96
Zulkifli Ramli	6,386	0.96
Mariam Haron	6,386	0.96
Adibah Abdul Jalil	6,386	0.96
Mustapha Fathil Abu Hassan	5,703	0.86
Muhd Akram Muhamood	5,108	0.77
Azlan Md Yusof	3,192	0.48
Bahrom Kassim	2,500	0.37
Mustapha Idris	2,500	0.37
Safarudin Ban	3,192	0.48
Yusof Ahmad	2,500	0.37
Azhar Ismail	3,192	0.48
Roosly Abu Hashim	3,192	0.48
Dzulkifli Abd Latiff	3,168	0.48
Mohd Sultan Abd. Majeed	1,915	0.28
PUNB	33,000	4.95
Total	666,667	100.00

5.1.2 Brief information on PNB

1. Company Name : Permodalan Nasional Berhad
2. Principal Activities : Investment Holding

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3. Directors: : Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid
General (R) Tun Ibrahim bin Ismail
Tan Sri Geh Ik Cheong
Tan Sri Datuk Asmat bin Kamaludin
Encik Burhanuddin bin Ahmad Tajudin
Tan Sri Dato' Dr. Wan Mohd Zahid bin Mohd Noordin
Tan Sri Datuk Amar Bujang bin Mohd Nor

4. Shareholders :

Shareholders	Total No. Of RM1.00 Ordinary Shares Held	%
Yayasan Pelaburan Bumiputera	99,999,999	99.9999
Ministry of Finance	1	0.0001
Total	10,000,000	100.00

5.1.3 Brief information on PUNB

1. Company Name : Perbadanan Usahawan Nasional Berhad
2. Principal Activities : Provision of venture capital and management expertise to small-sized and medium-sized Bumiputera companies
3. Directors: : Tan Sri Dato' Mohd Abu Bakar bin Mohd Noor
Tan Sri Dato' Abdul Khalid bin Ibrahim
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali
Datuk Maznah binti Abdul Hamid
Datuk Amirsham bin A. Aziz
Tan Sri Dato' Seri Mohd Saleh bin Che Sulong
Puan Hajjah Kamariah binti Hussain

4. Shareholders :

Shareholders	Total No. Of RM1.00 Ordinary Shares Held	%
Yayasan Pelaburan Bumiputera	99,999,998	99.9999

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The shareholding of the directors of HeiTech in the Company are as follows:-

Name	Designation	No. Of Ordinary Shares Held After Public Issue			
		Direct		Indirect	
		No. Of Shares	%	No. Of Shares	%
Dato' Mohd Hilmey Mohd Taib	Executive Chairman	6,063,327	7.58	30,691,685	38.36 ⁽¹⁾
Safiee bin Mohammad	President/Executive Director	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Dato' Mohd Zuki bin Kamaluddin	Independent Non-executive Director	-	-	-	-
Dato' Lee Hau Hian	Non-executive Director	-	-	-	-
Syed Agel bin Syed Salim	Non-executive Director	-	-	-	-
Azlan bin Rashid	Non-executive Director	-	-	-	-
Jamaludin bin Ibrahim	Independent Non-executive Director	-	-	-	-

Note :

(1) Deemed interested by virtue of their direct shareholding in Padujade, which holds 38.36% in HeiTech

The changes in shareholders / promoters of the corporation and their shareholding for the past three (3) financial years ending 31 December 1999 are as follows:

Shareholder / promoter	<----- Financial year ended ----->					
	31 December 1997		31 December 1998		31 December 1999	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
PNB	5,250,000	35.0	5,250,000	35.0	5,250,000	35.0
Padujade	9,750,000	65.0	9,750,000	65.0	9,750,000	65.0
	15,000,000	100.0	15,000,000	100.0	15,000,000	100.0

5.2 Knowledge and Experience of Promoters in IT

Please refer to the profiles of Dato' Mohd Hilmey bin Mohd Taib and Safiee bin Mohammad in Section 5.3 of this Prospectus and Wan Zaidi bin Wan Jaafar in Section 5.7 of this Prospectus.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

5.3 Board of Directors

The details of the existing Directors of HeiTech are as follows: -

Dato' Mohd Hilmey Mohd Taib, DIMP, SMP, aged 47, is the Executive Chairman of HeiTech and was appointed to the Board on 5 August 1994. In response to the encouragement by the government that experienced Bumiputera technocrats in public and private sectors should take more responsibilities as entrepreneurs, Dato' Mohd Hilmey led the MBO team which had acquired the majority share of HeiTech from PNB. Prior to the MBO, he was the Group Chief Executive Officer of PNB, the position which he held from 1995 to 1997. His career in PNB began when he joined Amanah Saham Nasional Berhad (“ASNB”) in 1981 as an Accountant in the Unit Trust Operations Department where he actively involved in the marketing of Sekim Amanah Saham Nasional (“ASN”), a unit trust scheme, and later was promoted as the Assistant General Manager. In 1989, he became the Head of Post-1990 Project of PNB, responsible for computerization of ASN, Amanah Saham Bumiputera (“ASB”) and modernisation and computerization of the Post Office and Road Transport Department. A year later he became General Manager of Finance and EDP Operations Division. In 1994, he was appointed as the Deputy Group Executive Officer of PNB and eventually promoted as the Acting Group Chief Executive Officer of PNB. His serious commitment in IT has prompted him to incorporate HeiTech in 1994.

Dato' Hilmey is also active in social organizations. He is a member of the Malaysia-Japan Economic Association and the Board of Trustees of Malaysian Humanitarian Foundation. He also sits on the Board of Malayan Banking Berhad (“Maybank”), Maxis Communication Berhad, Perusahaan Otomobil Kedua Sdn Bhd (“Perodua”) and Pengurusan Kumipa Berhad. He is also a director of various subsidiary companies of HeiTech.

Dato' Hilmey obtained a Bachelor Of Economics (Honours) degree in Accounting from University of Malaya in 1976 and subsequently obtained a post-graduate diploma in Accounting from the same university. In 1989, he obtained a Masters of Business Administration degree from Cranfield Institute of Technology, UK. He is also a Public Accountant with the Malaysian Institute of Accountants (MIA No. 1764), since 29 July 1980.

Dato' Mohd Zuki bin Kamaluddin, DSAP, aged 64, was appointed to the Board of HeiTech on 31 July 2000. He qualified as a Barrister-at-Law with Lincoln's Inn, United Kingdom and is a lawyer by profession.

Previously, he had served Pahang State Government as an Exco member and Speaker of the State Legislative Assembly. He was appointed as a Senator in Dewan Negara in Parliament from 1995-1999. He is currently the Chairman of Digiphonic Sistem Sdn Bhd and also sits on the Boards of Island & Peninsular Berhad, Austral Enterprise Berhad, Tomypak Berhad and Amanah Saham Pahang Berhad.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Dato' Lee Hau Hian, aged 46, was appointed to the Board of HeiTech on 31 July 2000. He is currently the Managing Director of Batu Kawan Berhad, an investment holding company listed on the KLSE, with subsidiaries and associated companies involved in chemical manufacturing, investment holding, plantation and stockbroking activities. He also sits on the Board of the subsidiary companies in Batu Kawan Berhad Group and in Kuala Lumpur-Kepong Berhad Group. He graduated in 1975 with a Bachelor of Science degree in Economics from the London School of Economics, University of London. Subsequently, he obtained a Masters of Business Administration from Stanford Business School, Stanford University, California in 1981.

Safiee Hj. Mohammad, aged 50, is currently the President of HeiTech and was appointed to the Board of HeiTech on 11 April 1995. Prior to joining HeiTech as the Chief Executive Officer in 1996, he was a Senior Manager I/Deputy Head of Information Systems Division of Maybank. He began his career with Maybank in 1977 as an Analyst Programmer. During his 19 years of working experience in Maybank, he has held various other portfolios in the bank which include Head of Operation and Training, Head of Group Development and Maintenance and Head of Application, Development and Maintenance of Maybank overseas operations. He also sits on the Board of Directors of Telekom Smart School and various subsidiary companies of HeiTech. He graduated with a Bachelor of Arts (Honours) degree in Mathematics from University of Malaya in 1977.

Syed Agel bin Syed Salim, aged 55, was appointed to the Board of HeiTech on 1 January 1995. He was formerly the General Manager of Unit Trust Division in PNB. He joined PNB in 1983, where he has held various positions since then. In 1992, he was promoted to General Manager of Unit Trust, ASNB. He started his career with the Auditor-General's Office in 1969. In 1974, he joined Dunlop Malaysian Industries Berhad in 1974 and later left the company to join PNB in 1983. Currently, he sits on the Board of Directors of Northport Corporation Berhad, Kontena Nasional Berhad, Klang Container Terminal Berhad, Island and Peninsular Berhad, Goodyear Malaysia Berhad, GITN Sdn Bhd and Syarikat Perumahan Pegawai Kerajaan Sdn Bhd. He has been an Associate Member of the Institute of Chartered Secretaries and Administrators (UK) since 1974.

Azlan bin Rashid, aged 37, was appointed to the Board of HeiTech on 13 January 1999. He is currently the Head of IT Coordination Department of PNB. He has 12 years of experience in the IT industry, which started when he joined IBM World Trade Corporation as Marketing Application Systems Specialist in 1988. From 1994 to 1997, he worked with Bank Pertanian Malaysia as IT Director in the Group Chief Executive Officer's Office and, subsequently, from 1997 to 1998 he served Sime Bank Berhad as Senior Manager of the Information Systems Planning & Development. He also sits on the Board of Directors for GITN Sdn Bhd. He graduated with a Bachelor of Science degree in Civil Engineering from California State University, United States of America in 1986.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

Jamaludin Ibrahim, aged 41, was appointed to the Board of HeiTech on 1 August 2000. He is currently the Chief Executive Officer of Maxis Communications Berhad (“Maxis”). He joined Maxis (formerly known as Binariang Berhad) in mid 1997 as Director of Corporate Strategies & Development and was promoted to Chief Operating Officer in September the same year. He was promoted to become Chief Executive Officer of Maxis on 7 October 1998. He has over 17 years in the Information technology (IT) Industry where he was the Managing Director and Chief Executive Officer of Digital Equipment (M) Sdn Bhd from 1993 to 1997 and IBM Malaysia from 1980 to 1992, with his last position there being Division Manager in charge of all IBM Malaysia large accounts. He also spent one year as lecturer at California State University, USA. He graduated from California State University, Chico, USA with a Bachelor of Science, Business Administration, with a minor in Mathematics in 1978 and subsequently obtained his Masters in Business Administration from Portland State University, Oregon in 1980.

Declaration by the Directors

No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:

- a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was a Director or senior executive officer;
- a conviction in a criminal proceeding or is named subject of a pending criminal proceeding; or
- the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

5.4 Directorships and Major Shareholdings in Other Public Limited Companies for the Past Five (5) Years Preceding The Date Of Submission

Name Of Directors/	Name Of Company	Designation	Date Appointed / (Resigned)	No. Of Shares Held				Principal Activities
				Direct	%	Indirect	%	
Dato' Mohd Hilmey Bin Mohd Taib	Malayan Banking Berhad	Director	27/3/95	-	-	-	-	Banking
	Maxis Communications Berhad	Director	4/12/97	-	-	-	-	Telecommunication
	Pengurusan Kumipa Berhad	Director	23/7/98	-	-	-	-	Unit Trust
	KL Kepong Berhad	Director	05/01/91	-	-	-	-	Plantation
	Pos Malaysia Berhad	Director	04/08/94 / (11/06/98)	-	-	-	-	Public Services
	Pengurusan Pelaburan ASN Berhad	Director	23/08/94 / (12/02/98)	-	-	-	-	Investment management
	Pengurusan Pelaburan ASW 2020 Berhad	Director	21/01/95 / (12/02/98)	-	-	-	-	Investment Management
	Pelaburan Hartanah Nasional Berhad	Director	19/09/95 / (20/01/98)	-	-	-	-	Property Investment

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name Of Directors/	Name Of Company	Designation	Date Appointed / (Resigned)	No. Of Shares Held				Principal Activities
				Direct	%	Indirect	%	
	Titan Petrochemical & Polymers Berhad	Director	23/06/95 / (29/06/99)	-	-	-	-	Chemical products
	Amanah Saham Nasional Berhad	Director	19/09/95 / (12/02/98)	-	-	-	-	Unit Trust
	MNI Holdings Berhad	Director	05/09/96 / (04/02/97)	-	-	-	-	Insurance
	Malaysia National Insurance Berhad	Director	17/10/96 / (30/09/97)	-	-	-	-	Insurance
Safiee Bin Mohammad	-	-	-	-	-	-	-	-
Syed Agel Bin Syed Salim	Northport Corporation Berhad	Director	13/09/2000	18,234	-	-	-	Investment holding
	Klang Container Terminal Berhad	Director	26/06/86	-	-	-	-	Transportation & Shipping
	Goodyear Malaysia Berhad	Director	28/10/92	-	-	-	-	Manufacturing
	Kontena Nasional Berhad	Director	04/12/84	-	-	-	-	Transportation & Shipping
Azlan Bin Rashid	Island & Peninsular Berhad	Director	24/10/94	-	-	1,000	-	Property
	-	-	-	-	-	-	-	-
Dato' Mohd. Zuki Bin Kamaluddin	Austral Enterprise Berhad	Director	29/07/91	-	-	-	-	Plantation products
	Tomyapak Berhad	Director	14/11/91	20,000	-	-	-	Manufacturing
	Amanah Saham Pahang Berhad	Director	01/02/91	-	-	-	-	Investment management
	Island & Peninsular Berhad	Director	03/09/99	6,000	-	-	-	Property
Dato' Lee Hau Hian	Perumahan Kinrara Berhad	Director	03/09/99	-	-	-	-	Property
	Batu Kawan Berhad	Director	20/12/93	416,250	0.14	133,019,070	46.00	Investment holding
	Kuala Lumpur Kepong Berhad	Director	20/12/93	55,500	0.01	321,627,896	45.29	Plantation
	See Sen Chemical Berhad	Director	10/12/84	-	-	17,403,760	61.39	Chemical products
Jamaludin Ibrahim	-	-	-	-	-	-	-	

5.5 Aggregate Remuneration and Benefits of Directors

For the financial year ending 31 December 1999, the remuneration and fees paid to the Directors for services to the Company and its subsidiary companies was RM1,064,211 (RM877,059 at Company level). For the financial year ending 31 December 2000, the amount of remuneration and fees proposed to be paid to the Directors for services to the Company and its subsidiary companies is estimated to be RM1,200,000 (RM990,000 at Company level).

