

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL

1. No shares will be allotted on the basis of this Prospectus later than 12 months after the date of this Prospectus.
2. There are no founder, management or deferred shares. 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.
3. Save for the 3,000,000 Issue Shares reserved for the eligible employees of the Baneng Holdings Group as disclosed in Section 2.5 of this Prospectus, no other person including Directors has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary companies.
4. Save as disclosed in Sections 2.4 and 4.3 of this Prospectus, no ordinary shares or debentures of the Company or its subsidiary companies have been issued or is proposed to be issued as partly or as fully paid-up for cash or otherwise than for cash within the 2 years immediately preceding the date of this Prospectus.
5. Other than the Issue Shares offered to the eligible employees of the Baneng Holdings Group as disclosed in Section 2.5 of this Prospectus, there is currently no scheme involving the staff in the share capital of the Company or any of its subsidiary companies.
6. A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.

12.2 ARTICLES OF ASSOCIATION

1. Remuneration of Directors

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

Article 72 (a)

Subject to these articles, the directors will be paid such fee as is from time to time determined by Ordinary Resolution of the Company and that fee will be divided among the directors in such proportions and manner as the directors may determine and, in default of such determination, equally, except that any directors who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Article 72 (b)

That fee will accrue from day to day.

12. ADDITIONAL INFORMATION (Cont'd)

Article 72 (c)

The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or otherwise in connection with the business of the Company.

Article 72 (d)

Subject to these articles, if any director being willing renders or is called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any business or purposes of the Company, the directors may arrange with that director for a special remuneration by the payment of a stated sum of money and that special remuneration may be by way of salary percentage of profits or otherwise as the directors may determine but not a commission based on or percentage of turnover.

Article 72 (e)

Fees payable to non-executive directors must be a fixed sum and not by way of commission based on, or percentage of, profits or turnover.

Article 72 (f)

Salaries payable to executive directors may not include a commission based on, or percentage of, turnover.

Article 72 (g)

Fees payable to directors may not be increased except pursuant to a resolution passed in general meeting and where notice of the proposed increase has been given in the notice convening the meeting.

Article 72 (h)

The directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to or to any person in respect of any director or ex-director who may hold or have held any executive office or any office or place of profit under the Company or any subsidiary company and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

2. Voting and Borrowing Powers of Directors

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

12. ADDITIONAL INFORMATION (Cont'd)

Article 74 (a)

A director may hold any other office or place of profit (except that of auditor) in the Company in conjunction with the office of director and on such terms as to remuneration and otherwise as the directors of the Company by resolution may determine.

Article 74 (b)

A director will not be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor will such a contract or any contract or arrangement entered into by or on behalf of the Company in which a director is in any way, whether directly or indirectly, interested be avoided nor will a director be liable, by reason of holding his office or of the fiduciary relations thereby established, to account to the Company for any profit arising from such a contract or from such contracts or arrangement.

Article 74 (c)

A director may not vote in respect of any contract or arrangement or proposed contract or arrangement in which he is in any way, whether directly or indirectly, personally interested or in respect of any matter arising out of such a contract or arrangement or proposed contract or arrangement.

Article 76

The directors may entrust to and confer upon a director holding any executive office any of the powers (other than the power to make calls on or to forfeit shares) exercisable by them as directors upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any such powers or shall be subject to the control of the board.

Article 78 (a)

Subject to these articles, questions arising at a meeting of directors must be determined by a majority of votes of directors present and voting and any such decision will for all purposes be deemed a decision of the directors.

Article 78 (b)

Every director present at the meeting has one (1) vote.

Article 78 (c)

Subject to article 78 (d), in case of an equality of votes, the chairman of the meeting has a casting vote.

12. ADDITIONAL INFORMATION (Cont'd)

Article 78 (d)

The chairman does not have a casting vote if there are only two (2) directors present at the meeting or if there are only two (2) directors present at the meeting who are competent to vote on the question in issue.

Article 83 (a)

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provision of the Act.

Article 83 (b)

A general notice that a director, alternate director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be a sufficient disclosure under this article as regards such director and the said transaction and after such general notice it shall not be necessary for such director to give any special notice relating to any particular transaction with such firm or corporation.

