

#### 4. INFORMATION ON MEDA INC. GROUP

##### 4.1 Incorporation

Meda Inc. was incorporated in Malaysia on 11 March 2000 as a private limited company under the Companies Act, 1965 under the name of Court View Sdn Bhd. It changed its name to Meda Inc. Sdn Bhd on 20 June 2000 and was converted into a public company on 12 July 2000. It was incorporated for the purpose of implementing the listing exercise.

The subsidiary companies of Meda Inc. are as follow:-

Name	Date and Place of Incorporation	Issued and Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
Meda	20.9.1993 Malaysia	16,375,000	100	Property development, property management and investment and operation of a hotel
ZKP	16.8.1994 Malaysia	8,750,000	100	Property development, property management and investment and operation of a hotel
Sri Lingga	30.11.1974 Malaysia	10,000,000	* 90	Cultivation of oil palm (Land to be converted for property development)
Litaran Bayu	3.9.1992 Malaysia	500,000	100	Investment holding
Genting Unggul	26.7.1995 Malaysia	250,000	60	Property development
Bernam	27.12.1993 Malaysia	1,000,000	100	Property development
Nandex	31.7.1991 Malaysia	250,000	100	Property development
Everlasting	29.7.1991 Malaysia	100	100	Property development
Impressive	12.7.1991 Malaysia	100	100	Property development

\* Will be increased to 100% upon completion of the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO and assuming full acceptances arising therefrom.

##### 4.2 Share Capital and Changes in Share Capital

The present authorised and issued and the paid-up share capital of Meda Inc. are RM250,000,000 and RM174,014,000 respectively comprising 500,000,000 and 348,028,000 Shares.

The changes in the issued and paid-up share capital of Meda Inc. 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)
11.3.2000	2	1.00	Subscribers' shares	2
7.7.2000	299,998	1.00	Cash	300,000
28.12.2001	300,000	0.50	2 for 1 share split	300,000
28.12.2001	347,428,000	0.50	* Acquisitions	174,014,000

\* Excluding the additional 7,058,824 Shares which may be issued for the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO

#### 4. INFORMATION ON MEDA INC. GROUP ..... cont'd

##### 4.3 Restructuring and Listing Scheme

The listing of Meda Inc. was approved by the SC vide its letters dated 14 December 2001, 29 November 2001, 5 October 2001, 12 July 2001 and 30 April 2001; the MITI vide its letters dated 6 December 2001, 16 July 2001, 5 July 2001 and 21 September 2000; and the FIC vide its letters dated 6 December 2001, 16 July 2001 and 9 September 2000. In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Meda Inc. on the Main Board of the KLSE, the Company undertook a restructuring scheme which involved the following:-

(i) Incorporation of Revaluation Surplus

Meda and ZKP have undertaken a revaluation of its investment properties. Accordingly, a revaluation surplus amounting to RM70,742,000 and RM13,606,000 was incorporated into the accounts of Meda and ZKP respectively prior to Meda Inc. acquiring the entire equity interest in Meda and ZKP as part of its listing exercise.

(ii) Acquisition of Meda

On 28 December 2001, Meda Inc. completed the acquisition of the entire issued and paid-up share capital of Meda comprising 16,375,000 ordinary shares of RM1.00 each at a discount to its revalued NTA value based on its audited accounts as at 31 December 1999 of RM162,722,000. The purchase consideration of RM160 million was satisfied by an issuance of 188,234,050 new Shares in Meda Inc, credited as fully paid at an issue price of approximately RM0.85 per Share to the following vendors of Meda:-

Shareholders	No. of Shares in Meda Inc. allotted	%
Teoh Seng Foo	32,752,724	17.40
Teoh Seng Aun	66,258,388	35.20
Teoh Seng Kian	32,752,724	17.40
Gen (B) Tan Sri Dato' Mohd Ghazali Bin Haji Che Mat	40,376,922	21.45
Abd. Shukor Bin Ismail @ Syukry bin Esmael	10,345,688	5.50
Mohd Nor Bin Ibrahim	5,747,604	3.05
<b>TOTAL</b>	<b>188,234,050</b>	<b>100.00</b>

(iii) Acquisition of ZKP

On 28 December 2001, Meda Inc. completed the acquisition of the entire issued and paid-up share capital of ZKP comprising 8,750,000 ordinary shares of RM1.00 each at a discount to its revalued NTA value based on its audited accounts as at 31 December 1999 of RM49,388,000. The purchase consideration of RM47 million was satisfied by an issuance of 55,293,752 new Shares in Meda Inc, credited as fully paid at an issue price of approximately RM0.85 per Share to Meda Bina Sdn Bhd, the vendor of ZKP.