The amount of remuneration and benefits received by each director is as summarized below:-

Executive Directors

	Remuneration (RM'000 per annum)	Benefit (RM'000 per annum)
At HeiTech level	200 – 400	40 – 120
At subsidiary level	120 – 180	30 - 50

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Non-executive Directors

	Remuneration (RM'000 per annum)	Benefit (RM'000 per annum)
At HeiTech level	50	24

5.6 Audit Committee

Details on the members of the audit committee are as follows:

Name	Responsibility	Directorship
Dato' Mohd. Zuki bin Kamaluddin	Chairman	Independent Non-executive Director
Safiee Bin Mohammad	Member	President / Executive Director
Jamaludin bin Ibrahim	Member	Independent Non-executive Director

5.7 Key Management

A team of experienced management and professional personnel assists the Board of Directors of HeiTech. Particulars of the management team are given below:

Wan Zaidi bin Wan Jaafar, aged 41, is the Senior Vice President of HeiTech and the Chief Operating Officer/Director of PaduTech Solutions Sdn Berhad. He started his career in Permodalan Nasional Berhad in 1983 as a Systems Analyst and in 1989, was appointed as the Project Manager responsible for the design and development of Amanah Hartanah PNB (AHP) and later the database conversion of the New Unit Trust System for PNB. In 1991, he was responsible for systems development for Jabatan Pengangkutan Jalan computerisation project and in 1994 he was assigned as Project Director for Jabatan Pengangkutan Jalan, Jabatan Imigresen Malaysia and Jabatan Pendaftaran Negara projects. He holds a Bachelor of Science (Honours) degree and a Diploma In Education from the University of Malaya. He has 17 years experience in the field of computer and information technology.

Khaeruddin Sudharmin, aged 46, is currently the Vice President and the Company Secretary of the Company. Prior to his present position, he was attached to PNB Group Chief Executive Officer's Office as Senior Manager I for New Business, a position that he has held since March 1997. He has 9 years of marketing experience that began at Oxford University Press East Asia Branch in 1977. In 1986, he became the General Manager of University of Malaya Co-operative Ltd. and eventually in 1989, he joined MOCCIS Trading Sdn Bhd as Deputy General Manager Human Resources & Administration. Prior to joining PNB in 1997, he was the General Manager of Human Resource at Keretapi Tanah Melayu Berhad from 1995 to 1997. He obtained a Masters degree in Business Administration (Human Resource Development) from the University of Hull, United Kingdom in 1994. He is a member of the Company Secretaries Practice Group of the Malaysian Association of The Institute of Chartered Secretaries and Administrators.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Omar Che Mad, aged 50, is currently the Vice President of Corporate Finance and Procurement Division. He joined HeiTech as the Finance Manager in 1994 and was promoted to Senior Manager II (Finance and Administration) in July 1996. His career began as an Accountant with Jabatan Akauntan Negara Malaysia in 1979. He then joined Jabatan Bekalan Air Selangor in 1981 and Jaya Jusco Stores Sdn Bhd in 1984. He joined PNB in 1989 as Senior Accounts Executive in the Finance and Administration Department and was promoted to become the Manager of Finance and Administration in 1991. He also serves as a member of the Board of Directors of various subsidiary companies of HeiTech. He obtained a Diploma in Accountancy from the MARA Institute of Technology in 1975 and the Association of Chartered Certified Accountants qualification from Emile Woolf College of Accountancy in 1979.

Mohamed Radzi bin Taib, aged 43, joined HeiTech in 1999 as the Marketing Director, responsible for overseeing marketing strategy for HeiTech Group and the Chief Operating Officer of SAM. He has more than 17 years of experience in IT industry, which began in 1983 when he joined IBM World Trade Corporation as Systems Engineer. During his 10 years tenure with IBM, he has served as Accounts Manager and Marketing Manager. In 1994, he joined Time Telekom Sdn Bhd as Country Sales Manager and later promoted to General Manager of sales. In 1997, he joined Microsoft (Malaysia) Sdn Bhd (“Microsoft”) as Enterprise Customer Unit Manager, responsible for positioning Microsoft products and services in the Malaysian market. In 1998, he joined IT Partners Sdn Bhd as Business Development Manager, the position that he held prior to joining HeiTech. He graduated with a Bachelor of Science degree in Economics from University of Nevada, USA in 1980 and obtained a Masters in Business Administration from the same university in 1982.

Tajul Razi Abdul Aziz, aged 43, is the Vice President of Corporate Communications and Corporate Services. He joined HeiTech in 1999 as the Special Assistant to the Executive Chairman. Before joining HeiTech, he was the Senior Manager of Marketing & Investment Services Department, ASNB, the position that he held from 1985 to 1999. He has served ASNB in various capacities in the field of marketing for the last 14 years prior to joining HeiTech. In 1995, he was seconded to Nomura/Jafco Investment Ltd., Singapore as Vice President of Venture/Investment of the company. He also sits on the board of PPB Asset Management Berhad, a wholly owned subsidiary of Permodalan Peladang Berhad, and AOL. He graduated with a Bachelor of Science degree in Physics from University of Malaya in 1984 and a Masters in Business Administration from the National University of Singapore in 1998.

Abidin Yahaya, aged 43, is the Vice President of Internal Audit Division. He joined HeiTech in 1994 as Project Manager and later promoted as Senior Manager of the Commercial Sector Accounts in January 1997. Subsequently he was promoted to become Vice President of Resource Management Division in 1998. He began his career as a Programmer in PNB in 1982. In 1985, he became a System Analyst and was later promoted to Senior System Analyst in 1987. In 1989, he was made the Assistant Manager of the Central Information Collection Unit (“CICU”) computer projects and as Project Manager of CICU and later as Project Manager of PNB Post-1990 Project. In 1991, he was promoted to become the Manager of the Application Services Unit of the EDP Operation Division of PNB. He obtained a Diploma in Electrical Power from Universiti Teknologi Malaysia in 1982 and a Masters in Business Administration from Ohio University in 1995.

5. **INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT** (*Cont'd*)

Fauzi Mustapha, aged 56, is the Director of Human Resources. He joined HeiTech in January 2000. He was previously from ASNB where he served for almost 19 years before he retired as the Senior Manager of Services and Quality Assurance Management Department. He has vast experience in service operation during his tenure with ASNB. Prior to joining ASNB, he was the Administration and Personnel Executive with Maran Road Sawmill Sdn Bhd from 1978 to 1980. He graduated with a Bachelor of Arts (Honours) degree from University of Malaya in 1975.

Michael H. Kemp, aged 53, is the Special Assistant to the Executive Chairman and the President. He has worked in various IT functions in PNB and its subsidiaries since 1982. Before serving PNB, he was attached to Andersen Consulting both in the United States of America and Malaysia. He is a graduate from Indiana University, U.S.A in A.B., M.A and Masters in Business Administration degrees. He serves as a member of the Board of Directors of VPC, Padusoft and MRC. Mr. Kemp has been involved in the IT industry for the last 26 years. He is a permanent resident of Malaysia.

Abdul Rahim Bin Osman, aged 36 is the Executive Director/CEO of VPC which has successfully attained National Implementation Partnership with SAP in Malaysia. He was appointed to the Board of VPC on 23 September 1997. He is a co-founder of VPC, an SAP implementation arm of HeiTech to overcome the shortages of local participation in the Enterprise Resource Planning (“ERP”) market. He graduated from the University of Toledo, Ohio with a Bachelor of Science, and started his career in 1988 with Petroliam Nasional Berhad (“Petronas”). He undertook involvement in the SAP implementation Group-wide in 1991. He then joined SAP Malaysia in 1994 as a Logistics Consultant. His last role was to head the logistic consultants of SAP.

Hasnan bin Hashim, aged 40, is a Manager of HeiTech and the Executive Director / Chief Operating Officer of Padusoft. He was appointed in July 1995 as the Manager of the Business Planning and Q. A. Department and later as the Head of the Product and Technologies Department since January 1996. He started his career as a Systems Manager in Business Computers (Kedah) Sdn. Bhd. and in January 1987 he became a business partner in an IT company known as AMSYS Sdn. Bhd. He joined PNB in 1989 as System Analyst for the UTS - Postal Project, in 1991 as Project Leader for JPJ Project and in July 1993, promoted as the Project Manager for COMSYS Project. He holds a Bachelor of Science in Computer Science from Indiana University, Bloomington, USA. He has been involved in the IT industry for the last 13 years.

N Azamee bin Nasir, aged 45, is the Executive Director / Chief Operating Officer of KCSB. He began his career with ASNB as Assistant to the Chief Accountant in 1981. In 1987, he joined PNB to head the Project Secretariat team for 5 years before starting his own business in telecommunications. He holds a Degree in Business Administration from Ottawa University, Kansas, USA and a Diploma in Banking from MARA Institute of Technology, Shah Alam, Selangor.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Fawzi bin Che Embi, aged 44, is the Vice President of HeiTech and the Chief Operating Officer/Director of PaduNet. Prior to the present position, he was the Vice President of the Marketing and Business Development Division of HeiTech. He joined PNB in 1980 as System Analyst and upon his return from studies in 1984, he joined Business Computers Sdn. Bhd. as a Senior System Analyst. He was in Talasco Insurance Sdn. Bhd. as an EDP Manager between 1986 to 1989. He was seconded to SAM in 1989 as the Business Unit Manager. He holds a Bachelor of Science (Honours) degree from the University of Salford (UK) and a Diploma in Computer Studies from the MARA Institute of Technology. He has been involved in the IT industry for the last 20 years.

Mohd. Sultan Abd. Majeed, aged 46, has been the Chief Operating Officer of HT Soft since its incorporation. Prior to his present position, he was a Manager with PaduTech. He began his career as an accounts executive with Bank Simpanan Nasional in 1976 until 1980. Subsequently, he held various positions in Amanah Saham Nasional Berhad, PNB, PNB Information Technologies Sdn Bhd and HeiTech from 1981 to 2000. He obtained a Diploma in Accounting from MARA Institute of Technology in 1975 and subsequently a Bachelor of Business in Administration (Marketing) in 1993.

Abdullah Ahmad, aged 42, is the Chief Operating Officer/Director of Megacenter. He was previously the Manager for Data Centre Services Department since 1995. He started his career as Assistant System Engineer with IBM in 1980 and had joined PNB in 1986 where his responsibilities included Application Development, Database Administrator, Head of the Technical Support and the Head of Operation and Recovery. He holds a Bachelor of Science (Honours) in Computer Science from Western Washington University, Washington, USA. He serves as the Chairman of Malaysian DB2 User Group since 1993 and he is a committee member of the Share Guide Association of Malaysia which is an IBM user Group, since 1997, where he currently holds the position of Vice-Chairman. He has been involved in the IT industry for the last 20 years.

Che Ngah bin Ibrahim, aged 44, is the Vice President of HeiTech and the Chief Operating Officer/Director of e-Image Technologies Sdn Berhad. In 1994, he joined HeiTech as the head of Public Services Network department. He joined PNB in 1992 as a Project Manager for the establishment of Public Services Network and Business Operation. At PNB and HeiTech, he led marketing, and business development, privatization project business planning and ventures divisions. Prior to this, he worked with IBM Malaysia for 9 years. His responsibilities at IBM included project management, IS planning, system designing, programming, business process reengineering and maintaining of application system and database. He holds a Bachelor of Science degree in Mathematics from the Macalester College, Minnesota, USA in 1979 and Master of Science degree in Applied Mathematics and Operation Research from the University of Tennessee, USA in 1982. He has been involved in the IT industry for the last 18 years. He is also on the Board of MRC.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Dr. Lee Oi Kum, aged 48, is the Executive Director / Chief Executive Officer of ETSB. She is the one of the founders of ETSB. She started her medical practice at St. Andrew's Mission Hospital in Singapore in 1978. After 7 years with St. Andrew's Mission Hospital, she ventured into business and became a director in several family-owned companies. She began her career in education in 1991. Since then, she has successfully established the ETSB Group of companies with JLC, to become a leading provider of integrated learning systems and computer-based learning solutions for schools and higher educational institutions in Malaysia, Singapore, Hong Kong and China. She graduated with a Bachelor of Medicine and Bachelor of Surgery from National University of Singapore in 1978.

Mohd Khairudin Abdullah, aged 43, is the Chief Operating Officer/Director of Padu Bantu Sdn Bhd. He joined HeiTech in 1997 as a Consultant for Data Centre Management and in 1999, he became the Head of Customer Support Services Centre of HeiTech. Previously, he was attached to a major multinational company in Computer Center Automation and was responsible for setting up and operating the Support and Service Centers that offers worldwide services to more than 60 customers such as Deutsche Bank Germany, IBM Sweden and Italy, Siam Commercial Bank, Bank Austria and Swiss Bank Corporation. He obtained a Bachelor's degree in Information Technology from the Control Data Institute, Germany in 1987. He has been involved in the IT industry for the last 15 years.

Razalee Amin, aged 46, is the Executive Director / Chief Executive Officer of AOL. He is the founder and Managing Partner of Razalee & Co. and Managing Director of RCO Management and Consultantancy Services Sdn Bhd. He is a member of the Malaysian Association of Certified Public Accountants. Razalee obtained his first degree from Universiti Malaya with a Bachelor of Economics (Hons) (Accounting) and subsequently obtained a post-graduate diploma in Accounting from the same university. Razalee has over 23 years of experience in accounting, commercial and financial sector which includes an international public accounting firm, senior management positions in public listed companies and financial institutions.

Mohammad Radzi Zainal, aged 38, is the Chief Operating Officer of MRC. He was appointed as the Manager of Quality Assurance and Standards Department from 1997-1999. He started his career as Junior Accountant in the Systems Department of Bank Bumiputera Malaysia Berhad in 1986. He joined PNB in 1989. His responsibilities included Implementation and Project Management and managing the Project Secretariat. In 1996, he was appointed to head the Human Resource and Corporate Development Department. He holds a Diploma in Accountancy from MARA Institute of Technology Shah Alam and his area of specialization is in organization and methods. He has been involved in the IT industry for the last 11 years.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.8 Employees

As at 30 September 2000, the HeiTech Group has a total of 694 employees, none of whom belongs to any union and they enjoy a cordial relationship with the management.