Article 84 (a)

A director shall not vote in respect of any contract or arrangement or proposed contract or arrangement in which he is in any way, whether directly or indirectly, personally interested or in respect of any matter arising out of such a contract or arrangement or proposed contract or arrangement.

Article 84 (b)

If he should do so his vote should not be counted, nor shall he be counted in the quorum present at the meeting but neither of these prohibitions shall apply to :-

- (1) Any arrangement for giving any director any security or indemnity in respect of money lent by him to or obligation undertaken by him for the benefit of the Company; or
- (2) 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 has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security; or
- (3) Any contract or arrangement with any corporation in which he is interested only as an officer of the corporation or as the holder of shares or other securities.

12. ADDITIONAL INFORMATION (Cont'd)

Article 93 (a)

Subject to the Act and to these articles, the business of the Company will be managed by the directors, who may pay all expenses incurred in promoting and forming the Company, and may exercise all such powers of the Company as are not, by the Act or by these articles, required to be exercised by the Company in general meeting, subject nevertheless to these articles, to the provisions of the Act and to such articles not being inconsistent with the aforesaid articles or provisions as may be prescribed by Special Resolution of the Company.

Article 93 (b)

No article so made by the Company shall invalidate any prior act of the directors which would have been valid if such article had not been made.

Article 93 (c)

The general powers given by this article shall not be limited or restricted by any special authority or power given to the directors by any other articles, provided that any sale or disposal by the directors of the Company's main undertaking shall be subject to ratification by the members in General Meeting.

Article 94

Without limiting the generality of article 93 but subject to the Act, the directors may :-

- (a) Exercise all the powers of the Company to borrow money, to charge any property or business of the Company or all or any of the uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company.
- (b) Exercise all the powers of the Company to guarantee payment of money payable under contracts or obligations of any subsidiary company or companies with or without securities.
- (c) Borrow money or mortgage or charge any property, business or undertaking of the Company' or its subsidiaries, or all or any of the uncalled capital and issue debentures or give any other security for a debt, liability or obligation of any other person related to the Company.

12. ADDITIONAL INFORMATION (Cont'd)

Article 95

The directors may establish any Local Boards or Agencies for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may appoint any persons to be members of such Local Boards, or any Managers or Agents, and may fix their remuneration and may delegate to any Local Board, Manager or Agent any of the powers, authorities and discretion vested in the directors with power to sub-delegate and may authorise the members of any Local Boards or any of them to fill any vacancy therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the directors may think fit, and the directors may remove any person so appointed and annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

Article 96 (a)

The directors may, by power of attorney under the Seal, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretion (being powers, authorities and discretion vested in or exercisable by the directors), for such period and subject to such conditions as they think fit.

Article 96 (b)

Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretion vested in him.

Article 97

The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension, provident or superannuation funds for the benefit or, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or its predecessors in business or of any company which is a subsidiary or associate company of the Company or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid and holding or who held any salaried employment or office in the Company or predecessors or other company and the wives, widows, families and dependants of any such persons, and may make payments for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.

12. ADDITIONAL INFORMATION (Cont'd)

Article 98

Subject to particulars with respect to the pension, provident or superannuation funds being disclosed to the members and to the proposal being approved by the Company by ordinary resolution if the Act shall so require, a Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuities, pension, allowance or emoluments. A Director may be counted in the quorum present at a meeting upon the consideration of a motion in respect of any matter referred to in this Articles and may vote as a Director upon any resolution in respect of any such matter notwithstanding that he is personally interested in such matter but only where such matter is intended to be for the benefit generally of all, or any class or classes, of such employees and servants or former employees or servants (including Directors or other officers) and/or their respective wives, widows, families and dependants.

3. Changes in Capital and Variation of Class Rights

The provision in the Articles of the Company as to changes in capital and variation of class rights, which are no less stringent than those requested by law are as follows :-

Article 36

Subject to the Act and article 11 the Company may, by resolution, convert all or any of its paid up shares into stock and re-convert any stock into paid up shares of any nominal value.