**4. INFORMATION ON MEDA INC. GROUP..... cont'd****(iv) Acquisition of Litaran Bayu**

On 28 December 2001, Meda Inc. completed the acquisition of the entire issued and paid-up share capital of Litaran Bayu comprising 500,000 ordinary shares of RM1.00 each at a discount to its revalued NTA value based on its audited accounts as at 31 December 1999 of RM23,043,000. The purchase consideration of RM20 million was satisfied by an issuance of 23,529,256 new Shares in Meda Inc, credited as fully paid at an issue price of approximately RM0.85 per Share to the following vendors of Litaran Bayu:-

Shareholders	No. of Shares in Meda Inc. allotted	%
Tan Sri Dato' Haji Mohd Ramli bin Kushairi	2,823,510	12.00
Dato' Ahmad Khairummuzammil bin Mohd Yusoff	1,647,048	7.00
Dato' Ir Azizuddin bin Meor Hamzah	1,117,640	4.75
Eti Razman Bin Mohd Ismail	2,352,926	10.00
Tuan Haji Burhanuddin bin Ahmad Tajudin	1,117,640	4.75
Meor Redwan bin Mahayudin	1,176,462	5.00
Kee Shih-Lene	2,352,926	10.00
Dato' Mah Siew Kwok	1,588,224	6.75
Yong Choo Kong	1,647,048	7.00
Amir Hamzah bin Mat Nor	1,294,110	5.50
Kamariyah binti Hamdan	1,235,286	5.25
Mohd Azrul bin Adnan	588,232	2.50
Mustapha bin Mohamed	2,352,926	10.00
Mohd Nor bin Yin	1,176,462	5.00
Kong Foo Keong	1,058,816	4.50
<b>TOTAL</b>	<b>23,529,256</b>	<b>100.00</b>

**(v) Acquisition of Sri Lingga**

On 28 December 2001, Meda Inc. completed the acquisition of 90% of the issued and paid-up share capital of Sri Lingga comprising 9,000,000 ordinary shares of RM1.00 each at a premium to its 90% revalued NTA value based on its audited accounts as at 31 July 2000 of RM53,981,000. The purchase consideration of RM54.0 million was satisfied by an issuance of 63,528,992 new Shares, credited as fully paid at an issue price of approximately RM0.85 per Share to Sawitani Sdn Bhd, the vendor of Sri Lingga.

**(vi) Acquisition of Genting Unggul**

On 28 December 2001, Meda Inc. completed the acquisition of 60% of the issued and paid-up share capital of Genting Unggul comprising 150,000 ordinary shares of RM1.00 each at its 60% revalued NTA value based on its audited accounts as at 31 March 2000 of RM4,316,000. The purchase consideration of RM4.316 million was satisfied by an issuance of 5,077,322 new Shares in Meda Inc, credited as fully paid at an issue price of approximately RM0.85 per Share to KEB, the vendor of Genting Unggul.

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**(vii) Acquisition of Bernam**

On 28 December 2001, Meda Inc. completed the acquisition of 30% of the issued and paid-up share capital of Bernam comprising 300,000 ordinary shares of RM1.00 each at a discount to its 30% revalued NTA value based on its audited accounts as at 31 December 1999 of RM9,883,000. The purchase consideration of RM8.5 million was satisfied by an issuance of 9,999,934 new Shares in Meda Inc, credited as fully paid at an issue price of approximately RM0.85 per Share to Perak Industrial Resources Sdn Bhd, the vendor of Bernam.

**(viii) Acquisition of Nandex, Everlasting and Impressive**

On 28 December 2001, Meda Inc. completed the acquisition of the entire issued and paid-up share capital of Nandex, Everlasting and Impressive each comprising 100 ordinary shares of RM1.00 each at a discount to its revalued NTA value based on its audited accounts as at 31 July 2000 of RM2,200,000. The purchase consideration of RM1.5 million was satisfied by an issuance of 1,764,694 new Shares in Meda Inc, credited as fully paid at an issue price of approximately RM0.85 per Share to KEB, the vendor of Nandex, Everlasting and Impressive.

**(ix) Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO**

As a result of the Acquisition of Sri Lingga, Meda Inc. shall subsequently be required to acquire the remaining shares of Sri Lingga comprising 1,000,000 ordinary shares of RM1.00 each (representing 10% of its issued and paid-up share capital) not already owned by it pursuant to the Malaysian Code of Takeovers and Mergers 1998. The acquisition of the remaining 1,000,000 ordinary shares of RM1.00 each in Sri Lingga shall be satisfied either entirely by cash of RM6.0 million or the issuance of up to 7,058,824 new Shares in Meda Inc. (to be listed on the Main Board of the KLSE as part of the Listing Scheme) as approved by the SC vide its letter dated 14 December 2001. As at 18 January 2002, the offer letter to the remaining shareholders of Sri Lingga pursuant to the MGO is pending issuance.

**(x) Initial Public Offering**

The final stage in the Restructuring and Listing Scheme involves an issuance of 73,520,000 new Shares in Meda Inc. at an issue price of RM0.80 per Share pursuant to the Public Issue.

Correspondingly, the Offeror is offering 20,420,000 Shares in Meda Inc. representing 4.76% of the entire enlarged share capital at an offer price of RM0.80 per Share in order to meet the minimum Bumiputra and public spread requirements.