The total number of employees with breakdown into categories and average number of years of services as at 30 September 2000 are as follows:-

Category	> 10 years of services	> 5 & < 10 years of services	< 5	Total
Management	22	14	24	60
Executive	68	67	203	338
Clerical	25	31	135	191
General Worker	-	1	104	105
Total	115	113	466	694

The training and development programmes undertaken by HeiTech between 1 January 2000 and 30 September 2000 are as follows:-

Type of Programme	No. of Programmes	
	Completed	On-Going
Technical ⁽¹⁾	49	-
Managerial ⁽²⁾	28	-
Secretarial	7	-
Motivational ⁽³⁾	5	-
Others	9	-
TOTAL	98	-

⁽¹⁾the technical and development programmes includes those courses which provide new technical knowledge and also enhancement/update of the current knowledge of the employees, both locally and overseas.

⁽²⁾this includes managerial courses such as presentation skills, marketing plan clinics, business communications, etc.

⁽³⁾this mainly motivational programmes such as "Team Building"

5.9 Family Relationship

Save as disclosed below, there are no other family relationships between/amongst the directors, major shareholders and/or the key management of HeiTech:-

- i) Mohd Saufi Hussain (Director of VPC) is the brother of Dato' Mohd Hilmey Mohd Taib's wife.
- ii) Datin Salbiah Hussain (Director of AOL) is the wife of Dato' Mohd Hilmey Mohd Taib.
- iii) Dr. Lee Ooi Kum (Director and Substantial Shareholder of ETSB) is the sister of Dato' Lee Hau Hian.

6. MORATORIUM AND OTHER CONDITIONS

Moratorium On Disposal Of Shares

The proposed flotation of HeiTech was approved by the SC on 24 July 2000. It is a condition of the SC's approval that the following substantial shareholders of HeiTech will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issue and paid-up capital of HeiTech within one (1) year from the date of admission of HeiTech on the Official List of the Main Board of the KLSE:

Name of substantial shareholders	No. Of Shares Under Moratorium (‘000)	% of enlarged share capital
PNB	10,000	12.50
Padujade	25,000	31.25
Dato’ Mohd. Hilmeiy Mohd. Taib	1,000	1.25
	36,000	45.00

The moratorium means that the above substantial shareholders are not allowed to sell, transfer or assign the shares under moratorium within 1 year from the date of admission of HeiTech to the Official List of the Main Board of the KLSE. Thereafter, they are permitted to divest or transfer in every subsequent year up to a maximum of one-third per annum (on a straight line basis) of their respective shareholdings in the Company which is under moratorium.

The restriction, which is fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the aforesaid shareholders which are under moratorium to ensure that HeiTech's registrar do not register any transfer not in compliance with the restriction imposed by the SC and KLSE.

The remarks to be endorsed on these share certificates are as follows:-

“The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission (“Moratorium Period”). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction.”

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7. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST

7.1 Related Party Transactions

7.1.1 Promotion of assets

None of the Directors and substantial shareholders and/or key management staff of the Company has an interest, directly or indirectly, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to the Company and its subsidiaries.

7.1.2 Material interest in contracts or arrangements

Save as disclosed below, none of the other Directors or the substantial shareholders and/or key management staff of HeiTech and its subsidiaries has any material interest in any contract or arrangement which is significant in relation to the business of the Group and subsisting at the date of this Prospectus.

- (i) Master Outsourcing Agreement dated 8 December 1999 entered into between PNB and HeiTech commencing from the date of the agreement until 31 December 2002 whereby HeiTech was appointed as PNB's information technology consultant for its computerization initiatives and requirements and to perform and manage certain agreed information services, activities and responsibilities at a consideration of RM15,000,000 per year.

7.1.3 Interest in similar business

Save as disclosed below, none of the other Directors or the substantial shareholders and/or key management are interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary companies.

- (i) PNB holds 55% equity interest in GITN Sdn. Bhd., a company that is involved in the provision of value-added telecommunications and IT services.
- (ii) PNB holds 17.51% equity interest in Mesiniaga Berhad, a company that is involved in the provision of IT products and services.
- (iii) Syed Agel bin Syed Salim and Azlan bin Rashid are both directors of GITN Sdn. Bhd., a company that is involved in the provision of value-added telecommunications and IT services.
- (iv) Safiee bin Mohammad is a director of Telekom Smart School Sdn Bhd, a company that is involved in the implementation of the smart schools projects for the Ministry of Education.

7. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST (Cont'd)

7.1.4 Other related party transactions

Save as disclosed below, there are no other transactions between HeiTech and its Promoters, Directors and/or their related parties:

NAME OF DIRECTORS	RELATED PARTIES	NATURE OF RELATED PARTY TRANSACTIONS	VALUE
Dato' Mohd. Hilmey Mohd. Taib	Malayan Banking Berhad	Banking facilities to HeiTech Group:- Bank guarantee facility Letter of credit facility	RM26.6 million RM32.3 million
	Maxis Communications Berhad	Provision of network services to HeiTech through - Maxis Broadband Sdn. Bhd. Provision of phone line to HeiTech through Maxis Collection Sdn. Bhd.	RM86,310 RM173,566.28
Syed Agel Syed Salim	Island & Peninsular Berhad	Provision of IT services by HeiTech to the company Tender Deposit	RM147,198 RM25,000
	Syarikat Perumahan Pegawai-pegawai Kerajaan (SPPK) GITN Sdn. Bhd.	Office rental payable to SPPK Provision of space rental at Disaster Recovery Facility and administration expenses charged to HeiTech	RM196,917.60 monthly RM3,149,502.86
Dato' Mohd. Zuki Kamaluddin	Island & Peninsular Berhad	Provision IT Services to the company Tender deposit	RM147,198 RM25,000
	Amanah Saham Pahang Berhad	Implementation of Smart School Project (through ETSB)	RM510,000
Azlan Rashid	GITN Sdn. Bhd.	Provision of space rental at Disaster Recovery Facility and administration expenses charged to HeiTech	RM3,149,502.86
Dato' Mohd. Hilmey Mohd. Taib and Safiee bin Mohammad	Padujade Corporation Sdn. Berhad	HeiTech pays investment monitoring fees to Padujade for the management services rendered by the members of Padujade	RM250,000 annually

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7. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST (Cont'd)

7.2 Declaration of the Advisers

Aseambankers hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Adviser for the Issue.

Messrs Lee Choon Wan & Co has given their confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitors for the Issue.

Messrs Arthur Andersen & Co has given their confirmation that there are no existing or potential conflicts of interest in their capacity as Reporting Accountants.

AC Nielsen (Malaysia) Sdn Bhd has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Market Research Consultant in relation to the Issue.

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8. OTHER INFORMATION ON THE HEITECH GROUP

8.1 Approvals, major licences and permits obtained

(i) **M.S. ISO 9001:1994 Quality System Registration by SIRIM awarded to HeiTech since 1998**

- A certificate for MS ISO 9001: 1994 Quality Systems- Model for Quality Assurance in Design, Development, Production, Installation and Servicing has been awarded to HeiTech vide Certificate, Registration No. AR 1441 by SIRIM QAS Sdn Bhd since 1998 on a yearly basis. The current certificate expired on 9 July 2000.
- The scope of the registration is for provision of design, development and maintenance of application software for commercial sector; office automation services; LAN and WAN installation and maintenance services; and systems operations services.
- No conditions are attached.

HeiTech has retained the certification since its award in 1998 based on the annual audit conducted by SIRIM.

(ii) **Ministry of Energy, Communications and Multimedia**

- A license has been granted to HeiTech (formerly PNB Information Technologies Sdn Bhd.) for a period of five (5) years effective from 6 June 1998 by the Minister of Energy, Telecommunications and Posts, Malaysia vide License No. JTM/VAS/30/IP/98 dated 1 June 1998.
- The scope of the license is to provide value-added network data services in Malaysia and to establish maintain and work telecommunication system.
- The license is subject to the Conditions set out in Part II of the License, the Act and to any Regulations made or which may be made under the Act and to revocation as provided in paragraph 2 and Part III of the License.
- The conditions, inter alia, are as follows:
 - a) HeiTech shall not establish, maintain or work any other services other than value added network data services such as value added facsimile, electronic mail services, electronic on-line services and electronic data interchange;
 - b) HeiTech shall not offer or provide a simple resale of circuit, basic voice, basic telex and telegram services. Further, HeiTech shall not provide any telecommunication links whether by wire, cable, radio, optic fibre or otherwise connecting the relevant service to any other telecommunication system. The equipment and technology used must first be approved by the Ministry;

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

- c) HeiTech shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges under this License to any person or persons except with prior written consent of the Minister;
- d) The Minister reserves the right to fix the price for the licensee's services which it must comply;
- e) HeiTech is to notify the Minister of any changes in the proportion of shares held by any shareholders at the time this License is granted and during the period of this License. HeiTech is not obliged to notify the Minister of any changes if it does not result in a change of control of HeiTech;
- f) If HeiTech has entered into or intends to enter into any joint venture, association, contract or arrangement with a third party, the Minister's approval is to be obtained first; and
- g) The Minister must be informed at least 30 days in advance if the licensee wishes to be listed in the Stock Exchange in Malaysia or elsewhere, or be traded in an unlisted or over the counter market in Malaysia or elsewhere.

HeiTech is in compliance with the license granted by the Ministry of Energy, Communications and Multimedia. HeiTech has informed the said Ministry of HeiTech's proposed flotation as required by Clauses 20.3 and 20.4 of the said license.

iii) Ministry of Finance

- HeiTech has been granted a license for Computer Management Consultancy Services vide license No.04314. registration reference no. K.Kew/K&B/D/02/494/465-001202 issued by the Ministry of Finance dated 6 August 1999 and effective till 27 July 2001
- The license is subject to conditions amongst others:
 - (a) The license is to be utilized for the purposes stated within its scope only and specific to the company; and
 - (b) The Ministry of Finance has the right to revoke this license without any notice if the information given by HeiTech is not true and accurate at the time this license was granted.
- HeiTech has also been granted a license by the Ministry of Finance as an IT related service provider vide license no. 080728, registration reference K.Kew/K&B/D/02/494/357-44594 dated 17 June 1999 and effective till 7 March 2001.

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

- The scope of the license is as follows:
 - (a) to supply personal computer and related peripherals and services;
 - (b) to supply small to large multi-user systems and services;
 - (c) to supply workstations and related peripherals and services;
 - (d) to supply software products and services;
 - (e) to supply other computer related services; and
 - (f) to supply networking products and services.

- The conditions, inter alia, are as follows:
 - (a) The license is to be utilized for the purposes stated within its scope only and is specific to the company; and
 - (b) The Ministry of Finance has the right to revoke the license without any notice if the information given by HeiTech is not true and accurate at the time the license was granted.

- HeiTech has also been granted Bumiputera Contractor Status by the Ministry of Finance vide license No BP023231, registration reference No. K.Kew/K&B/D/02/494/357-044594 dated 17 June 1999 and effective till 17 March 2001.

- The conditions inter alia are as follows:
 - (a) HeiTech is to have Bumiputeras always holding more than 51% equity, membership of its Board of Directors and staff at all levels and at all times; and
 - (b) This status granted would be revoked if condition (a) stated above is not complied with by HeiTech.

HeiTech has complied with all the conditions set by the Ministry of Finance. All the above licenses are still valid and HeiTech will prepare the renewal application 3 months prior to the expiry date as set by the Ministry of Finance.

(iv) MSC Status

- MSC status was awarded by the Ministry of International Trade and Industry, Malaysia to HeiTech's subsidiaries namely ETSB and PNB Corporate Information Services Sdn Bhd (now known as Padusoft) on 13 January 1998 and 24 September 1998 respectively for having fulfilled the necessary set of criteria in meeting the objectives of the MSC.

- MSC status entitles the subsidiaries to the incentives, rights and privileges provided for under the Bill of Guarantees subject to the companies' continued adherence to the necessary set of criteria.

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

- The clauses of the Bill of Guarantees, inter alia, are as follows:
 - (a) To provide a world-class physical and information infrastructure;
 - (b) To allow unrestricted employment of local and foreign knowledge workers;
 - (c) To ensure freedom of ownership by exempting companies with MSC status from local ownership requirements; and
 - (d) To provide competitive financial incentives, including pioneer status (100% tax exemption) for up to ten (10) years, investment tax allowance for up to five (5) years and no duties on the importation of multimedia equipment.

HeiTech's subsidiaries, namely ETSB and Padusoft remain as MSC status companies as awarded on 13 January 1998 and 24 September 1998 respectively.

8.2 Information on landed property owned by HeiTech

The landed property of the HeiTech Group as at the date of the Prospectus are as follows:

Registered/ Beneficial Owner	Location	Existing use	Tenure	Land / Built- up Area (Sq. Ft.)	Net Book Value @ 30 April 2000 RM
HeiTech	Geran 43088, No. lot 53661, Mukim of Damansara, Petaling (formerly held under HS(D) 132118 PT No. 17304 Mukim of Damansara, District of Petaling, Selangor	Vacant industrial Lot	Freehold	210,830	7,379,064

8.3 Transactions in the acquisition of the properties during the two (2) years preceding the date of this Prospectus

The transactions involved in the purchase of the industrial land in Section 8.2 above at HS (D) 132118 PT No: 17304 in Mukim of Damansara, District of Petaling, Selangor for a cash consideration of RM6,851,988 through the Sale & Purchase Agreement dated 23 December 1999 entered into between Guthrie Property Development Sdn Bhd as vendor and HeiTech as purchaser and Highlands & Lowlands Berhad as the registered proprietor are summarised as follows:

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

Transaction	Date of transaction	Amount RM
(1) Deposit	22 December 1999	685,198.80
(2) First installment	24 January 2000	2,055,597.40
(3) Second installment	20 March 2000	4,111,191.80
		6,851,988.00
		6,851,988.00

The difference between the purchase price of RM6,851,988 and the carrying value in the accounts of RM7,379,064 represents all the incidental costs involved in the land acquisition, which includes stamp duty, valuation costs and legal fees.