Article 40

The Company may by resolution increase its authorised share capital by the creation of new shares of such amount as is specified in the resolution.

Article 41

The Company may by resolution:

- (a) consolidate and divide all or any of its authorised share capital into shares of larger amounts than its existing shares;
- (b) subdivide all or any of its shares into shares of smaller amount than is fixed by the memorandum but so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; or
- (c) cancel shares that, at the date of passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its authorised share capital by the amount of the shares so cancelled.

12. ADDITIONAL INFORMATION (Cont'd)

Article 42

The Company may, subject to the Act, convert any class of shares into any other class of shares.

Article 43

Subject to the Act, the Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account.

4. Transfer of Securities and Transmission of Securities

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

Article 23

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

Article 24 (a)

Subject to the Act, Central Depositories Act, the Rules and article 24 (b), the Company may suspend registration of transfers at such time and for such period as the directors may from time to time determine.

Article 24 (b)

Any such suspension must not exceed thirty (30) days (or such other period permitted under the Act and by the Exchange) in any year.

Article 24 (c)

The Company must give at least twelve (12) market days notice (or, subject to the Act, such other period prescribed by the Exchange) of any such suspension to the Exchange stating the period and purpose of such suspension.

Article 25

The Company shall be entitled to charge a fee not exceeding RM2.00 or such other sum permitted under the Act and by the Exchange on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas or other instrument.

12. ADDITIONAL INFORMATION (Cont'd)

Article 26

In the case of the death of a member, the legal personal representatives of the deceased, will be the only persons recognised by the Company as having any title to his interest in the shares.

Article 27

Subject to the Act, Central Depositories Act, the Rules and to these articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such information being produced as is properly required by the directors, elect either to be registered himself as holder of the share or to have some other person nominated by him registered as the transferee of the share.

Article 27 (b)

If the person becoming entitled elects to be registered himself, he must deliver or send to the Company a notice in writing signed by him stating that he so elects, provided that where the share is a Deposited Security and the person becoming entitled elects to have the share transferred to him, the notice must also be served by him on the Central Depository.

Article 27 (c)

If he elects to have another person registered, he must execute a transfer of the share to that other person, provided always that where the share is a Deposited Security and subject to the Rules, any subsequent transfer or withdrawal of the share may be carried out by that other person.

Article 27 (d)

In either case under article 27 (a) above all the limitations, restrictions and provisions of these articles relating to the right to transfer, and the registration of transfers of shares, are applicable to any such notice or transfer as if the death or bankruptcy of the member had not occurred and the notice or transfer were a notice or transfer signed by that member.

Article 28 (a)

Where the registered holder of a share dies or becomes bankrupt, his personal representative or the trustee of his estate, as the case may be, is, upon the production of such information as is properly required by the directors, entitled to the same dividend and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt.

12. ADDITIONAL INFORMATION (*Cont'd*)

Article 28 (b)

The Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety (90) days the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

12.3 LISTING REQUIREMENTS OF KUALA LUMPUR STOCK EXCHANGE

1. *Section 7.13*

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(2) of the Companies Act, 1965 and any exemption that may be made from compliance with section 107C(1) of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of such securities.

2. *Section 7.14*

(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") provided that there shall be no change in the ownership of such securities.

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

12. ADDITIONAL INFORMATION (Cont'd)

12.4 COMPANIES ACT, 1965

1. ***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 had been transmitted by operation of law.

2. ***Section 103(1A)***

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

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

3. ***Section 103(2)***

A transfer of the share debentures or other interest of a deceased person made by his personal representative shall, although the personal representative is not himself a member of the company, be as valid as if he had been such a member at the time of execution of the instrument.

4. ***Section 103(3)***

The production to a company of any document which is by law sufficient evidence of probate of the will, or letters of administration of the estate of a deceased person having been granted to some person shall be accepted by the company, notwithstanding anything in its articles, as sufficient evidence of the grant.

5. ***Section 103(4)***

In this section "instrument of transfer" includes a written application for transmission of a share debenture or other interest to a personal representative.