The total of 93,940,000 Shares pursuant to the Public Issue and Offer for Sale will be allocated to the following parties:-

***Public Issue Shares*****(i) Pink Form Allocations to Eligible Employees and Business Associates of the Meda Inc. Group**

4,580,000 Public Issue Shares have been reserved for the eligible employees and business associates of the Meda Inc. Group;

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(ii) Allocation to Minority Shareholders of KEB

40,000,000 Public Issue Shares have been reserved for the minority shareholders of KEB (*the basis of allocation is set out in Section 2.3.3 of this Prospectus*). Substantial shareholders of KEB i.e. shareholders holding 5% or more equity interest in KEB will not be entitled to the allocation as set out in this paragraph;

(iii) Allocation via Balloting to the Malaysian Public

8,940,000 Public Issue Shares will be made available for application by Malaysian Persons, to be allocated via ballot, of which at least 30% is to be set aside for Bumiputra individuals, companies, societies, co-operatives and institutions; and

(iv) Placement by the Placement Agent

20,000,000 Public Issue Shares will be placed with business associates of the Meda Inc. Group and/or private investor(s) by the Placement Agent.

***Offer Shares***

(i) 20,000,000 Offer Shares have been reserved for Bumiputera investors approved by MITI; and

(ii) 420,000 Offer Shares have been reserved for the eligible Directors of the Meda Inc. Group.

All new Shares issued pursuant to the IPO will rank *pari passu* in all aspects with the existing Shares of Meda Inc. including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the IPO Shares.

(xi) Listing

The Company will make an application to the KLSE for the admission of Meda Inc. to the Official List and for the listing of and quotation for the enlarged issued and fully paid-up share capital of up to 428,606,824 Shares in Meda Inc. on the Main Board of the KLSE.

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

##### 4.4 Business Overview

###### (i) Introduction

Meda Inc. Group's main business focus is property development, holding of investment properties and property and hotel management in various parts of Peninsular Malaysia. Since commencing business in 1993, the Meda Inc. Group's main development concept has been based on the integrated three-in-one (3 in 1) concept consisting of a shopping complex, office tower and a hotel. The group's other businesses are the development of medium to low cost properties and small scale industrial factories throughout the country. The Meda Inc. Group has an established reputation as a reliable property developer and managers, particularly of commercial complexes.

The Meda Inc. Group is controlled by the Teoh Brothers. The Teoh Brothers are the substantial shareholders of Meda Inc. whilst Teoh Seng Foo and Teoh Seng Kian are also Directors of Meda Inc. Their experience in property development and management dates back to 1985. Their commitment and dedication have been the driving force behind the growth of Meda Inc. Group over the past years.

Teoh Seng Kian and Teoh Seng Aun are in charge of the day-to-day operations and management of the Meda Inc. Group. They take a practical and hands-on approach towards the running of Group's business as they are well-versed with Meda Inc.'s operations.

The Meda Inc. Group presently has a total land bank measuring approximately 1,800 acres located throughout strategic locations in Kuala Lumpur, Perak, Melaka and Johor for development.

###### (ii) Principal Products and Property Development

The Meda Inc. Group focuses mainly on property development and holding of investment properties and property and hotel management around Peninsular Malaysia. A summary of their completed, ongoing and proposed projects is set out below:-

###### Completed projects

Name of company	Name and Location	Details of project/property	Status of completion
Meda	The Summit, Subang USJ, Selangor	Shopping complex, office tower and hotel	Shopping complex and office tower was completed in November 1998 and May 1999 respectively whilst the hotel was operational in September 1999
ZKP	The Summit Bukit Mertajam Plaza and the Permatang Rawa Project, Bukit Mertajam, Penang	<u>The Summit Bukit Mertajam Plaza</u> Shopping complex, office tower, hotel and transportation terminal  <u>The Permatang Rawa Project</u> Commercial development	<u>The Summit Bukit Mertajam Plaza</u> Shopping complex and transportation terminal were completed in November 1997 whilst the hotel and office tower were operational in November 2000  <u>The Permatang Rawa Project</u> Completed in March 2000

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*Ongoing and proposed projects*

Name of company	Name and Location	Details of project/property	Status of completion
Bernam	Bernam Industrial Park, Perak	Mixed light industrial, residential and commercial development	Partial completion of Phase 1. Construction on Phase 1B/E is expected to begin in 2 <sup>nd</sup> quarter of 2002 and construction on Phases 2 and 3 are expected to begin in the 3 <sup>rd</sup> quarter of 2002 and after 2003 respectively
Sri Lingga	Natural Heritage Country Resort, Malacca	Retreat/resort living	Launching targeted in the 1 <sup>st</sup> quarter of 2002
Genting Unggul	Desa Larkin, Johor	Medium to low cost residential units and commercial buildings	Commenced site clearing works in August 2001 ( <i>this project was officially launched on 12 August 2001</i> )
Nandex, Everlasting and Impressive	Semantan Avenue, Kuala Lumpur	Integrated office and retail buildings	Launching targeted in the first quarter of 2002

Meda and ZKP are two of the major players in the country specialising in the three-in-one (*shopping complex, office tower and hotel*) concept. This concept provides synergistic benefits to each of the components of their development in the following ways:-

- (a) The shopping complex provides convenient shopping and entertainment facilities for the people working in the office tower, while the hotel provides accommodation for business travellers and business entertainment facilities;
- (b) The shopping complex also provides convenient shopping and entertainment facilities for guests staying at hotel; and
- (c) Conversely, the office tower and the hotel contribute to the business of the complex.

The Summit Subang USJ and The Summit Bukit Mertajam Plaza are the two(2) such developments by the Meda Inc. Group and the management believes that the integrated concept has proven to be successful. The Group has also retained a net area of approximately 990,211 sq. ft. of office space and shopping complex in these two centres in order to ensure a steady stream of income.