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9. FINANCIAL INFORMATION

9.1 Profit and Dividend Record

The following table sets out a summary of the audited consolidated profit and dividend record of the HeiTech Group for the past five (5) financial period/years ended 31 December 1999 and for the four (4) months period ended 30 April 2000. The audited consolidated profit and dividend records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus:

	17-month period ended 31 December	<-----Financial year ended 31 December----->				4-month period ended 30 April
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	28,521	46,477	65,798	97,699	142,051	41,088
EBIDTA	7,242	14,530	11,330	19,922	42,826	13,758
Interest	(156)	-	-	(3)	(937)	(192)
Depreciation	(2,352)	(6,660)	(4,494)	(6,806)	(7,965)	(3,115)
Amortisation	(744)	(744)	(744)	-	-	(469)
Operating Profit	3,990	7,126	6,092	13,113	33,924	9,982
Share of profit/loss of associated company	-	-	-	439	(311)	(226)
Consolidated profit before taxation from ordinary activities	3,990	7,126	6,092	13,552	33,613	9,756
Taxation	(575)	(3,017)	(1,074)	(3,692)	(500)	(4,183)
Consolidated profit after taxation from ordinary activities	3,415	4,109	5,018	9,860	33,113	5,573
Extraordinary items	-	-	-	-	-	-
Minority interest	-	-	-	-	262	1,412
Consolidated profit after taxation after minority interests	3,415	4,109	5,018	9,860	33,375	6,985
No. of ordinary shares in issue ('000)	15,000	15,000	15,000	15,000	15,000	15,000
Gross EPS (sen)	26.6	47.5	40.6	90.3	224.1	65.0
Net EPS (sen)	22.8	27.4	33.5	65.7	220.8	37.2

Notes: (1) HeiTech was incorporated on 5 August, 1994

(2) There were no extraordinary or exceptional items in the financial years under review

(3) There were no Group accounts prepared prior to the financial year ended 31 December 1998 as HeiTech had no investment in subsidiaries then.

9. FINANCIAL INFORMATION *(Cont'd)*

- (4) *The increase in turnover in 1996 mainly relates to increase in application development fees which was due to the full commencement of system integration phase of the computerisation projects undertaken by HeiTech. In 1997, turnover generated from net sales of hardware and software has increased significantly resulting in the increase in total turnover. In 1998, turnover has increased by approximately RM28 million as during the year, HeiTech provides imaging services, maintenance of system application and managed to secure a new data entry job. The main contributor for the increase in turnover in 1999 was due to increase in income from network service charges, net sales of hardware and software, data entry services and a new source of income from maintenance of hardware and software. The lower turnover in 2000 was due to shorter period, 4 months compared to 12 months in prior years.*
- (5) *Profit before taxation has decreased by 15% in 1997 despite the increase in turnover due to the substantial increase in professional fees incurred as a result of employment of professional consultants. Their costs were relatively higher than HeiTech's employees. Depreciation is lower in 1997 due to increase in fully depreciated assets from RM8,566,732 to RM12,666,225. Taxation is lower this year as there was overprovision in deferred taxation in prior years.*
- (6) *The turnover for the financial year ended 31 December 1998 was mainly from sales of hardware and software and the provision of application development services.*
- (7) *The significant increase in turnover and profit before taxation of the Group for the year ended 31 December 1999 was mainly contributed by income from the maintenance of hardware and software as well as the data entry services. Tax charge in year 1999 is in respect of tax under provided in prior year. There is no tax charge for year 1999 as it was a tax-free year.*

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9. FINANCIAL INFORMATION (Cont'd)

9.2 Segmental Analysis of Consolidated Turnover and Profit

(i) Analysis of Turnover

	<-----Financial year ended 31 December----->					4-month period ended 30 April 2000 RM'000
	17-month period ended 31 December 1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
	Network service charge	10,998	11,694	16,176	19,427	
Application development fees	14,942	27,964	32,797	37,470	38,110	10,641
Public services network fees	942	1,092	1,700	791	2,231	412
Disaster recovery service	-	2,580	2,580	2,954	4,817	995
Net sales of hardware and software	1,639	3,147	12,545	14,132	21,389	5,998
Rental of data center/computer facility	-	-	-	484	124	63
Maintenance of system application	-	-	-	5,204	3,110	829
Imaging services charges	-	-	-	13,485	15,803	1,418
Maintenance of hardware and software	-	-	-	-	18,651	4,582
Data entry services	-	-	-	3,752	8,687	296
Storage facility	-	-	-	-	-	2,537
Total Consolidated Turnover	28,521	46,477	65,798	97,699	142,051	41,088

(b) Analysis of Consolidated Profit Before Taxation

	<-----Financial year ended 31 December----->					4-month period ended 30 April 2000 RM'000
	17-month period ended 31 December 1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
	Network service charge	(3,486)	705	676	3,885	
Application development fees	6,023	3,855	2,083	1,296	4,972	2,242
Public services network fees	142	298	711	403	1,551	247
Disaster recovery service	-	(250)	(344)	517	2,135	149
Net sales of hardware and software	1,311	2,518	5,645	4,946	12,628	3,298
Rental of data center/computer facility	-	-	-	73	50	26
Maintenance of system application	-	-	-	520	249	83
Imaging services charges	-	-	-	1,349	2,370	221
Maintenance of hardware and software	-	-	-	-	2,798	687
Data entry services	-	-	-	563	2,065	44
Storage facility	-	-	-	-	-	761
Development expenditure written off	-	-	(2,679)	-	-	-
Total Consolidated PBT	3,990	7,126	6,092	13,552	33,613	9,756

9. FINANCIAL INFORMATION (*Cont'd*)

9.3 Directors' Declaration on Financial Performance

As at 30 September 2000, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following :-

- i. known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- ii. material commitment for capital expenditure;
- iii. unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the HeiTech Group; and
- iv. known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.4 Working Capital, Borrowings, Contingent Liabilities, Capital Commitments and Material Litigation

(i) Working Capital

The Directors of HeiTech are of the opinion that, barring any unforeseen circumstances and after taking into consideration the cashflow projections and the banking facilities available and the net proceeds of the Rights Issue and Public Issue, the HeiTech Group will have adequate working capital for its present foreseeable requirements.

(ii) Borrowings

As at 30 September 2000 (being the latest practicable date of which, such amounts could be calculated prior to the printing of this Prospectus), HeiTech has Bank Guarantee and Letter of Credit facilities amounting to RM37.145 million.

Saved as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding.

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9. FINANCIAL INFORMATION (Cont'd)

(iii) Contingent Liabilities

As at 30 September 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group has contingent liabilities, as follows:-

	Amount RM
Corporate guarantee for credit facility of a subsidiary	9,100,000

(iv) Capital Commitments

As at 30 September 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group has capital commitments are as follows :-

	Amount RM
Approved and contracted for	4,674,811
Approved but not contracted for	<u>8,728,488</u>
Total	<u>13,403,299</u>

(v) Material Litigation

Save as disclosed below, as at 30 September 2000, the Company and its subsidiaries are presently not engaged in any litigation whether as plaintiff or defendant which has a material effect on the financial position of the Company or any of its subsidiaries and the Directors do not know of any proceedings whether 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 HeiTech and its subsidiaries.

- (i) Debt of RM786,489.68 owing to VPC for services rendered to a number of RCM clients at RCM's request. This debt has been admitted by RCM. VPC is still deciding whether to proceed with Non-Judgemental Winding-Up.

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9. FINANCIAL INFORMATION (Cont'd)

9.5 Consolidated Profit Estimate And Forecast Together With The Notes Relating Thereto

The directors forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation and minority interest for the years ending 31 December, 2000 and 2001 will be approximately:

Financial Years Ending 31 December	Estimate 2000 RM'000	Forecast 2001 RM'000
Turnover / revenue	170,170	181,528
Consolidated profit before tax and minority interest	28,625	30,598
Taxation	(11,204)	(10,413)
Consolidated profit after tax	17,240	20,185
Minority interest	2,646	1,463
Consolidated profit after tax and minority interest	20,067	21,648
Weighted average number of shares in issue ('000)	32,923 ⁽¹⁾	N/A
Number of enlarged shares in issue ('000)	80,000	80,000
Gross EPS (sen)	86.94 ⁽²⁾	38.25
Net EPS (sen)	60.95 ⁽²⁾	27.06
Fully diluted gross EPS (sen)	35.78 ⁽³⁾	38.25
Fully diluted net EPS (sen)	25.08 ⁽³⁾	27.06
Gross price earnings multiple (times)	2.88 ⁽⁴⁾	6.54
Net price earnings multiple (times)	4.10 ⁽⁴⁾	9.24
Gross price earnings multiple (times)	7.0 ⁽⁵⁾	6.54
Net price earnings multiple (times)	9.96 ⁽⁵⁾	9.24

Notes:

N/A - not applicable

- (1) *Weighted average number of shares in issue of 32,923,497 ordinary shares of RM1.00 each was calculated based on the assumption that the Placement and Public Issue were completed on 25 October 2000.*
- (2) *Calculated based on the weighted average number of shares in issue.*
- (3) *Calculated based on the enlarged share capital in issue of 80,000,000 ordinary shares of RM1.00 each.*
- (4) *Calculated based on the gross and net EPS based on the weighted average number of shares in issue of 32,923,492 ordinary shares of RM1.00 each.*
- (5) *Calculated based on the fully-diluted gross and net EPS.*

9. FINANCIAL INFORMATION (*Cont'd*)

The principal assumptions upon which the estimate and forecast has been made are as follows:

- (a) There will be no significant changes in the prevailing economic conditions in Malaysia and elsewhere which will adversely affect the activities or performance of HeiTech Group.
- (b) There will be no significant changes in the present legislation or Government regulations affecting the activities of HeiTech Group or the markets in which it operates.
- (c) There will be no material changes in the structure and principal activities of HeiTech Group other than those taken into consideration in the forecast.
- (d) There will be no major breakdown or disruption of facilities and supply of materials, industrial disputes or any abnormal factors, which will adversely affect the operations of HeiTech Group.
- (e) There will be no material increase in salary, cost of supplies and other operating costs that would adversely affect the activities and operations of HeiTech Group.
- (f) There will be no material changes in the existing key management personnel and accounting policies from those presently adopted by HeiTech Group.
- (g) There will be no significant fluctuations in foreign currency exchange rates, which would adversely affect the activities and operations of HeiTech Group. The conversion rate of RM3.80 to USD1.00 is assumed in the forecast.
- (h) There will be no significant changes in corporate tax rates, regulations or other levies from current levels. The current corporate tax rate is 28%. Certain subsidiaries within HeiTech Group, which have been, awarded 'MSC' status will be exempted from tax.
- (i) HeiTech Group will not be engaged in any material litigation and there will be no legal proceedings which will adversely affect its activities or performance or give rise to any additional contingent liabilities which will materially affect the position or business.
- (j) There will be no significant changes from the current level of inflation.
- (k) There will be sufficient supply of IT specialists, hardware, software and peripheral equipment in the industry to meet the operational requirements anticipated to be carried out by the HeiTech Group.
- (l) There will be no material acquisitions and disposals of fixed assets other than those planned in line with the expansion of business operations, which will be implemented as scheduled.

9. FINANCIAL INFORMATION *(Cont'd)*

- (m) The gross proceeds of RM67,850,000 arising from the rights and public issue will be received by the Group by December 2000.
- (n) The long term average annual growth in the IT industry to be around 11% to 18% is consistent with the market study conducted by AC Nielsen included in its report dated 19 April, 2000.
- (o) There will be no significant change in the customer demand, selling prices and product lines of HeiTech Group.
- (p) There will be no cancellation or significant changes in the value of existing contracts and the value of new contracts will be secured in line with forecast levels. There will not be any major delays in the timing of the commencement and completion of the contracts.

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9. FINANCIAL INFORMATION (Cont'd)

9.6 Reporting Accountants' Letter On The Consolidated Profit Estimate And Forecast
(Prepared for the inclusion in this Prospectus)



5 October, 2000

The Board of Directors
Heitech Padu Berhad
Tingkat 2, Blok B, Plaza Damansara
Medan Setia, Bukit Damansara
50490 Kuala Lumpur

Arthur Andersen & Co
Public Accountants

Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
P O Box 11040
50734 Kuala Lumpur

Tel 603 2577000
Fax 603 2555332 (Main)
603 2559076 (Div)
603 2559078

Dear Sirs

PROFIT ESTIMATE AND FORECAST FOR THE YEARS ENDING 31 DECEMBER, 2000 AND 2001

We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast of HeiTech Padu Berhad ("HeiTech Padu" or "the Company") and its subsidiary companies ("HeiTech Group" or "the Group") for which the directors are solely responsible, for the years ending 31 December, 2000 and 2001, as set out in the Prospectus to be dated 9 October, 2000 in connection with the public issue of 12,500,000 new ordinary shares of RM1.00 each at an issue price of RM2.50 per ordinary share and placement of 4,000,000 existing ordinary shares of RM1.00 each at a placement price of RM2.50 per ordinary share and the listing of and quotation for its entire issued and paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

The estimate and forecast have been prepared by the directors based on a set of assumptions made by the directors which include significant assumptions about future events and outlook that may not necessarily occur. In particular, the estimate and forecast are dependent on the achievability of the specific assumptions as set out in the accompanying statements. Future results will be materially affected should the actual events differ from these specific assumptions as well as changes in the economic and other circumstances, and for these reasons, the actual results may vary considerably from the estimate and forecast.

Subject to the above, in our opinion, the estimate and forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the directors as set out in the accompanying statements and have been prepared on a basis consistent with the accounting policies normally adopted by HeiTech Group.

Yours faithfully

A handwritten signature in black ink, appearing to read "Arthur Andersen & Co".

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

A handwritten signature in black ink, appearing to read "Habibah Bte Abdul".

HABIBAH BTE ABDUL
No. 1210/5/02(J)
Partner of the Firm

9. FINANCIAL INFORMATION (Cont'd)

9.7 Directors' Analysis of Profit Estimate And Forecast For The Financial Years Ending 31 December 2000 and 2001 respectively

Incorporating the effect of the Public Issue, the Group's consolidated turnover is estimated to be approximately RM170.170 million, representing an increase of RM28.119 million or 19.80% over the turnover for the financial year ended 31 December 1999. This is mainly due to additional revenue from facilities management services and consultancy services and a significant increase in revenue from network service charges and sales of hardware and software in the estimate financial year 2000. PaduTech will be the main contributor with approximately 33.78% contribution, followed by PaduNet with 22.26% while Megacenter and HeiTech (company level) will contribute about 12.27% and 12.18% respectively.