12. ADDITIONAL INFORMATION (*Cont'd*)

6. *Section 107(C)*

- (1) On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities or class of securities which have been deposited.
- (2) Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

12.5 RULES OF THE MCD

1. *Rule 9.01 (1)*

Subject to the provisions of Rule 9.02, a depositor (hereinafter in this chapter referred to as "Transferring Depositor") may, by completing the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form), require an authorised depository agent with whom the depositor's securities account is maintained to transfer any deposited securities (hereinafter in this chapter referred to as "the said securities") in such account to a securities account held by another depositor (hereinafter in this chapter referred to as "Recipient Depositor") provided always that the reason for the transfer must be stated in the Form FTF010 or FTF015, and such application must be accompanied by the relevant documents in support of the request.

2. *Rule 9.01 (2)*

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor, where the reason for the said transfer does not fall within any of the approved reasons as stipulated under Rule 9.03 (2) (c).

3. *Rule 9.03 (2)*

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);

12. ADDITIONAL INFORMATION (Cont'd)

- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of 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;
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manuals.

12.6 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. The names, addresses and occupations of the Directors of Baneng Holdings are set out in the Corporate Information section of this Prospectus.
2. None of the directors or key management personnel is or has been involved in the following events (whether in or outside Malaysia):-
 - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was a key management personnel;
 - (b) such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) such person was the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental 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.
3. There are no existing or proposed service contracts entered into between the Directors of Baneng Holdings with the Company or its subsidiary companies which are not determinable without payments or compensation other than statutory compensation.

12. ADDITIONAL INFORMATION (Cont'd)

4. For the year ended 31 December 2000, the aggregate fees, remuneration and emoluments paid to the Directors for services in all capacities to the Company and its subsidiary companies amounted to RM1,197,612. For the year ended 31 December 2001, the amount payable to the Directors for services in all capacities to the Company or its subsidiary companies is estimated to be RM1,109,000.
5. Save as disclosed below and in paragraph 7, none of the Directors or substantial shareholders of Baneng Holdings has any interest, direct or indirect, in the promotion of or in any assets which have been acquired or proposed to be acquired or assets disposed or proposed to be disposed of by or leased or proposed to be leased to the Company or its subsidiary company within the 2 years immediately preceding the date of this Prospectus:-
- (a) The acquisition by Baneng of 7.50% equity interest in Maxlin and 20.00% equity interest in BTSB on 11 May 2001 from Lim Choon Hiok for a cash consideration of RM994,138.
- (b) The acquisition of the entire issued and paid-up share capital of Baneng comprising 8,000,000 shares of RM1.00 each by Baneng Holdings on 12 May 2001 from Lim Choon Hiok, Tan Sri A. Rahim bin Tamby Chik, Mohd Zin bin Othman, Lim Poh Choo, Norhayati binti Abu Bakar, Ramli bin Abdullah and Upaya Mendaki for a purchase consideration of RM55,122,600 to be satisfied by an issue of 47,484,815 new shares in Baneng Holdings at an issue price of RM1.16 per share.
- (c) The acquisition of the entire issued and paid-up share capital of Chenille comprising 30,000 ordinary shares of S\$1.00 each by Baneng Holdings on 12 May 2001 from Lim Choon Hiok and Lim Meng Hong for a purchase consideration of RM496,319 to be satisfied by an issue of 427,549 new shares in Baneng Holdings at an issue price of RM1.16 per share.
- (d) The acquisition of 55% equity interest of Seri Pertamas comprising 1,100,000 ordinary shares of B\$1.00 each by Baneng Holdings on 12 May 2001 from Lim Choon Hiok for a purchase consideration of RM3,584,270 to be satisfied by an issue of 3,087,634 new shares in Baneng Holdings at an issue price of RM1.16 per share.

The Directors or substantial shareholders of Baneng Holdings deemed materially interested in the aforesaid transactions are as follows:-

Director/Substantial Shareholder	Nature of Interest
Lim Choon Hiok	Director and substantial shareholder of Baneng. Director and substantial shareholder of Maxlin and BTSB. Director and substantial shareholder of Chenille. Director and substantial shareholder of Seri Pertamas.