The Group's other businesses are the development of medium to low cost properties and small scale industrial factories throughout the country. It also has experience in development privatisation projects in the states of Perak, Penang and Johor.

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

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**(iii) The Summit Subang USJ**

Meda is the registered proprietor and developer of the development known as "The Summit Subang USJ". The Summit Subang USJ is located within the housing estate of USJ/Subang Jaya, approximately 16 km south-west of Kuala Lumpur city centre, and near the intersection of Shah Alam Expressway and Persiaran Kewajipan. The Summit Subang USJ consists of a 6-storey shopping complex, a 13-storey office tower and a 18-storey hotel building (*inclusive of the lobby*) with a total gross built-up area of 1,562,918 sq. ft. As at 18 January 2002, 86% of the net commercial area of the Complex which was intended for sale has been sold, while approximately 81% of the net commercial area which is retained for rental purposes has been rented out. The Summit Subang USJ's office tower is called Menara Summit. As at 18 January 2002, all of the office space in Menara Summit which was intended for sale has been sold, while approximately 87% of the office space which is retained for rental purposes has been rented out. The hotel, at The Summit Subang USJ is known as "The Summit Hotel" which is a 333-room 4-star hotel commenced business in September 1999 with its soft opening. The current average occupancy rate of the hotel is approximately 70%.

**(iv) Bukit Mertajam Projects**

ZKP is the developer of two(2) projects in Bukit Mertajam known as "The Summit Bukit Mertajam Plaza" and the Permatang Rawa project ("**PR Project**") pursuant to a development agreement dated 31 December 1994 entered into between UDA Holdings Berhad ("**UDA**") and Zeus Development-Kumpulan Pinang JV Sdn Bhd ("**Zeus**"). The said agreement was subsequently novated to ZKP with ZKP performing the obligations of Zeus pursuant to a Novation Agreement dated 30 January 1995.

UDA is the registered proprietor of approximately 4.6 acres of freehold land in Bandar Bukit Mertajam, Pulau Pinang and the land measuring approximately 11.59 acres in Seberang Perai Tengah, Permatang Rawa.

The Summit Bukit Mertajam Plaza is strategically located at the heart of a growing town and situated next to one of the busiest intersection of Bukit Mertajam town. The Summit Bukit Mertajam Plaza consists of a 5-storey shopping complex, a 9-storey office tower and a 10-storey hotel building (*inclusive of the lobby*) with a total gross built-up area of 892,342 sq. ft. The Summit Bukit Mertajam Plaza's shopping complex commenced business in November 1997. As at 18 January 2002, 95% of the net commercial area of The Summit Bukit Mertajam Plaza's shopping complex which was intended for sale has been sold, while approximately 93% of the net commercial area which is retained for rental purposes has been rented out. Approximately RM4.0 million of rental income is generated per annum.

The Summit Bukit Mertajam Plaza's office tower has been completed in November 2000. All the office space is to be retained for rental purposes. The Summit Bukit Mertajam Plaza's hotel is called "The Summit Hotel Bukit Mertajam" and managed by Bara Muhibbah Sdn Bhd. The Summit Hotel Bukit Mertajam is a 189-room 3-star hotel. The current average occupancy rate of the hotel is approximately 40%.

The Summit Bukit Mertajam Plaza also has a large transport terminal for buses, coaches and taxis annexed to its rear entrance. The terminal was in operation since April 1998. The terminal provides constant flow of visitors to The Summit Bukit Mertajam Plaza.



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The PR Project is a commercial development consisting of 3-storey shophouses and includes recreational place (club house, football field and a 8-lane running tracks) and an educational centre for handicapped children. It is located on approximately 11.6 acres of freehold land in Permatang Rawa, Bukit Mertajam. It is approximately 3 km to Bukit Mertajam Town Centre, a 15 minutes drive to Butterworth and 30 minutes drive to Penang Island. The PR Project was completed in March 2000 with 48 units of the shophouses sold, 11 units to be handed over to UDA and remaining balance for future sales. The shophouses have been sold at an average sale price of between RM400,000 - RM500,000 per unit.

(v) Bernam Industrial Park

Bernam is the developer of the development known as "Bernam Industrial Park". It comprises a 171.65 hectares (424.19 acres) of leasehold land located approximately 3 km to the north-east of Tanjong Malim town centre and about 30 km to the south-east of Slim River town respectively. Bernam Industrial Park is divided into 3 main phases. As at 18 January 2002, Phase 1 has todate generated sales revenue of approximately RM74 million for the Group.

Bernam Industrial Park lies strategically within the proposed new inter-state growth centre of Bernam Valley. Bernam Valley is undergoing a major development as part of the Perak and Selangor inter-state development zone in which a number of development projects in Bernam Valley have been initiated by both the Federal and State Governments in collaboration with the private sector.

The strategy of promoting inter-state development by the Government has already yielded some notable progress. The Government has recently approved the setting up of the main campus for Universiti Pendidikan Sultan Idris and the revival of Proton's new manufacturing facility within the 4,000 acres of the Proton City Development area. The new campus will be situated on an 800-acre parcel of land adjoining Bernam Industrial Park.