The Group is estimated to achieve consolidated PAT after MI of approximately RM20.067 million, representing a decrease of 39.87% from the PAT after MI for the financial year 1999 of RM33.375 million. This is mainly due to financial year 1999 being a tax-free year and the completion of major projects with generally higher profit margin whereby a significant amount of billing was done in financial year 1999 in respect of these projects.

In the forecast financial year 2001, the Group's consolidated turnover increases by approximately 6.70% to RM181.528 million. The main contributor to this increase relative to the penultimate financial year is due to the additional revenue from system maintenance, network service charges and consultancy services. Whilst direct costs and overheads have remained proportionately consistent, the additional revenues have contributed to an increase in the profit after taxation and minority interest of approximately 8% relative to the estimate financial year of 2000. PaduTech will be the main contributor to HeiTech's revenue, similar to the estimate financial year 2000 with approximately 32.2%, followed by PaduNet with 24.7%, while Megacenter and HeiTech contributes 11.9% and 11.3% respectively

The directors of HeiTech have reviewed and analysed the reasonable of the bases and assumptions used in arriving at the Profit Estimate and Forecast for the financial years ending 31 December 2000 and 2001 respectively and are of the opinion that the Profit Estimate and Forecast for the financial years ending 31 December 2000 and 2001 to be true and fair in the light of the future prospects of the industry, future plans and strategies to be adopted by HeiTech and HeiTech's level of gearing, liquidity and working capital requirements.

9.8 Sensitivity Analysis

9.8.1 Variations in Turnover

	Estimate for the financial year ending 31 December 2000					
	Turnover	Direct Cost	PBT	PAT	GP Margin	NP Margin
	RM'000	RM'000	RM'000	RM'000	%	%
As Estimated	170,170	111,086	28,625	20,067	34.72	16.82
Up 10%	187,187	111,086	45,642	32,862	40.65	24.38
Up 5%	178,678	111,086	37,133	26,736	37.83	20.78
Down 5%	161,661	111,086	20,116	14,484	31.28	12.44
Down 10%	153,153	111,086	11,608	8,358	27.47	7.58

9. FINANCIAL INFORMATION (Cont'd)

Forecast for the financial year ending 31 December 2001						
	Turnover	Direct Cost	PBT	PAT	GP Margin	NP Margin
	RM'000	RM'000	RM'000	RM'000	%	%
As Forecasted	181,528	117,867	30,598	21,648	35.07	16.86
Up 10%	199,681	117,867	48,751	35,101	40.97	24.41
Up 5%	190,604	117,867	39,675	28,566	38.16	20.82
Down 5%	172,451	117,867	21,522	15,496	31.65	12.48
Down 10%	163,375	117,867	12,445	8,961	27.85	7.62

9.8.2 Variations in Direct Cost

Estimate for the financial year ending 31 December 2000						
	Turnover	Direct Cost	PBT	PAT	GP Margin	NP Margin
	RM'000	RM'000	RM'000	RM'000	%	%
As Estimated	170,170	111,086	28,625	20,067	34.72	16.82
Up 10%	170,170	122,195	17,516	12,612	28.19	10.29
Up 5%	170,170	116,641	23,071	16,611	31.46	13.56
Down 5%	170,170	105,532	34,179	24,609	37.98	20.09
Down 10%	170,170	99,978	39,733	28,608	41.25	23.35

Forecast for the financial year ending 31 December 2001						
	Turnover	Direct Cost	PBT	PAT	GP Margin	NP Margin
	RM'000	RM'000	RM'000	RM'000	%	%
As Forecasted	181,528	117,867	30,598	21,648	35.07	16.86
Up 10%	181,528	129,654	18,811	13,544	28.58	10.36
Up 5%	181,528	123,760	24,705	17,787	31.82	13.61
Down 5%	181,528	111,974	36,492	26,274	38.32	20.10
Down 10%	181,528	106,080	42,385	30,517	41.56	23.35

9.9 Dividend Estimate And Forecast

It is the policy of the Directors of HeiTech in recommending dividends to allow shareholders to participate in the profits of the HeiTech Group as well as leaving adequate reserves for the future growth of the Group.

Based on the profit estimate and forecast for the financial year ending 31 December 2000 and 2001 respectively, and assuming that the current basis for calculating taxation and tax rates remain unchanged, the Directors of HeiTech anticipate that the Company will be in a position to recommend a gross dividend rate of 12% for each of the financial years ending 31 December 2000 and 2001.

9. FINANCIAL INFORMATION (Cont'd)

The intended appropriation of the consolidated profit estimate and forecast after taxation in respect of the respective financial years ending 31 December 2000 and 2001 would be as follows:

For The Years Ending 31 December	Estimate 2000 RM'000	Forecast 2001 RM'000
Consolidated profit before taxation	28,625	30,598
Less: Taxation	(11,204)	(10,413)
Consolidated profit after taxation	17,240	20,185
Minority interest	2,646	1,463
Consolidated profit after taxation and minority interest	20,067	21,648
Proposed dividend	(9,600)	(9,600)
Retained profit for the year	10,467	12,048
Gross dividend per share (sen)	12.00	12.00
Net dividend per share (sen)	8.64	8.64
Net dividend per ordinary share (%) ⁽¹⁾	8.64	8.64
Gross dividend yield based on the issue price of RM2.50 per share (%)	4.80	4.80
Net dividend yield based on the issue price of RM2.50 per share (%)	3.46	3.46
Gross dividend cover (times)	2.98	3.19
Net dividend cover (times)	2.90	3.13

⁽¹⁾ As per the statutory disclosure in the audited accounts as at 31 December 1999, the Company has RM41.458 million credited to an exempt income account from which tax exempt dividends can be declared, subject to agreement by the Inland Revenue Board. The Company could, at the absolute discretion of the directors, declare such tax exempt dividend in the future.

Future dividends may be waived if:-

- (a) the Group is in a loss position for the relevant financial period; or
- (b) the Group has insufficient cashflows to meet any dividend payments.

Notwithstanding the above, the Directors of HeiTech have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interests of the Company.

9. FINANCIAL INFORMATION *(Cont'd)*9.10 Proforma Consolidated Balance Sheets As At 30 April 2000
*(Prepared for the inclusion in this Prospectus)*HEITECH PADU BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 APRIL, 2000

	Audited as at 30 April, 2000	Proforma 1	Proforma 2	Proforma 3	Proforma 4
	RM'000	RM'000	RM'000	RM'000	RM'000
Net current assets	31,459	31,459	68,059	97,059	37,460
Fixed assets	32,727	32,727	32,727	32,727	75,327
Investments	458	458	458	458	9,458
Staff loan	2,081	2,081	2,081	2,081	2,081
Deferred expenditure	6,574	6,574	6,574	6,574	6,574
Deferred income	(22,204)	(22,204)	(22,204)	(22,204)	(22,204)
Deferred taxation	(3,189)	(3,189)	(3,189)	(3,189)	(3,189)
	<u>47,906</u>	<u>47,906</u>	<u>84,506</u>	<u>113,506</u>	<u>105,507</u>
Share capital	15,000	30,900	67,500	80,000	80,000
Share premium	-	-	-	16,500	16,500
Reserve arising on consolidation	228	228	228	228	228
Retained profits	31,413	15,513	15,513	15,513	7,514
	<u>46,641</u>	<u>46,641</u>	<u>83,241</u>	<u>112,241</u>	<u>104,242</u>
Minority interest	1,265	1,265	1,265	1,265	1,265
	<u>47,906</u>	<u>47,906</u>	<u>84,506</u>	<u>113,506</u>	<u>105,507</u>
NTA per share (RM)	<u>2.67</u>	<u>1.30</u>	<u>1.13</u>	<u>1.32</u>	<u>1.22</u>

9. FINANCIAL INFORMATION (Cont'd)

**HEITECH PADU BERHAD
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets of HeiTech Padu Berhad (“HeiTech” or “the Company”) have been prepared for illustrative purposes only based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements and are based on the audited balances sheets of the following companies:

- HeiTech Padu Berhad;
- Software Alliance (M) Sdn Bhd;
- Kayangan Cahaya Sdn Bhd;
- Padu Soft Sdn Bhd;
- Motordata Research Consortium Sdn Bhd;
- Educational Trend Sdn Bhd; and
- Accountants On Line Sdn Bhd;

and have been prepared after implementation in full the proposals and relevant adjustments.

1. PROFORMA 1

Proforma 1 incorporates the following:

The proposed bonus issue of 15,900,000 new ordinary shares of RM1.00 each in HeiTech to the existing shareholders of HeiTech to be credited as fully paid up on the basis of approximately one hundred and six (106) ordinary shares for every one hundred (100) existing ordinary shares held by the shareholders of the Company.

2. PROFORMA 2

Proforma 2 includes the transactions in Proforma 1 and the the proposed rights issue which will entail the issuance of 36,600,000 new ordinary shares of RM1.00 each in HeiTech at par on the basis of approximately one hundred and nineteen (119) ordinary shares for every one hundred (100) existing ordinary shares held by the shareholders of the Company after the proposed bonus issue.

3. PROFORMA 3

Proforma 3 includes the transactions in Proforma 2 and the proposed public issue which will entail the issuance of 12,500,000 new ordinary shares of RM1.00 each at an indicative price of RM2.50 per share to be allocated as follows:

- 12,000,000 new ordinary shares of RM1.00 each to Malaysian public of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.
- 500,000 new ordinary shares of RM1.00 each would be reserved for eligible employees and directors of HeiTech Group.

Included in the proforma is listing expenses of approximately RM2,250,000 which is deducted from the share premium account.

9. FINANCIAL INFORMATION (Cont'd)

4. PROFORMA 4.

Proforma 4 includes the transactions in Proforma 3 and the proposed utilisation of the proceeds for the following:

- Research and development expenditure of RM8 million.
- Investment of RM9 million.
- Working capital of RM6 million.
- Capital expenditure of RM42.6 million.

5. SHARE CAPITAL AND SHARE PREMIUM

The movements in the share capital and share premium are as follows:

	Share capital RM'000	Share Premium RM'000
As at 30 April, 2000	15,000	-
Proforma 1- Bonus Issue	15,900	-
	<hr/> 30,900	<hr/> -
Proforma 2- Rights Issue	36,600	-
	<hr/> 67,500	<hr/> -
Proforma 3 and 4 - Public Issue	12,500	16,500
	<hr/> 80,000	<hr/> 16,500

9. FINANCIAL INFORMATION (Cont'd)

9.11 Reporting Accountants' Letter On Proforma Consolidated Balance Sheets As At 30 April 2000
(Prepared for the inclusion in this Prospectus)



5 October, 2000

The Board of Directors
HeiTech Padu Berhad
Tingkat 2, Block B, Plaza Damansara
Medan Setia, Bukit Damansara
50490 Kuala Lumpur

Arthur Andersen & Co
Public Accountants

Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
P O Box 11040
50734 Kuala Lumpur

Tei 603 2577000
Fax 603 2555332 (Main)
603 2559076 (Div)
603 2559078

Dear Sirs

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL, 2000

We have examined the presentation of the Proforma Consolidated Balance Sheets of HeiTech Padu Berhad and its subsidiaries as at 30 April, 2000, together with the notes thereon, for which the directors are solely responsible, as set out in the Prospectus to be dated 9 October, 2000, in connection with the public issue of 12,500,000 new ordinary shares of RM1.00 each at an issue price of RM2.50 per ordinary share and placement of 4,000,000 existing ordinary shares of RM1.00 each at a placement price of RM2.50 per ordinary share and the listing of and quotation for its entire issued and paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets have been prepared incorporating the effects of the proposals as set out in the accompanying statement.

Yours faithfully

Handwritten signature of Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

Handwritten signature of Habibah Bte Abdul.

HABIBAH BTE ABDUL
No. 1210/5/02(J)
Partner of the Firm

12. DIRECTORS' REPORT



October 5, 2000

The Shareholders of HeiTech Padu Berhad

Dear Sirs

On behalf of the Directors of HeiTech Padu Berhad, I report after due enquiry that during the period from 30 April 2000 (being the date to which the last audited accounts of the Group have been made) to 30 September 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) save as disclosed in this Prospectus, in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of the business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities that have arisen by reason of any guarantees or indemnities given by the Group; and
- (e) save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheets as at 30 April 2000 in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profit of the Group.

Yours faithfully

For and on behalf of the Board of Directors
HEITECH PADU BERHAD


Dato' Mohd. Hilmei Mohd. Taib
Executive Chairman

Tingkat 2, Blok B, Plaza Damansara,
Medan Setia, Bukit Damansara,
Peti Surat 11213,
50490 Kuala Lumpur, MALAYSIA.
Tel: 603-2543777 Fax: 603-254 1255
www.heitech.com.my



13. ADDITIONAL INFORMATION

13.1 Share Capital

- (a) No ordinary shares will be allotted or sold on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company.
- (c) There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (d) Save for the 1,500,000 ordinary shares of RM1.00 each allocated to eligible employees prior to the Bonus Issue, Rights Issue, Placement and Public Issue and the 500,000 ordinary shares of RM1.00 each reserved for the eligible directors and employees of the Group pursuant to this Prospectus, there are at present no other schemes involving the employees in the share capital of the Company or its subsidiaries.
- (e) As at the date of this Prospectus, none of the share capital of the Company or any of its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option.
- (f) Save as disclosed in Section 4 of this Prospectus, no shares, stocks or debentures in the Company or its subsidiaries have been issued or are proposed to be issued as partly or fully paid-up for cash or otherwise 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 which have been approved by the KLSE:-

1. Remuneration of Directors

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

- 86. (a) The fees payable to the Directors shall from time to time be determined by a resolution of the Company in General Meeting provided that such fees 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.

13. ADDITIONAL INFORMATION (Cont'd)

- (b) Save as provided in Article 86(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine provided that salaries payable to executive Directors may not include a commission on or percentage of turnover.
- (c) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.
- (d) Salaries payable to executive Directors may not include a commission on or a percentage of turnover.
- (e) Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Travelling and other expenses

87. The Directors may be paid such reasonable travelling, hotel and other expenses as he shall incur in attending meetings of the Directors or any committee of the Directors or General Meetings or which he may otherwise incur on or about the business of the Company.