12. ADDITIONAL INFORMATION (Cont'd)

Tan Sri A. Rahim bin Tamby Chik	Director and substantial shareholder of Baneng.
Lim Meng Hong	Director of Baneng. Director and substantial shareholder of Chenille.
Upaya Mendaki	Substantial shareholder of Baneng.
Lim Poh Choo	Substantial shareholder of Baneng (deemed interested by virtue of her substantial shareholding in Upaya Mendaki)

6. None of the Directors nor substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies and which is not quoted on a recognised stock exchange.
7. Save as disclosed, none of the Directors of the Company has any interest in any contract or arrangement, which is significant in relation to the business of the Company and its subsidiary companies, subsisting at the date of this Prospectus :-
- (a) A tenancy agreement dated 18 December 2001 between Bayvest Sdn Bhd (the Landlord) and Maxlin (the Tenant) for the renewal of tenancy of 12 units of double storey shophouses (ground and first floor) located at PTD 1882 to 1893, Jalan Jemaluang, Mersing, Johor for a monthly rental of RM12,000 for a period of 36 months commencing 1 December 2001 and ending 30 November 2004. Lim Choon Hiok is deemed interested by virtue of her substantial shareholding and directorship in Bayvest Sdn Bhd;
 - (b) A tenancy agreement dated 18 December 2001 between Kang Hai Realty Sdn Bhd (the Landlord) and Maxlin (the Tenant) for the renewal of tenancy of 4 units of double storey shophouses located at 13 to 16, Jalan Haji Abdullah, Taman Marin, Muar for a monthly rental of RM4,000 for a period of 36 months commencing 1 December 2001 and ending 30 November 2004. Lim Choon Hiok is deemed interested by virtue of her substantial shareholding and directorship in Kang Hai Realty Sdn Bhd;
 - (c) A tenancy agreement dated 18 December 2001 between Kang Hai Holding Sdn Bhd (the Landlord) and Maxlin (the Tenant) for the renewal of tenancy of 4 units of double storey shophouses located at 117 to 120, Taman Desa Besar, Bukit Gambir, Muar for a monthly rental of RM3,200 for a period of 36 months commencing 1 December 2001 and ending 30 November 2004. Lim Choon Hiok is deemed interested by virtue of her substantial shareholding and directorship in Kang Hai Holding Sdn Bhd; and
 - (d) Certain bank borrowings of the Baneng Holdings Group are secured by the personal guarantees, assets and properties of a director and substantial shareholder of Baneng Holdings.

12. ADDITIONAL INFORMATION (Cont'd)

8. Save as disclosed in paragraphs 9 and 10 hereunder, no Director or expert has any interest in the promotion of the Public Issue.
9. Based on the Register of Substantial Shareholders as at 18 January 2002 (being the latest practicable date prior to the printing of this Prospectus), the direct and indirect interests of the substantial shareholders in the ordinary shares of the Company before and after the Public Issue are as follows:-

Substantial shareholder	<-----Before the Public Issue----->				<-----After the Public Issue----->			
	<--Direct-->		<--Indirect-->		<--Direct-->		<--Indirect-->	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Upaya Mendaki	18,325,886	35.93	-	-	18,325,886	30.54	-	-
Tan Sri A. Rahim bin Tamby Chik	12,000,000	23.53	-	-	12,000,000	20.00	-	-
Lim Choon Hiok	12,857,727	25.21	18,325,886	35.93 ^(a)	12,857,727	21.43	18,325,886	30.54 ^(a)
Lim Poh Choo	1,602,613	3.14	18,325,886	35.93 ^(a)	1,602,613	2.67	18,325,886	30.54 ^(a)

Note:-

(a) Deemed interested by virtue of her substantial shareholding in Upaya Mendaki.