Bernam has completed almost all of its Phase 1 commercial and industrial development projects covering an area of 127.39 acres. In positioning itself to reap the potential benefits from the current development and expected demand for property in the vicinity, Bernam is targeting to launch Phases 2 and 3 comprising various types of residential housing schemes in year 2002 and 2003 respectively. Phases 2 and 3 will cover an aggregate development land area totaling 282.34 acres.

(vi) Semantan Avenue

The "Semantan Avenue" which is situated along Jalan Semantan, Damansara Heights, Kuala Lumpur is to be developed jointly by three(3) companies, Everlasting, Impressive and Nandex. The three companies will jointly develop two blocks of office buildings with 1 level of retail space. These proposed office buildings are strategically located on prime commercial leasehold land measuring approximately 97,887 sq. ft. along the prestigious Jalan Semantan at the fringe of Kuala Lumpur's Central Business District. It is approximately 5 km to Kuala Lumpur city centre and approximately about 7 km away from Petaling Jaya. The Semantan project is situated at the heart of the two vibrant suburbs of Damansara Heights and Bangsar.

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The office buildings will consist of two blocks of 5-storey office space with one level of retail space and a food court in one of the office blocks. It is projected that the total development cost for the whole project will be approximately RM86 million and the project is expected to generate gross development value of approximately RM114 million. The proposed launching date for the project is expected to be in the first quarter of 2002 and to be completed within three years upon commencement of works.

In view of the strategic location which Semantan Avenue is situated, the office will be marketed as a prestigious corporate address and the current market strategy is to attract public listed companies, multinationals and large corporations to utilize the location as their business residence.

(vii) Desa Larkin

Genting Unggul is the developer of a proposed mixed development known as "Desa Larkin", which comprises low and medium cost flats, apartments as well as commercial units. This project is to be erected on eight parcels of leasehold land in Larkin, Johor Bahru, measuring approximately 61.83 acres. This development project is strategically located at Larkin which is approximately 2 km from the Johor Bahru city centre. It is linked to the Tebrau Highway which provides easy access to all parts of Johor Bahru. It is also approximately 6 km away from the Tebrau causeway which many Malaysians who work in Singapore use to commute on a daily basis.

Desa Larkin project is in conjunction with a privatisation programme undertaken by Kumpulan Prasarana Rakyat Johor Sdn. Bhd ("KPRJ"), a wholly-owned company of the Johor State Government. KPRJ has been entrusted with the responsibility of implementing a special housing programme known as Program Khas Perumahan Pendapatan Rendah located at Larkin, Johor Bahru in order to provide more affordable housing in the area. KPRJ is the registered proprietor of the leasehold land on which "Desa Larkin" is situated, with a duration of 99 years expiring on 25 May, 2099.

It is projected that the total development cost and gross development value for the whole project will be approximately RM358 million and approximately RM488 million respectively. The project works have commenced in August 2001 and is expected to be completed within four(4) years upon commencement of each phase. To date, approximately 140 units out of 352 units of the medium-cost apartments have been sold.

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**(viii) Natural Heritage Country Resort**

The present principal activity of Sri Lingga is cultivation of oil palm. Sri Lingga is the registered proprietor of four contiguous agricultural lots of approximately 1,337.98 acres.

Sri Lingga plans to venture into property development activities in the area of resort-living and accordingly, intends to cease the cultivation of oil palm progressively based on the phases of development. The land bank is strategically located within the "tourism and resort" belt of Port Dickson and situated approximately 29 kilometres away from Linggi town. It is also located approximately 33 kilometres to the Port Dickson Town Centre. However, the most advantageous feature of the land bank's location is its proximity to Sungai Linggi which lies approximately 1 kilometre to the north west of the land bank. Sungai Linggi is reputed to be a natural and well-preserved river in Malaysia which flows out to the Straits of Malacca. The land bank has also a direct access to the Straits of Malacca which is 1 kilometre from the land bank in the south westerly direction. Arising from the strategic location of the land bank which is surrounded by an environment rich in natural resources, the management therefore can foresee the potential in developing a proposed retreat/resort development project portraying the "Riverine Living Concept". Presently, the project is named the "Natural Heritage Country Resort".

The Natural Heritage Country Resort is expected to be launched in the first quarter of year 2002. It is projected that the total development cost for the whole project will be approximately RM392 million and the project is anticipated to generate a gross development value of approximately RM504 million.

**(ix) Marketing Plans and Strategies**

In order to remain competitive, the Group endeavours to develop new and innovative promotional tools together with an aggressive marketing strategy to generate and lock-in sales. This approach and strategy is constantly reviewed and updated in response to the fluctuations in the economic conditions and changes in market demands.

Meda Inc. employs various marketing strategies and tools prior to the launch of its projects. Most of the sales are promoted through the media advertisements such as leading newspapers and radio advertisements. The Group also actively practices direct mailing to potential buyers as well as distribution of flyers within the vicinity of the project.

By participating in various home ownership programs, the Group believes in informing and creating awareness among potential purchasers of its products and brand name. Feasibility and evaluation studies are usually conducted prior to the participation of these programs. This enables the Group to execute different marketing strategies and tools, which are specifically designed, to target and capture the different segments of the market.