Remuneration for extra services

88. Any Director who serves on any committee or who devotes special attention to the business of the Company or goes or resides abroad for such purpose, or who otherwise performs services which in the opinion of the Board of Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (other than by a sum to include a commission on or percentage of turnover) as the Board of Directors may determine. Such remuneration may be either in addition to or in substitution for his share in the remuneration provided by Article 86(a).

Director's right to hold other office and contract with the Company

91. A Director may hold any other office of profit under the Company (other than the office of auditor), and may act and receive remuneration in a professional capacity from the Company in conjunction with his office of Director, and may be appointed thereto upon such terms as to remuneration, tenure of office or otherwise as may be arranged, and no Director or intending Director shall be disqualified by his office from

13. ADDITIONAL INFORMATION (Cont'd)

contracting with the Company, either with regard to his tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the 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, save and except as may be provided by any relevant law or regulation. Every Director shall observe the provisions of Section 131 of the Act relating to the disclosure of the interests of the Directors in contracts or proposed contracts with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interest as a Director.

Payment of gratuity, pensions, allowance on Director's retirement

94. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any or other salaried office or place of profit with the Company and/or any of its subsidiaries or to his widow or dependents and may make contributions to any fund and pay retirement premium for the purchase of any such gratuity, pension or allowance.

Establishment of subsidiaries or branches

97. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through, one or more subsidiary corporations and they may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business so carried on or for financing, assisting or subsidising any such subsidiary corporation or guaranteeing its contract, obligations or liabilities, and they may appoint, remove, and re-appoint any persons (whether members of their own body or not) to act as Directors, Managing Directors or Managers of any such corporation or any other corporations in which the Company may be interested, and may determine the remuneration (whether by way of salary, commission on profits or otherwise) of any person so appointed, and any Director of this Company may retain any remuneration so payable to them.

13. ADDITIONAL INFORMATION (Cont'd)

2. Voting and Borrowing Powers of Directors

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

Director's right to hold other office and contract with the Company

91. A Director may hold any other office of profit under the Company (other than the office of auditor), and may act and receive remuneration in a professional capacity from the Company in conjunction with his office of Director, and may be appointed thereto upon such terms as to remuneration, tenure of office or otherwise as may be arranged, and no Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the 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, save and except as may be provided by any relevant law or regulation. Every Director shall observe the provisions of Section 131 of the Act relating to the disclosure of the interests of the Directors in contracts or proposed contracts with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interest as a Director.

Holding of office in other corporations

92. A Director may be or become a Director of or hold any office or place of profit (other than as auditor) or be otherwise interested in any corporation in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a Director or officer of or by virtue of his interest in such other corporation.

13. **ADDITIONAL INFORMATION** (*Cont'd*)

Directors may exercise voting power conferred by Company's shares in another corporation

93. The Directors may exercise the voting power conferred by the shares in any corporation held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be Directors of such corporation or voting or providing for the payment of remuneration to the Directors of such corporation) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or he is about to be appointed a Director of such other corporation.

Directors' borrowing powers

96. (1) The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital as they think necessary, or any part thereof for the purposes of the Company or its subsidiaries, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries. But the Directors shall not borrow any money or mortgage or charge any of the Company's or 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.
- (2) 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 mortgage and charges therein specified and otherwise.
- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

13. ADDITIONAL INFORMATION (Cont'd)

Restriction on voting

114. In amplification of and not in derogation of Article 92, a Director shall not vote in regard to any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest.

Power to vote

115. A Director may vote in respect of
- (a) any arrangement for giving the Director himself or any other Director any security indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
 - (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

Directors may become directors of other corporation

116. A Director of the Company may be or become a Director or other officer of or otherwise be interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment.

Validity notwithstanding Director's interest

117. A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or where the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or where at the terms of any appointment as hereinafter mentioned are considered or where any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

13. ADDITIONAL INFORMATION (Cont'd)

3. Changes in the Capital and Variation of Class Rights

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

Authorised Share Capital

5. The authorised share capital of the Company at the date of adoption of these Articles is Ringgit Malaysia One Hundred Million only (RM100,000,000) divided into 100,000,000 ordinary shares of Ringgit Malaysia One (RM1) each. The Company may from time to time by Ordinary Resolution change its authorised share capital.

Issue of Shares and grant of options

6. No shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution in General Meeting but subject thereto and to the Act and to Article 52, the Directors may issue shares in the Company at such times as they may think fit and any such shares may be issued either at a premium or at par or (subject to the provisions of the Act) at a discount and with such preferred, deferred, or to other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors may determine and may give by agreement to any person the right or option of requiring at a future date that an allotment shall be made to him of any shares at part or at such premium as may be agreed.

Allotment of Shares

7. Without prejudice to any special rights previously conferred on the Holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any Resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-
- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
 - (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share;

13. ADDITIONAL INFORMATION (Cont'd)

- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the members of the Company in General meeting;
- (e) the Company must not cause or authorise its registrars to cause the securities accounts of the allottees to be credited with the additional shares until after the Company has filed with the Exchange an application for listing of such additional shares and been notified by the Exchange that they have been authorised for listing;
- (f) every issue of shares or options to employees and/or Directors of the Company and/or its related Companies shall be approved by the members in General Meeting and no Director shall participate in such issues of shares or option unless:-
 - (i) the members in General Meeting have approved of the specific allotment to be made to such Director; and
 - (ii) he holds office in the Company and/or its related companies in an executive capacity.

Variation of rights

12. If any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed either herein or in the resolution creating the same and may subject to the provisions of the Act 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 Meetings the quorum shall be two (2) persons at least holding or representing by proxy one-tenth of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall with such adaptations as are necessary apply. Provided always that were 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 issued shares of the class concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution, carried at the meeting. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate General Meeting of the Holders of that class duly convened held

13. ADDITIONAL INFORMATION (Cont'd)

and constituted and may consist of several documents in the like form each signed by one or more of such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

Variation of rights in certain cases

13. The rights conferred upon the Holders of the shares of any class issued with preferred or other rights 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 equally therewith.

4. Transfer of Securities

The provisions in the Articles of Association of the Company, the Main Board Listing Requirements of the KLSE, the Companies Act, 1965 and Rules of the MCD in respect of the transferability of securities and any restrictions on their free transferability are as follows:-

4.1 Articles of Association of the Company

Transfer

27. The instrument of transfer of a share shall be signed by or on behalf of the transferor and transferee. Such persons may be required by the Exchange (subject to the Central Depositories Act and the Rules), to sign an instrument of transfer in respect of which the transferee is the Central Depository, to which the transfer shall be effective although not signed by or on behalf of the Central Depository so long as it has been certified by an authorised depository agent pursuant to Section 18 of the Central Depositories Act. Subject to the Act, the Central Depositories Act and the Rules the transferor shall be deemed to remain the Holder of the share until the name of the transferee is entered in the Register of Members and/or the Record of Depositors as the case may be in respect thereof.

Transfer by book entry

28. The transfer of any shares or class of shares 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 Section 103 and 104 of the Act, but subject to section 107C of the Act and any exemption that may be made from compliance with section 107C of the Act, the Company shall be precluded from registering and effecting any transfer of such shares.

13. ADDITIONAL INFORMATION (Cont'd)

Instrument of Transfer

29. Every instrument of transfer shall be in writing and in the form approved in the Rules and shall be presented to the Central Depository with such evidence (if any) as the Central Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

Refusal of Transfer

30. The Central Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules. Subject to the Act, the Central Depositories Act and the Rules, no share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Closing of Register

31. The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. The Company shall give the Exchange prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be eighteen (18) market days or such number of days as may be prescribed by the Exchange. In relation to the closure, the Company shall give written notice in accordance with the Rules to the Central Depository to prepare the appropriate Record of Depositors.

Transmission of shares resulting from death or bankruptcy of a Member

34. In case of the death of a Member, the executors or administrators of the deceased shall be the only person recognised by the Company as having any title to his shares. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Central Depository and subject to the Rules and as hereinafter provided, elect either to transfer the shares to himself or to some other person nominated by him as the transferee. The Central Depository shall, however, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy.

13. ADDITIONAL INFORMATION (Cont'd)

Election of persons entitled to be registered

35. Subject to any other provisions of these Articles, if the person becoming entitled pursuant to Article 34 or 36 shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects provided that where the shares is a deposited security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Central Depository. If he shall elect to have his nominee registered, he shall testify his election by executing to his nominee a transfer of such share. All the limitations, restrictions and provisions of these Articles and the Central Depository relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member has not occurred and the notice of transfer was a transfer executed by such Member.

Transmission of Shares from Foreign Register

37. Where -
- (a) the shares of the Company are listed on an Approved Market Place; and
 - (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or Section 29 of the Security Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such shares.

the Company shall, upon request of a shareholder, permit a transmission of shares held by such shareholder from the register of Holders maintained by the registrar of the Company in 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 shares; and
- (ii) the transmission shall be executed by causing such shares to be credited directly into the Securities Account of such shareholder.

Where (a) and (b) are fulfilled, the Company shall not allow any transmission of shares from the Malaysian Register into the Foreign Register.

13. ADDITIONAL INFORMATION (Cont'd)

Power to increase capital

50. The Company may from time to time in General Meeting by Ordinary Resolution, notwithstanding whether all or any of the shares for the time being authorised shall have been issued or not all or any of the shares for the time being issued have been fully called up or not, increase its authorised capital by such sum to be divided into shares of such amounts and classes as the resolution shall prescribe.

Waiver of convening Extraordinary General Meeting

53. Notwithstanding Article 50 above, but subject always to the Act, the Company may apply to the Exchange for waiver of convening General Meetings to obtain shareholders' approval for further issue of shares (other than bonus or rights issues) where in accordance with the provisions of Section 132D of the Act, there is still in effect, a resolution approving the issuance of shares by the Company and the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued share capital of the Company (other than by way of bonus or rights issues).

Alteration of capital

55. The Company may from time to time in General Meeting by Ordinary Resolution:-
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) Cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited, and diminish the amount of its capital by the amount of the shares so cancelled;
 - (c) Subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act and of these Article), so that in the subdivision 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 share from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the Holders of shares resulting from such sub-division, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends return of capital voting or otherwise over the other or others of such shares; or

13. ADDITIONAL INFORMATION (Cont'd)

- (d) Subject to the provisions of these Article and the Act, convert and/or re-classify any class of shares into any other class of shares;

and may from time to time by Special Resolution reduce its share capital, redemption reserve fund or any share premium account in any manner authorised by the Act.

4.2 Main Board Listing Requirements

Section 293A - Transfers 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 section 107C of the Companies Act, 1965 and any exemption that may be made from compliance with section 107C of the Companies Act, 1965, the company shall be precluded from registering and affecting any transfer of such securities.

Section 293B - Transmission of securities from Foreign Register

- (1) Where :-
- (a) the securities of a company are listed on an Approved Market Place; and
 - (b) such company is exempted from compliance with section 14 of the Securities Industry (Central 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

13. ADDITIONAL INFORMATION (Cont'd)

- (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 fulfills the requirements of paragraphs (a) and (b) of section 293B(1) shall allow any transmission of securities from the Malaysian Register to the Foreign Register.

4.3 Companies Act, 1965

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 in 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 form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

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

13. ADDITIONAL INFORMATION (Cont'd)

Section 107C - Transfer of securities is by way of book entry

- (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 affecting any transfer of securities.
- (2) Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

4.4 Rules of the MCD

Rule 9.03(2) - Documents to lodge

It shall be the responsibility of the authorised depository agent, in processing the transfer between the two securities accounts belonging to different depositors (hereinafter the transfer is referred to as “the 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 of 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 of securities arising from the provisions of any written law or an order of the 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 Takeovers and Mergers 1998;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;

13. ADDITIONAL INFORMATION (Cont'd)

- (d) documents to support the reason for the transfer;
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manuals.

13.3 Directors and Substantial Shareholders

- (a) The names, addresses and occupations of the Directors of the Company are set out under Corporate Information of this Prospectus.
- (b) A Director is not required to hold any qualification shares unless otherwise so fixed by the Company in general meeting.
- (b) Save as disclosed below, none of the existing Directors, key management and technical personnel of the Company has any existing or proposed service contracts with the company or any of its subsidiary companies which are not terminable by notice without payment of compensation :-

Personnel	Service agreement
Karlheinz Martin	Employment contract with HeiTech to provide services as Consultant
David Bledsoe	Employment contract with HeiTech to provide services as Consultant
Nannaya Akurathi	Employment contract with HeiTech to provide services as Consultant
Radzi Mohd Taib	Employment contract with Padusoft to provide services as Marketing Director
Fauzi Mustapha	Employment contract with HeiTech to provide services as Human Resources Director
Ramlan Rosli	Employment contract with PaduNet to provide services as Consultant

13. ADDITIONAL INFORMATION (Cont'd)

- (d) According to the Register of Directors' Shareholdings as at 30 September 2000, the Directors' shareholdings in the Company before and after the Placement and Public Issue are as follows:

Name	Before Placement And Public Issue				After Placement And Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
Dato' Mohd Hilmey bin Mohd Taib	6,445,269	9.55	32,625,018	48.33 ⁽¹⁾	6,063,327	7.58	30,691,685	38.36 ⁽¹⁾
Safiee bin Mohammad	538,853	0.80	32,625,018	48.33 ⁽¹⁾	506,921	0.63	30,691,685	38.36 ⁽¹⁾
Dato' Mohd Zuki bin Kamaluddin	-	-	-	-	-	-	-	-
Dato' Lee Hau Hian	-	-	-	-	-	-	-	-
Syed Agel bin Syed Salim	-	-	-	-	-	-	-	-
Azlan bin Rashid	-	-	-	-	-	-	-	-
Jamaludin bin Ibrahim	-	-	-	-	-	-	-	-

Notes:

(1) By virtue of their substantial shareholdings in Padujade.