10. Based on the Register of Directors' Shareholdings as at 18 January 2002 (being the latest practicable date prior to the printing of this Prospectus), the Directors' direct and indirect interests in the issued and paid-up capital of the Company before and after the Public Issue are as follows:-

Director	<-----Before the Public Issue----->				<-----After the Public Issue----->			
	<--Direct-->		<--Indirect-->		<--Direct-->		<--Indirect-->	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tan Sri A. Rahim bin Tamby Chik	12,000,000	23.53	-	-	12,000,000	20.00	-	-
Lim Choon Hiok	12,857,727	25.21	18,325,886	35.93 ^(a)	12,857,727	21.43	18,325,886	30.54 ^(a)
Lim Meng Hong	213,774	0.42	-	-	213,774	0.36	-	-
Lim Meng Hee	-	-	-	-	-	-	-	-
Dr. Ng Soon Lim	-	-	-	-	-	-	-	-
Keah Say Wan	-	-	-	-	-	-	-	-

Note:-

(a) Deemed interested by virtue of her substantial shareholding in Upaya Mendaki.

11. All the Issue Shares under the Public Issue by the Company are subject to the terms and conditions of this Prospectus.
12. No option to subscribe for securities of the Company or its subsidiary companies was granted to or exercised by any Director during the last financial year.

12. ADDITIONAL INFORMATION *(Cont'd)*

12.7 GENERAL

1. The nature of the Company's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 is disclosed in Section 4.0 of this Prospectus.
2. The time of the opening and closing of the Application Lists is set out in Section 15.1 of this Prospectus.
3. The amount payable in full on application for the Issue Shares is RM2.10 per ordinary share.
4. As at the date of this Prospectus, the Company and its subsidiary companies do not have any convertible debt securities.
5.
 - (a) Underwriting commission is payable by the Company to the Managing Underwriter and the Underwriters mentioned in the Corporate Information of this Prospectus at a rate of 2% of the issue price of RM2.10 per ordinary share on the total number of shares underwritten as stated in Section 2.9 of this Prospectus.
 - (b) Brokerage is payable by the Company at the rate of 1.00% of the issue price of RM2.10 per ordinary share in respect of successful applications bearing the stamp of MIMB, member companies of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia or MIDFCCS.
 - (c) Save for paragraphs (a) and (b) above, there is no amount paid within the 2 years immediately preceding the date of this Prospectus or is payable by the Company or its subsidiary companies as commission, discount, brokerage or other special terms for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiary companies and no Director, proposed Director, promoter or expert is or are entitled to receive any such commission.
 - (d) No commission, discount, brokerage or other special terms have been granted within the 2 preceding years immediately preceding the date of this Prospectus in connection with the sale or issue of any shares of the Company or its subsidiary companies.
6. Estimated listing expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE amounting to approximately RM2,000,000 shall be borne by the Company.
7. Save for the Directors' remuneration as disclosed in Section 12.6 paragraph 4, no amount or benefit has been paid or given within the 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any promoter.

12. ADDITIONAL INFORMATION (Cont'd)

8. The name and address of the Auditors are set out in this Prospectus under "Corporate Information".
9. Save for Chenille which is incorporated in Singapore and Seri Pertamas which is incorporated in Brunei, the Company has not established a place of business outside Malaysia.
10. Save as disclosed in Section 4.3 and Section 12.6 paragraph 5, no property has been acquired or is proposed to be acquired by the Company or any of its subsidiary companies in contemplation of the Public Issue.
11. Save for the 3,000,000 ordinary shares of RM1.00 each reserved for the eligible employees of the Baneng Holdings Group pursuant to this Prospectus, there are presently no other schemes for or involving the staff in the capital of the Company.
12. Save for the Issue Shares, 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.
13. The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 15.2 of this Prospectus.

12.8 MATERIAL CONTRACTS

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

- (a) A Sale and Purchase Agreement dated 11 May 2001 between Baneng and Lim Choon Hiok for the acquisition of 7.50% equity interest in Maxlin and 20.00% equity interest in BTSB by Baneng for a cash consideration of RM994,138.
- (b) A Sale and Purchase Agreement dated 11 May 2001 between Baneng Holdings and Lim Choon Hiok, Tan Sri A. Rahim bin Tamby Chik, Mohd Zin bin Othman, Lim Poh Choo, Norhayati binti Abu Bakar, Ramli bin Abdullah and Upaya Mendaki for the acquisition of the entire issued and paid-up share capital of Baneng comprising 8,000,000 shares each by Baneng Holdings for a purchase consideration of RM55,122,600 to be satisfied by an issue of 47,484,815 new shares in Baneng Holdings at an issue price of RM1.16 per share.
- (c) A Sale and Purchase Agreement dated 11 May 2001 between Baneng Holdings and Lim Choon Hiok and Lim Meng Hong for the acquisition of the entire issued and paid-up share capital of Chenille comprising 30,000 ordinary shares of S\$1.00 each by Baneng Holdings for a purchase consideration of RM496,319 to be satisfied by an issue of 427,549 new shares in Baneng Holdings at an issue price of RM1.16 per share.