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As at 18 January 2002, the Group employs a total of 600 employees. The Promoters/Directors and management of the Group is of the opinion that its employees are dedicated and instrumental to its success. The Directors of the Group enjoys a good working relationship with the employees. The employees do not belong to any organised union.

The Group's employees are generally segregated into five (5) categories as follows:-

Category of Employee	Total number	Average no. of years of service (year)
Directors	21	4
Managerial and Professional (includes 2 Directors)	43	5
Project managers/ senior executives/ executives	82	3
Clerical sales and related occupations (eg. clerks, typist, stenographers, personal secretaries, etc.)	181	5
General workers (eg. Telephone operators, drivers, office boys, watchmen, gardener, etc.)	273	3
<b>TOTAL</b>	<b>600</b>	

Employees of the Meda Inc. Group attend various training and development courses throughout the year. The training and development programmes are structured according to the different departments within the Group (namely the Human Resources Department, Project Department, Accounts & Finance Department, and the Hotel Division) to keep them current on the latest developments within the respective industry.

The programmes undertaken by the various departments include, inter-alia, the following topics:-

Human Resources Department

- Computer Usage Skill;
- Managing Leadership skills for Support Staff;
- Managing Leadership skills for Project Staff; and
- The Law of Retrenchment & Reorganisation of Human Resources in Malaysia.

Project Department

- Institute of Engineers Malaysia ("IEM") Training – Presenting Financial Proposals to Banks;
- Seminar on Corporate Governance;
- Construction Industry Development Board ("CIDB") Green Card Programme;
- Teamwork Conference;
- Management Skill for Executive;
- Seminar CIDB Programme (Excel);
- Building & Construction; and
- Malaysian International Building Exposition.

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Accounts and Finance Department

- Presentation on Corporate Governance, Risk Management and Revamped Listing Requirements and Insider Trading;
- Seminar on Public Listing in a Disclosure-Based Regime;
- Seminar on overall Corporate and Financial Reporting in Malaysia;
- Seminar on Property, Plant and Equipment, Investment Property and Impairment of Assets;
- Seminar on Accounting for Construction Contracts, Property Development Activities and Inventories;
- One day course on avoiding cheque frauds;
- Seminar on structuring of Real Estate Finance;
- Seminar on Statutory Regulatory and Accounting Standards on Related Parties; and
- Seminar on Interim Reporting.

Hotel Division

- Customer service excellence;
- Effective customer service skills;
- Basic essential telephone skills;
- Positive impression;
- Courtesy and customer service;
- Essential training in guest employee relations;
- Handling difficult and irate customers;
- Occupational, Safety & Health Act (OSHA);
- Developing basic selling skills;
- Effective communication skills for supervisors in Hotel industry;
- Guest service;
- Fundamental practices in food and beverages management and operations;
- Basic front desk skills;
- English;
- Effective security and loss prevention in hotels;
- Orientation;
- Restaurant Management skills; and
- Supervisor meeting.

The Group believes that continuous training is essential for the career advancement of its dedicated employees.

(xi) Interruption/Disruption in Business

The Group did not experience any disruption in business having a significant effect on its operations for the past twelve(12) months prior to the date of this Prospectus.

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**


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**4.5 Subsidiary Companies****MEDA****(i) History and Business Overview**

Meda was incorporated in Malaysia under the Companies Act, 1965, on 20 September 1993 as a private limited company under the name Simephoenix Development Sdn Bhd. On 21 April 1994, it changed its name to Meda Development Sdn. Bhd. Meda is engaged in property development, property management and investment and operation of a hotel.

Currently, Meda is the registered proprietor and developer of the development known as The Summit, Subang USJ. The Summit, Subang USJ comprises a shopping complex, an office tower and a hotel building. It is located on approximately 379,637 sq. ft. of freehold land in Daerah Petaling, Selangor. It bears an address of Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor.

Meda does not have any subsidiary or associate company.

**(ii) Share Capital**

The present authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each of which RM16,375,000 comprising 16,375,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Total issued and paid-up share capital (RM)</b>
20.9.1993	2	1.00	Subscribers' shares	2
30.7.1994	999,998	1.00	Cash	1,000,000
13.2.1995	1,000,000	1.00	Cash	2,000,000
30.11.1995	9,362,500	1.00	Rights Issue	11,362,500
23.12.1995	4,012,500	1.00	Rights Issue	15,375,000
20.12.1996	350,000	1.00	Rights Issue	15,725,000
27.12.1996	650,000	1.00	Rights Issue	16,375,000

**4. INFORMATION ON MEDA INC. GROUP..... cont'd****(iii) Profit and Dividend**

A summary of the audited accounts of Meda for the past five(5) financial years ended 31 December 2000 and for the seven(7)-month period up to 31 July 2001 are as follows:-

	Financial Year Ended 31 December					7-month period to 31 July 2001 RM'000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	36,815	39,464	27,760	39,543	52,629	41,792
PBT	26,580	27,436	15,018	13,940	27,821	15,504
Taxation	(8,144)	(7,706)	(4,598)	-	(7,790)	(4,341)
PAT	18,436	19,730	10,420	13,940	20,031	11,163
Weighted average no. of ordinary shares in issue ('000)	7,573	16,375	16,375	16,375	16,375	16,375
Gross EPS (RM)	3.51	1.68	0.92	0.85	1.70	0.95
Net EPS (RM)	2.43	1.20	0.64	0.85	1.22	0.68
Gross dividend rate (%)	-	-	-	-	-	-

**Notes:-**

(a) Meda's results are prepared after incorporating the adjustments which the Reporting Accountants considered necessary. These adjustments are summarised as follows:-

- (i) Adjustment to conform with the formula of calculating percentage of completion based on the cost method, and the tax effect thereon
- (ii) Adjustment to write off deferred expenses in the year of incurrence
- (iii) Adjustment for overprovision of tax to the respective years.