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13. ADDITIONAL INFORMATION (Cont'd)

- (e) Based as the Register of Substantial Shareholders as at 30 September 2000, the substantial shareholders (with 2% or more shareholding, direct and indirect) of the Company before and after the Placement and Public Issue are as follows:

Name	Before Placement And Public Issue				After Placement And Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
PNB	16,875,000	25.00	-	-	15,875,000	19.84	-	-
Padujade	32,625,018	48.33	-	-	30,691,685	38.36	-	-
Dato' Mohd. Hilmey Mohd. Taib	6,445,269	9.55	*32,625,018	48.33	6,063,327	7.58	* 30,691,685	38.36
Safiee Hj. Mohammad	538,853	0.80	*32,625,018	48.33	506,921	0.63	* 30,691,685	38.36
Wan Zaidi Wan Jaafar	538,853	0.80	*32,625,018	48.33	506,921	0.63	* 30,691,685	38.36
Omar Che Mad	269,423	0.40	*32,625,018	48.33	253,457	0.32	* 30,691,685	38.36
Abidin Yahya	269,423	0.40	*32,625,018	48.33	253,457	0.32	* 30,691,685	38.36
Fawzi Che Embi	269,423	0.40	*32,625,018	48.33	253,457	0.32	* 30,691,685	38.36
Che Ngah Ibrahim	269,423	0.40	*32,625,018	48.33	253,457	0.32	* 30,691,685	38.36
Abdullah Ahmad	215,528	0.32	*32,625,018	48.33	202,756	0.25	* 30,691,685	38.36
Lim Yoon Che	215,528	0.32	*32,625,018	48.33	202,756	0.25	* 30,691,685	38.36
Khaeruddin Sudharmin	168,750	0.25	*32,625,018	48.33	158,750	0.20	* 30,691,685	38.36
Abu Bakar Yusof	160,394	0.24	*32,625,018	48.33	150,889	0.19	* 30,691,685	38.36
Kamsiah Abu	161,644	0.24	*32,625,018	48.33	152,065	0.19	* 30,691,685	38.36
Md Zaidan Md Zain	129,312	0.19	*32,625,018	48.33	121,649	0.15	* 30,691,685	38.36
Nor Azlina Abd Latiff	107,762	0.16	*32,625,018	48.33	101,376	0.13	* 30,691,685	38.36
Zulkifli Ramli	107,762	0.16	*32,625,018	48.33	101,376	0.13	* 30,691,685	38.36
Mariam Haron	107,762	0.16	*32,625,018	48.33	101,376	0.13	* 30,691,685	38.36
Adibah Abd. Jalil	107,762	0.16	*32,625,018	48.33	101,376	0.13	* 30,691,685	38.36
Mustapha Fathil Abu Hassan	96,237	0.14	*32,625,018	48.33	90,534	0.11	* 30,691,685	38.36
Mohd Akram Muhamood	86,197	0.13	*32,625,018	48.33	81,089	0.10	* 30,691,685	38.36
Azlan Md Yusoff	53,865	0.08	*32,625,018	48.33	50,673	0.06	* 30,691,685	38.36
Bahrom Kassim	42,189	0.06	*32,625,018	48.33	39,689	0.05	* 30,691,685	38.36
Mustafa Idris	42,189	0.06	*32,625,018	48.33	39,689	0.05	* 30,691,685	38.36
Safarudin Ban	53,865	0.08	*32,625,018	48.33	50,673	0.06	* 30,691,685	38.36
Yusoff Ahmad	42,189	0.06	*32,625,018	48.33	39,689	0.05	* 30,691,685	38.36
Azhar Ismail	53,865	0.08	*32,625,018	48.33	50,673	0.06	* 30,691,685	38.36
Roosly Abu Hashim	53,865	0.08	*32,625,018	48.33	50,673	0.06	* 30,691,685	38.36
Dzulkifli Abd Latif	53,460	0.08	*32,625,018	48.33	50,673	0.06	* 30,691,685	38.36
Mohd Sultan Abdul Majeed	32,315	0.05	*32,625,018	48.33	30,400	0.04	* 30,691,685	38.36

* *Deemed interested by virtue of their respective direct shareholdings in Padujade. Being members of the MBO team, they are also deemed as parties acting in concert.*

- (f) No option to subscribe for securities of the Company or any of its subsidiary companies was granted to or exercised by any Directors during the last financial year.

13. ADDITIONAL INFORMATION (Cont'd)

13.4 General Information

- (a) The nature of the Group's business is set out in Section 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 and their respective principal activities are set out under Section 4.5 of this Prospectus.
- (b) The time of the opening of the Application Lists is set out in Section 16.1 of this Prospectus.
- (c) The amount payable in full on application of the Public Issue is RM2.50 per ordinary share.
- (d) As at the date of this Prospectus, save as disclosed below, the Company and its subsidiaries do not have any convertible debt securities:
 - (i) ETSB has 1,600,000 CRCP Class A shares of RM1.00 amounting to RM1,600,000 and 1,780,000 CRCP Class B shares of RM1.00 each amounting to RM1,780,000.
 - (ii) MRC has 600,000 RCPS of RM1.00 each amounting to RM600,000.
- (e) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 16.2 of this Prospectus.
- (f) The name and address of the Auditors and Reporting Accountants of the Company are set out under Corporate Information of this Prospectus.
- (g)
 - (i) Underwriting commission is payable to the Managing Underwriter and Underwriters at the rate of 1.5% of the issue price of RM2.50 per ordinary share on the ordinary shares being underwritten which form the subject of this Prospectus.
 - (ii) Brokerage will be paid by the Company and the Offerors at the rate of 1.0% of the issue price of RM2.50 per ordinary share to the parties in the circumstances specified in Section 2.9 of this Prospectus.
 - (iii) Expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up capital of the Company on the Main Board of the KLSE amounting to approximately RM2,250,000 will be borne by the Company. The Company will also bear brokerage and underwriting commission relating to the Public Issue Shares amounting to approximately RM762,500.
- (h) Save for item (g) above, no commission, discounts, brokerage or other special terms has been paid or is payable by the Company or its subsidiaries within the two (2) preceding years in connection with the issue or sale of any capital of the companies or any of its subsidiaries and no Director or proposed Director or promoter or expert is entitled to receive any such payment.

13. ADDITIONAL INFORMATION (Cont'd)

- (i) No amount or benefit has been paid or given within the two (2) preceding years of the date hereof nor is it intended to be so paid or given, to any promoter, except for dividends paid and any remuneration received in course of employment.
- (j) The Company has not established a place of business outside Malaysia.
- (k) Save as disclosed in the proforma consolidated profit forecast and assumptions of the Company and its subsidiary companies in relation thereto and Section 3 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 and its subsidiaries.
- (l) The financial conditions and operations of the Company and its subsidiaries 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 Company's or the Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transaction or any significant economic changes that materially affected the amount of reported income from the operations; and
 - (d) known trends or uncertainties that have had or the Company reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.
- (m) During the last financial year ended 31 December 1999 and the current financial year ending 31 December 2000, there were no:
 - (a) public take-over offers by third parties in respect of the Company's shares; and
 - (b) public take-over offers by the Company in respect of other company's shares.
- (n) No property has been acquired or is proposed to be acquired by the Company or its subsidiary companies in contemplation of the Public Issue, save as disclosed in Section 8.3 of this Prospectus.
- (o) There is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company, except for the Public Issue Shares.

13. ADDITIONAL INFORMATION (Cont'd)

13.5 Material Contracts

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

- (b) On 23 December 1999 HeiTech entered into a sale and purchase agreement for the purchase of Industrial Lot at No. 1, Jalan U8/81, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan measuring in area 210,830.40 square feet and situated on land held under HS(D) 132118 PT No. 17304 Mukim of Damansara District of Petaling with Guthrie Property Development Holding Sdn Bhd as vendor and Highlands & Lowlands Berhad as the registered proprietor for a cash consideration of RM6,851,988.00.
- (c) On 8 December 1999 HeiTech entered into an information technology services master outsourcing agreement for a duration of five (5) years with PNB for a cash consideration of RM15,000,000.00 per year.
- (d) On 4 September 2000 HeiTech entered into a underwriting agreement with the Underwriters, Aseambankers Malaysia Berhad, RHB Sakura Merchant Bankers Berhad and Perwira Affin Merchant Bank Berhad, for the underwriting of 12,500,000 new ordinary shares of RM1.00 each for an underwriting commission of one point five per centum (1.5%) of the issue price of RM2.50 per share to be satisfied by cash.

13.6 Responsibility Statement

- (a) Aseambankers Malaysia Berhad, acknowledges that to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Public Issue and HeiTech, and is satisfied that the Consolidated Profit Estimate and Forecast for the financial years ending 31 December 2000 and 2001 (for which the Directors of the Company are solely responsible) have been stated by the Directors of the Company after due and careful enquiry.
- (b) This prospectus has been seen and approved by the Directors of the Company and they individually and collectively accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Prospectus misleading.

14. CONSENTS

14.1 Consents

- (i) The written consents of the Adviser and Managing Underwriter, Underwriters, Auditors and Reporting Accountants, Company Secretary, Principal Bankers, Solicitors, Issuing House and Registrars to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their Accountants' Report and their letters relating to the Consolidated Profit Forecast for the financial year ending 31 December 2000 and Proforma Consolidated Balance Sheets as at 30 April 2000 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; and
- (iii) The written consent of the Market Research Consultants to the inclusion in this Prospectus of their market Research Report 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.

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15. DOCUMENTS FOR INSPECTION

15.1 Documents For Inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of the Company and its subsidiaries;
- (b) Directors' Report and Accountants' Report as included herein;
- (c) Reporting Accountants' Letters relating to the Consolidated Profit Estimate and Forecast for the financial years ending 31 December 2000 and 2001 and the Proforma Consolidated Balance Sheet as at 30 April 2000 of the Company as included herein;
- (d) Audited accounts of HeiTech and its subsidiaries for the past five (5) years/period ended 31 December 1999 and for the 4-month period ending 30 April 2000;
- (e) Declaration of the Advisers referred to in Section 7.2 above;
- (f) Material contracts referred to in Section 13.5 above;
- (g) Letters of consent referred to in Section 14.1 above;
- (h) Independent Market Research Report prepared by AC Nielsen; and
- (i) Directors' existing or proposed service contracts.

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16. APPLICATION FOR SECURITIES

16.1 Opening and Closing of Application Lists

The Application Lists will open at 10.00 a.m. on 23 October 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 HeiTech and in their absolute discretion may decide.

16.2 Application Forms

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 Form or Notes and Instructions printed therein or which are illegible will not be accepted.

Only one application can be made by each applicant. Multiple applications will not be accepted.

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

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

16.3 Procedure For Application

(i) Application by Malaysian Public

Application for the 12,000,000 Public Issue Shares made available for application by the Malaysian public must be made on the “White” Applications Forms provided.

(ii) Application by eligible directors and employees of the Group

Applications for the 500,000 ordinary shares reserved for the eligible directors and employees of HeiTech Group (excluding the employees eligible for the proposed ESTS and members of the MBO team) must be made on the special “Pink” Application Forms provided.

Only one application form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.**

The amount payable in full on application is RM2.50 per ordinary share.

16. APPLICATION FOR SECURITIES (Cont'd)

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

- (1) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (2) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- (3) GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (4) ATM STATEMENT OBTAINED ONLY FROM ANY OF THE FOLLOWING:
 - Arab-Malaysia Bank Berhad (295576-U);
 - Arab-Malaysian Finance Berhad (5493-X);
 - Asia Commercial Finance (M) Berhad (6251-U);
 - Ban Hin Lee Bank Berhad (1147-M);
 - BSN Commercial Bank Berhad (23877-T);
 - Bumiputra-Commerce Bank Berhad (13491-P);
 - Bank Utama (Malaysia) Berhad (27714-A);
 - Credit Corporation Malaysia Berhad (5023-H);
 - EON Bank Berhad (92351-V);
 - EON Finance Berhad (9692-K);
 - Hong Leong Bank Berhad (97141-X);
 - Hong Leong Finance Berhad (7797-V);
 - Hock Hua Bank Berhad (111501-D);
 - Hock Thai Finance Corporation Berhad (9010-H);
 - International Bank Malaysia Berhad (22671-U)
(formerly known as Hock Hua Bank (Sabah) Berhad);
 - Malayan Banking Berhad (3813-K);
 - Mayban Finance Berhad (3905-K);
 - MBf Finance Berhad (8515-D);
 - Multi-Purpose Bank Berhad (88103-W);
 - Oriental Bank Berhad (845-W);
 - Oriental Finance Berhad (50555-A);
 - Public Bank Berhad (6463-H);
 - Public Finance Berhad (6417-U);
 - Phileo Allied Bank (Malaysia) Berhad (306350-K);
 - RHB Bank Berhad (6171-U);
 - Sime Finance Berhad (3838-T);
 - The Pacific Bank Berhad (5024-T); or
 - United Merchant Finance Bhd (3838-T)

16. APPLICATION FOR SECURITIES (Cont'd)

AND MUST BE MADE OUT IN FAVOUR OF "MIDF SHARE ISSUE ACCOUNT NO. 507" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM).

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

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

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

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

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

so as to arrive not later than 8.00 p.m. on 20 October 2000 or delivered BY HAND to Oriental Bank Berhad Branches based on the following addresses:

- | | |
|--|--|
| 1. Klang Branch
2, Jalan Kapar
41400 Klang | 2. Kepong Branch
60, Jalan 2
52100 Kuala Lumpur |
| 3. KL Main Branch
Bangunan Oriental Bank
1, Jalan Hang Lekiu
50100 Kuala Lumpur | 4. Selayang Branch
141-143, Jalan 2/3A
Kompleks Pasar Borong
Selayang
68100 Kuala Lumpur |

16. APPLICATION FOR SECURITIES (Cont'd)

- | | | | |
|-----|--|-----|---|
| 5. | Taman Sungai Besi Branch
38, Jalan 7/108C
Jalan Sungei Besi
68100 Kuala Lumpur | 6. | Bukit Bintang Branch
Ground Floor, Wisma
KLIH
126, Jalan Bukit Bintang
55100 Kuala Lumpur |
| 7. | Wangsa Maju Branch
10, Jalan 1/27B
Bandar Baru Wangsa Maju
53300 Kuala Lumpur | 8. | Balakong Branch
S-7, Jalan 1/6, Taman
Indah
Batu 11, Jalan Balakong
43200 Cheras |
| 9. | Segambut Branch
36-38, Jalan Segambut Utara
51200 Kuala Lumpur | 10. | SS2 Branch
No. 20, Jalan SS2/61
47300 Petaling Jaya |
| 11. | Bandar Park Branch
152, Jalan Mega Mendung
Kompleks Bandar
Batu 5, Jalan Klang Lama
58000 Kuala Lumpur | | |

during banking hours (9.30 a.m. to 3.30 p.m. from Monday to Friday and 9.30 a.m. to 12.00 p.m. on Saturday).