12. ADDITIONAL INFORMATION (Cont'd)

- (d) A Sale and Purchase Agreement dated 11 May 2001 between Baneng Holdings and Lim Choon Hiok for the acquisition of the 55% equity interest of Seri Pertamas comprising 1,100,000 ordinary shares of B\$1.00 each by Baneng Holdings for a purchase consideration of RM3,584,270 to be satisfied by an issue of 3,087,634 new shares in Baneng Holdings at an issue price of RM1.16 per share.
- (e) An Underwriting Agreement dated 25 January 2002 between Baneng Holdings and the Underwriters, MIMB, Kestrel Securities Sdn Bhd and MIDF Sisma Securities Sdn Bhd for the underwriting of 9,000,000 shares for an underwriting commission of 2.0% of the issue price of RM2.10 per share.

12.9 MATERIAL LITIGATIONS

Neither the Company nor its subsidiary companies are engaged in any litigation either as plaintiff or defendant and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company or its subsidiary companies.

12.10 MATERIAL AGREEMENTS

Save as disclosed below, there are no other subsisting material agreements entered into by the Company and its subsidiary companies preceding the date of this Prospectus:-

1. A hire purchase agreement dated 10 June 1999 between Maxlin and Hong Leong Finance Berhad for RM1,316,757.62 for the purchase of one (1) unit of cutter machine.
2. A hire purchase agreement dated 20 August 1999 between Baneng and Sogelease Advance (M) Sdn Bhd for RM4,724,000.00 for the purchase of twenty five (25) units of knitting machines.
3. A hire purchase agreement dated 30 September 1999 between Baneng and Arab Malaysian Finance Berhad for RM1,000,000.00 for the purchase of one (1) unit of dyeing machine.
4. A hire purchase agreement dated 1 December 1999 between Baneng and RHB Leasing Sdn Bhd for RM1,352,316.00 for the purchase of one (1) unit of compactor machine.
5. A hire purchase agreement dated 27 January 2000 between Baneng and Amanah International Finance Sdn Bhd for RM2,714,400.00 for the purchase of fifteen (15) units of knitting machines.
6. A hire purchase agreement dated 21 February 2000 between Baneng and UMF Bhd for RM1,300,000.00 for the purchase of one (1) unit of dyeing machine.
7. A hire purchase agreement dated 21 February 2000 between Baneng and UMF Bhd for RM1,300,000.00 for the purchase of one (1) unit of dyeing machine.