(b) Commentary on performance :-

1. For the financial year ended 31 December 1997, Meda recorded an increased in turnover of 7.2% from RM36.8 million to RM39.5 million. The increase was mainly contributed by the progress of the development works of The Summit Subang USJ. In line with the increase in turnover, profit before taxation also increase by 3.2% from RM26.6 million to RM27.4 million.
2. For the financial year ended 31 December 1998, the turnover of Meda comprised revenue from property development and rental income. Meda had commenced its property letting operations only in November 1998. Meda experienced a decrease in turnover of 29.7% from RM39.5 million to RM27.8 million. The decrease in turnover was mainly due to the slower progress of the development works during the year for The Summit Subang USJ. Accordingly the profit before taxation also reduced from RM27.4 million to RM15.0 million.
3. For the financial year ended 31 December 1999, Meda recorded an increase in turnover of 42.4% from RM27.8 million to RM39.5 million. The increase in turnover is mainly due to the completion of The Summit Subang USJ project, contribution of rental income from this project and commencement of The Summit Hotel Subang USJ's hotel operations in September 1999. Profit before taxation had reduced to RM13.9 million by 7.2% as compared to the previous year of RM15.0 million even though there is a significant increase in turnover which was mainly due to the interests expense being charged to the income statement as the capitalization of interests ceased during the year in line with the completion of the project and the write off of pre-operating expenses incurred by the hotel division.

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

4. For the financial year ended 31 December 2000, Meda recorded an increase in turnover of 33.1% from RM39.5 million to RM52.6 million mainly due to increase shopping lot occupancy and full year operation of the hotel. Profit before taxation increase significantly by 99.6% from RM13.9 million to RM27.8 million mainly due to the improvement in the occupancy rates of the shopping lots and hotel. The increase in profit before taxation is also attributed to the lower promotional cost for the hotel and the receipt of the late delivery claim from turnkey contractor as compensation for the late completion of The Summit Subang USJ.
5. For the 7 month results ended 31 July 2001, Meda recorded a turnover of RM41.8 million which was contributed from the recognition of sales of 1 shoptop of shopping podium at The Summit Subang USJ, 1 level of office tower at the Menara Summit, rental income and hotel operations revenue from The Summit Hotel, Subang USJ. For the said financial period, Meda recorded a profit before taxation of RM15.5 million.
6. The effective tax rates were generally higher than the applicable statutory tax rates for 1996 and 1998 mainly due to the disallowance of certain expenses. In view of the waiver granted under the Income Tax (Amendment) act, 1999, no provision for taxation was made in the financial statements for 1999.
7. There were no exceptional/extraordinary items in the relevant periods under review.

### ZKP

#### i) History and Business

ZKP was incorporated in Malaysia under the Companies Act, 1965, on 16 August 1994 as a private limited company under the name Orion Atur (M) Sdn Bhd. On 24 September 1994, it changed its name to ZKP Development Sdn. Bhd. ZKP is engaged in property development, property management and investment and operation of a hotel.

ZKP is the developer of The Summit Bukit Mertajam Plaza and the Permatang Rawa Project which lie on approximately 4.6 acres of freehold land in Bandar Bukit Mertajam and 11.59 acres in Permatang Rawa respectively.

ZKP does not have any subsidiary or associate company.

#### (ii) Share Capital

The present authorised share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which RM8,750,000 comprising 8,750,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of ZKP 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
16.8.1994	2	1.00	Subscribers' shares	2
13.2.1995	999,998	1.00	Cash	1,000,000
20.10.1995	2,000,000	1.00	Cash	3,000,000
26.12.1995	5,750,000	1.00	Cash	8,750,000



**4. INFORMATION ON MEDA INC. GROUP ..... cont'd****(iii) Profit and Dividend**

A summary of the audited accounts of ZKP for the past five(5) financial years ended 31 December 2000 and for the seven(7)-month period to 31 July 2001 is as follows:-

	Financial Years Ended 31 December					7-month period to 31 July
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	20,271	12,179	30,599	24,638	21,673	14,308
PBT	11,497	1,553	9,615	6,351	8,036	5,223
Taxation	(3,459)	(435)	(2,692)	-	(2,250)	(1,462)
PAT	8,038	1,118	6,923	6,351	5,786	3,761
Weighted average no. of ordinary shares in issue ('000)	5,396	8,750	8,750	8,750	8,750	8,750
Gross FPS (RM)	2.13	0.18	1.10	0.73	0.92	0.60
Net EPS (RM)	1.49	0.13	0.79	0.73	0.66	0.43
Gross dividend rate (%)	-	-	-	-	-	-