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

16.4 Applications And Acceptances

The Directors of HeiTech reserve the right to reject any application or to accept any application in part only without assigning any reason thereof. The submission of an Application Form does not necessarily mean that the application will be successful.

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

In the event of an over-subscription, acceptance of applications may be subject to ballot to be conducted in the manner as approved by the Directors. In the event of an under-subscription by the Malaysian public, all the Public Issue Shares not applied for will be made available for subscription proportionately by the Underwriters in the proportions specified in the underwriting agreement to be signed.

16. APPLICATION FOR SECURITIES (Cont'd)

Due consideration will be given to the desirability of distributing the ordinary shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company and establishing an adequate market in the ordinary shares of the Company. The final allocation to any single applicant will be made to ensure that the Company complies with the SC's shareholding spread requirement that at least 25% but not more than 50% of the issued and paid-up share capital of the Company is in the hands of a minimum number of 750 shareholders holdings not less than 1,000 shares each. However, in the event that the above requirement is not met, the Company may not be allowed to proceed with its listing. Applicants will be selected in a manner to be determined by the Directors of HeiTech .

WHERE AN APPLICATION IS NOT ACCEPTED 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 TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST RESPECTIVELY AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL BUMIPUTERA APPLICANTS WHICH WOULD

SUBSEQUENTLY 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 REMITTANCES BEING PRESENTED FOR PAYMENT.

16.5 CDS Account

Pursuant to Section 25 of the Securities Industry (Central Depositories) Act 1991, all dealings in these shares will be by book entry through CDS Accounts. No share certificates will be issued to the successful applicants.

An applicant should state his CDS Account number in the space provided in the Application Form if he presently has such account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. A list of the ADA Codes is given below. 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, the Company may in the exercise of its absolute discretion instruct its Issuing House to insert a preferred ADA Code on the Application Form and further instruct the MCD to open a CDS Account on his behalf at the specified ADA and credit the shares allotted to him into his CDS Account.

16. APPLICATION FOR SECURITIES (Cont'd)

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

16.6 Notices of Allotment

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

16.7 Formalising Of CDS Account

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

16.8 List of Authorised Depository Agents

The list of ADA (Broker) Codes is as follows:

Name	Address And Telephone Number	Broker Code	Name	Address And Telephone Number	Broker Code
KUALA LUMPUR			KUALA LUMPUR (Cont'd)		
ARAB-MALAYSIAN SECURITIES SDN BHD	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2382788	086-001	KUALA LUMPUR CITY SECURITIES SDN BHD	Lot 3.07, Level 3 Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel No. 03-2449322	076-001
AFFIN-UOB SECURITIES SDN BHD	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. 03-2438668	028-001	K & N KENANGA SDN BHD	8th Floor, Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 03-2613066	073-001
BBMB SECURITIES SDN BHD	Level 2, 3, 4 & 17 Letter Box No.2 Menara Olympia 8 Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2088800	099-001	LEONG & CO SDN BHD	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No. 03-2928899	061-001
BIMB SECURITIES SDN BHD	1st & 2nd Floors Podium Block, Bangunan AMDB No. 1 Jalan Lumut	024-001	MAYBAN SECURITIES SDN BHD	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur	098-001

16. APPLICATION FOR SECURITIES (Cont'd)

Name	Address And Telephone Number	Broker Code	Name	Address And Telephone Number	Broker Code
	50350 Kuala Lumpur Tel No. 03-4433533			Tel No. 03-2323822	
KUALA LUMPUR			KUALA LUMPUR (Cont'd)		
CIMB SECURITIES SDN BHD	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No. 03-2532288	065-001	MGI SECURITIES SDNBHD <i>(formerly known as Charles & Bradburne & Co. (1930) Sdn Bhd)</i>	1st & 2nd Floor Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel No.: 03-2911889	052-001
FIMA SECURITIES SDN BHD	Level 1 & 2, Block G (Central) Pusat Bandar Damansara 50490 Kuala Lumpur Tel No. 03-2549966	018-001	MIDF SISMA SECURITIES SDN BHD	17 & 18 Floor Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-266888	026-001
HLG SECURITIES SDN BHD	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2452998	066-001	OSK SECURITIES BERHAD	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No. 03-2624388	056-001
INTER-PACIFIC SECURITIES SDN BHD	Level 7, Shahzan-Insas Tower 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 03-2441888	054-001	PB SECURITIES SDN BHD	27th Floor, Bangunan Public Bank No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No. 03-2013011	051-001
JUPITER SECURITIES SDN BHD	Lot 7th - 9th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2041888	055-001	PM SECURITIES SDN BHD	Ground, Mezzanine & 1st Floor Menara Pengkalen 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur Tel No. 03-2448055	064-001
KAF-SEAGROATT & CAMPBELL SDN BHD	26th - 30th Floor The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2081600	053-001	TA SECURITIES BERHAD	34th Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No. 03-2321277	074-001
RASHID HUSSAIN SECURITIES SDN BHD	Level 1, 2, 3 & 5 Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No. 03-9852233	087-001	SIME SECURITIES SDN BHD	21st Floor, Bangunan Sime Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No. 03-2749288	097-001

16. APPLICATION FOR SECURITIES (Cont'd)

Name	Address And Telephone Number	Broker Code	Name	Address And Telephone Number	Broker Code
SELANGOR DARUL EHSAN			MALACCA		
MOHAIYANI SECURITIES SDN BHD	2nd & 3rd Floor Plaza Damansara Utama 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No. 03-7197345	095-001	MALACCA SECURITIES SDN BHD	No.1, 3 & 5, Jalan PPM9, Plaza Pandan Malim (Business Park) Balai Panjang P.O Box. 248 75750 Melaka Tel No. 06-3371533	012-001
SJ SECURITIES SDN BHD	Level 3, Holiday Villa 9, Jalan SS12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No. 03-7340202	096-001	OCBC SECURITIES (MELAKA) SDN BHD	579, 579A & 579B, Taman Melaka Raya 75000 Melaka Tel No. 06-2825211	072-001
AMSTEEL SECURITIES (M) SDN BHD <i>(formerly known as Klang Securities Sdn Bhd)</i>	No. 1, Lintang Pekan Baru (2nd, 3rd and 4th Floor) Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No. 03-3439999	080-001	STRAITS SECURITIES SDN BHD	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba P.O. Box 209 75740 Melaka Tel No. 06-2833622	011-001
			PENANG		
HALIM SECURITIES SDN BHD	68, Jalan 52/4 New Town Centre P.O. Box 561 46770 Petaling Jaya Selangor Darul Ehsan Tel No. 03-7555777	091-001	A.A. ANTHONY & COMPANY SDN BHD	No 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No. 04-2299318	014-001
HWANG-DBS SECURITIES SDN BHD	Tingkat 18-20, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 41000 Shah Alam Selangor Darul Ehsan Tel No. 03-5533288	068-002	HWANG-DBS SECURITIES SDN BHD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No. 04-2636996	068-001
JF APEX SECURITIES SDN BHD	3rd Floor, Wisma Apex 145A-C, Jalan Bukit P.O.Box 16 43007 Kajang Selangor Darul Ehsan Tel No. 03-8361118	079-001	KE-ZAN SECURITIES SDN BHD	2nd, 3rd and 4th Floors Wisma KE-ZAN 64, Bishop Street 10200 Pulau Pinang Tel No. 04-2634222	085-001

16. APPLICATION FOR SECURITIES (Cont'd)

Name	Address And Telephone Number	Broker Code	Name	Address And Telephone Number	Broker Code
PENANG (Cont'd)			PERAK DARUL RIDZUAN		
MERCURY SECURITIES SDN BHD	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No. 04-3322123	093-001	MBF NORTHERN SECURITIES SDN BHD	No.71, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel No. 05-2548999	067-001
SMITH ZAIN SECURITIES SDN BHD	7th & 8th Floor, Wisma PSCI 39 Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No. 04-2283355	016-001	M&A SECURITIES SDN BHD	Bangunan Chinese Chamber of Commerce 37, Jalan Tun Sambanthan 30000 Ipoh Perak Darul Ridzuan Tel No. 05-2559500	057-001
SOON THEAM SECURITIES SDN BHD	No.111, Jalan Macalister 10400 Pulau Pinang Tel No. 04-2281868	060-001	PHILEO ALLIED SECURITIES SDN BHD	62, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No. 05-2558233	071-001
THONG & KAY HIAN SECURITIES SDN BHD	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No. 04-2635481	070-001	SBB SECURITIES SDN BHD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No. 05-2530888	090-001
UT SECURITIES SDN BHD <i>(formerly known as United Traders Securities Sdn Bhd)</i>	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No. 04-2626644	059-001	TAIPING SECURITIES SDN BHD <i>(formerly known as Nadzri & Ng Securities Sdn Bhd)</i>	21 Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No. 05-8060888	092-001
PERAK DARUL RIDZUAN					
BOTLY SECURITIES SDN BHD	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No. 05-2531313	058-001	OSK SECURITIES BERHAD <i>(Ipoh branch)</i>	Wisma Premier Capital 21-25 Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415100	056-002
KIN KHOON & CO. SDN BHD	23 & 25, Wisma Kota Emas Jalan Dato' Tahwil Azar P.O. Box 421 30910 Ipoh Perak Darul Ridzuan Tel No. 05-2543311	017-001			

16. APPLICATION FOR SECURITIES (Cont'd)

Name	Address And Telephone Number	Broker Code	Name	Address And Telephone Number	Broker Code
NEGERI SEMBILAN DARUL KHUSUS					
PAN MALAYSIA EQUITIES SDN BHD	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 (formerly known as Seremban Securities Sdn Bhd)	1st, 2nd & 3rd Floors 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No. 06-7623131/34	063-001
JOHOR DARUL TAKZIM			PAHANG DARUL MAKMUR		
ENG SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No. 07-2231211	081-001	KL CITY SECURITIES SDN BHD (Kuantan branch)	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No. 09-5660800	076-002
			TERENGGANU DARUL IMAN		
JB SECURITIES SDN BHD	Suite 7.1 & 7.2, Level 7, Menara Pelangi 2, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No. 07-3332800	078-001	FA SECURITIES SDN BHD	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel No. 09-6238128	021-001
KESTREL SECURITIES SDN BHD (formerly known as MBf Securities Sdn Bhd)	No.57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9532222	088-001	PTB SECURITIES SDN BHD	1st, 2nd & 3rd Floor No.61, Jalan Sultan Ismail, Peti Surat 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel No. 09-6235546	025-001
			KELANTAN DARUL NAIM		
PENINSULA SECURITIES SDN BHD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No. 07-3333600	077-001	KOTA BHARU SECURITIES SDN BHD (formerly known as Lee & Kee Securities Sdn Bhd)	298 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No. 09-7482798	075-001

16. APPLICATION FOR SECURITIES (Cont'd)

Name	Address And Telephone Number	Broker Code	Name	Address And Telephone Number	Broker Code
JOHOR DARUL TAKZIM (Cont'd)			SABAH		
PJB-OUB SECURITIES SDN BHD	Podium 2A & 3 Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul takzim Tel No.: 07-2222692/ 2765201	027- 001	INNOSABAH SECURITIES SDN BHD	11, Equity House Block K, Kompleks Sadong Jaya Karamunsing 88100 Kota Kinabalu Sabah Tel No. 088-234099	020-001
SOUTH JOHORE SECURITIES SDN BHD			SARAWAK		
SOUTH JOHORE SECURITIES SDN BHD	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No. 07-4342282	069- 001	BORNEO SECURITIES SDN BHD	12g, Jalan Kampung Datu 96000 Sibu Sarawak Tel No. 084-319998	030-001
KEDAH DARUL AMAN			SARAWAK		
ALOR SETAR SECURITIES SDN BHD	Lot T-30, 2nd Floor Wisma PKNK Jalan Suktan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No. 04-7317088	094- 001	SARAWAK SECURITIES SDN BHD (<i>Miri branch</i>)	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri, Sarawak Tel No.. 085-435577	019-002
PERLIS INDRA KAYANGAN			WILAYAH PERSEKUTUAN LABUAN		
UPEN SECURITIES SDN BHD	2nd Floor, Podium Block, Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel No. 04-9765299	023- 001	LABUAN SECURITIES SDN BHD	Level 2, Wisma Oceanic Jalan OKK Awang Besar 87007 Wilayah Persekutuan Labuan Tel No. 087-410621	022-001

16. APPLICATION FOR SECURITIES (Cont'd)

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

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

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

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

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

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

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

17. PROSPECTUS REGISTRATION

A copy of this Prospectus has been registered with the SC and is accompanied by the following:-

- (a) An application for registration of the prospectus;
- (b) Any fees payable for registration;
- (c) A copy of the confirmation letter from the translator in respect of the translation of the prospectus;
- (d) A copy of the application form in English and Bahasa Malaysia;
- (e) Copy of letter of approval from any other relevant authorities;
- (f) Original copies of all letters of consents, i.e. experts' consents;
- (g) Certified copies of all material contracts disclosed in the prospectus, and in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (h) Certified copy of the underwriting agreement;
- (i) Memorandum and Articles of Association of the corporation;
- (j) Directors' Responsibility Statement for the prospectus;
- (k) Original written authorities by directors appointing any agents to sign the prospectus, on their behalf, referring to the particular prospectus;
- (l) An additional signed copy of the prospectus for lodgment with ROC;
- (m) Letter of confirmation from the adviser that the registration copy of the prospectus has incorporated all changes as required;
- (n) Letter of confirmation from the adviser that the printed copy of the prospectus will be the same as the printer's proof of the prospectus registered with the SC;
- (o) Letter of confirmation from the adviser that the electronic copy of the prospectus will be the same as the printer's proof of the prospectus registered with the SC; and
- (p) A copy of the advertisement of the prospectus to be included in a widely-distributed English and Malay daily.