12. ADDITIONAL INFORMATION (Cont'd)

8. A hire purchase agreement dated 17 January 2000 between Maxlin and RHB Leasing Sdn Bhd for RM3,984,000.00 for the purchase of ten (10) sets of embroidery machines.
9. A hire purchase agreement dated 28 March 2000 between Baneng and Amanah International Finance Sdn Bhd for RM2,285,600.00 for the purchase of thirteen (13) units of knitting machines.
10. A hire purchase agreement dated 10 May 2000 between Baneng and Showa Credit (M) Sdn Bhd for RM1,366,240.00 for the purchase of three (3) sets of inspection/one (1) set of brushing and one (1) set of packing machines.
11. A hire purchase agreement dated 22 May 2000 between Baneng and Arab Malaysian Finance Berhad for RM5,193,000.00 for the purchase of twenty-five (25) units of knitting machines.
12. A hire purchase agreement dated 16 June 2000 between Baneng and RHB Leasing Sdn Bhd for RM2,936,640.00 for the purchase of four (4) units of dyeing machines.
13. A hire purchase agreement dated 15 August 2000 between Baneng and Amanah International Finance Sdn Bhd for RM3,497,600.00 for the purchase of four (4) units of dyeing machines.
14. A tenancy agreement dated 18 December 2001 between Bayvest Sdn Bhd (the Landlord) and Maxlin (the Tenant) for the renewal of tenancy of 12 units of double storey shophouses (ground and first floor) located at PTD 1882 to 1893, Jalan Jemaluang, Mersing, Johor for a monthly rental of RM12,000 for a period of 36 months commencing 1 December 2001 and ending 30 November 2004.
15. A tenancy agreement dated 18 December 2001 between Kang Hai Realty Sdn Bhd (the Landlord) and Maxlin (the Tenant) for the renewal of tenancy of 4 units of double storey shophouses located at 13 to 16, Jalan Haji Abdullah, Taman Marin, Muar for a monthly rental of RM4,000 for a period of 36 months commencing 1 December 2001 and ending 30 November 2004.
16. A tenancy agreement dated 18 December 2001 between Kang Hai Holding Sdn Bhd (the Landlord) and Maxlin (the Tenant) for the renewal of tenancy of 4 units of double storey shophouses located at 117 to 120, Taman Desa Besar, Bukit Gambir, Muar for a monthly rental of RM3,200 for a period of 36 months commencing 1 December 2001 and ending 30 November 2004.

12. ADDITIONAL INFORMATION (Cont'd)

12.11 PUBLIC TAKE-OVERS

None of the following has occurred in the last financial year and during the current financial year up to 18 January 2002, being the latest practicable date prior to the printing of this Prospectus:-

- (a) public take-over offers by third parties in respect of the Company's ordinary shares; or
- (b) public take-over offers by the Company in respect of other companies' ordinary shares.

12.12 RESPONSIBILITY STATEMENTS

1. MIMB 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 the Baneng Holdings Group, and has satisfied itself that the consolidated profit estimate and forecast for the years ended/ending 31 December 2001 and 31 December 2002 (for which the Directors are solely responsible) have been stated by the Directors of the Company after due and careful enquiry.
2. This Prospectus has been seen and approved by the Directors of Baneng Holdings, and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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13. CONSENTS

13.1 CONSENTS

1. The written consents of the Adviser and Managing Underwriter, Company Secretaries, Underwriters, Principal Bankers, Solicitors for the Company, Solicitors for the Due Diligence Exercise, Share Registrars, the Issuing House and the valuer to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
2. The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and letters relating to the consolidated profit estimate and forecast for the years ended/ending 31 December 2001 and 2002 and proforma consolidated balance sheets as at 31 July 2001 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

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14. DOCUMENTS

14.1 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company during normal business hours for a period of not less than 12 months from the date of this Prospectus:-

- (a) Memorandum and Articles of Association of the Company and its subsidiary companies;
- (b) The Reporting Accountants' Letters relating to the consolidated profit estimate and forecast for the years ended/ending 31 December 2001 and 2002 and proforma consolidated balance sheets as at 31 July 2001 included in Sections 8.8 and 8.12 respectively of this Prospectus;
- (c) The Accountants' Report and Directors' Report in Sections 9.0 and 11.0 respectively of this Prospectus;
- (d) The audited accounts of Baneng for the 5 financial years ended 31 December 1996 to 2000 and the 7-month period ended 31 July 2001;
- (e) The audited accounts of Maxlin for the 5 financial years ended 31 December 1996 to 2000 and the 7-month period ended 31 July 2001;
- (f) The audited accounts of BTSB for the 5 financial years ended 31 December 1996 to 2000 and the 7-month period ended 31 July 2001;
- (g) The audited accounts of Chenille for the 5 financial years ended 31 December 1996 to 2000 and the 7-month period ended 31 July 2001;
- (h) The audited accounts of Seri Pertamas for the 5 financial years ended 31 December 1996 to 2000 and the 7-month period ended 31 July 2001;
- (i) The material contracts referred to in Section 12.8 of this Prospectus;
- (j) The material agreements referred to in Section 12.10 of this Prospectus;
- (k) The valuation reports and valuation certificate referred to in Section 10 of this Prospectus; and
- (l) The letters of consent referred to in Section 13.1 of this Prospectus.