**Notes:-**

(a) ZKP's results are prepared after incorporating the adjustments which the Reporting Accountants considered necessary. These adjustments are summarized as follows :-

- (i) Adjustment to conform with the formula of calculating percentage of completion based on the cost method, and the tax effect thereon
- (ii) Adjustment for underprovision or overprovision of tax to the respective years

(b) Commentary in performance :-

1. For the financial year ended 31 December 1997, ZKP recorded a decrease in turnover of 39.9% from RM20.3 million to RM12.2 million. The decrease was mainly due to the slowing down of the development works in progress during the year for The Summit Bukit Mertajam Plaza. Reduction in turnover coupled with the high initial operating and promotional related expenses to secure tenants for the shopping complex had also reduced the profit before taxation to RM1.6 million as compared to RM11.5 million in the previous year.
2. For the financial year ended 31 December 1998, ZKP experienced an increase in turnover by more than 100% from RM12.2 million to RM30.6 million. The increase in turnover was mainly due to the continuing progress of the development works for the office tower and hotel building of The Summit Bukit Mertajam Plaza project and Pusat Komersial Bukit Mertajam project and improvement in the complex operation income for the year. Accordingly the profit before taxation also increased from RM1.6 million to RM9.6 million.
3. For the financial year ended 31 December 1999, turnover of ZKP decreased by 19.5% from RM30.6 million to RM24.6 million. This was mainly due to the reduction in rental rates given to certain tenants of the shopping complex at The Summit Bukit Mertajam Plaza due to the slow down in economy and a reduction in percentage of works recognized as the office tower and hotel building of The Summit Bukit Mertajam Plaza project was nearing completion. Profit before taxation decreased slightly from RM9.6 million to RM6.4 million.
4. For the financial year ended 31 December 2000, ZKP recorded a further decrease in turnover of 12.0% from RM24.6 million to RM21.7 million. The decrease was mainly due to the full completion of The Summit Bukit Mertajam Plaza project and a reduction in complex operation income for discount on rental given to certain tenants. The Summit Hotel Bukit Mertajam had commenced its operation in November 2000. Despite of the decrease in turnover, profit before taxation had increased from RM6.4 million to RM8.0 million mainly due to handling over of complex management to a complex management company which enable the reduction in complex related expenses which were now borne by the Complex Manager appointed during the financial year.

**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

5. For the 7 month results ended 31 July 2001, ZKP recorded a turnover of RM14.3 million which was contributed from the sales of 2 lots of shopping podium at The Summit Bukit Mertajam Plaza, rental income and revenue from The Summit Hotel Bukit Mertajam which had commenced operations towards the end of financial ended 31 December 2000. For the said financial period, ZKP recorded a profit before taxation of RM5.2 million.
6. In view of the waiver granted under the Income Tax (Amendment) Act, 1999, no provision for taxation was made in the accounts for 1999.
7. There were no exceptional/extraordinary items in the relevant periods under review.

**Litaran Bayu****(i) History and Business**

Litaran Bayu was incorporated in Malaysia under the Companies Act, 1965, on 3 September 1992 as a private limited company under its present name. The company is principally involved in investment holdings.

Litaran Bayu has an effective equity interest of 70% in Bernam and does not have any associate company.

**(ii) Share Capital**

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

The changes in the issued and paid-up share capital of Litaran Bayu 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)
3.9.1992	2	1.00	Subscribers' shares	2
18.3.1994	998	1.00	Cash	1,000
12.3.1998	1,000	1.00	Cash	2,000
31.12.1998	98,000	1.00	Cash	100,000
31.3.1999	400,000	1.00	Cash	500,000

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#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

##### (iii) Profit and Dividend

A summary of the audited accounts of Litaran Bayu for the past five(5) financial years ended 31 December 2000 and for the seven(7)-month period up to 31 July 2001 is as follows:-

	Financial Years Ended 31 December					7-month period to 31 July 2001 RM'000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	-	1	488	1	1	-
PBT/(Loss before taxation)	(102)	(18)	472	(20)	(13)	(10)
Taxation	-	-	(136)	-	-	-
PAT/(Loss after taxation)	(102)	(18)	336	(20)	(13)	(10)
Weighted average no. of ordinary shares in issue ('000)	1	1	2	400	500	500
Gross earnings/(loss) per share (RM)	(102.00)	(18.00)	236.0	(0.05)	(0.03)	(0.02)
Net earnings/(loss) per share (RM)	(102.00)	(18.00)	168.0	(0.05)	(0.03)	(0.02)
Gross dividend rate (%)	-	-	-	-	-	-

##### Notes:-

- (a) Litaran Bayu's results are prepared after incorporating the adjustment to write off deferred expenses in the year of incurrence.
- (b) Commentary on performance:
- Turnover represents dividend income and interest income. Turnover for the financial year ended 31 December 1998 included dividend income from Bernam amounting to RM486,000
  - The high loss before and after taxation for the financial year ended 31 December 1997 was mainly due to management fees paid to a management company for management services provided since Litaran Bayu's date of incorporation.
  - There were no exceptional/extraordinary items during the financial years/period under review.

## Bernam

##### (i) History and Business

Bernam was incorporated in Malaysia under the Companies Act, 1965, on 27 December 1993 as a private limited company under its present name. The company is principally involved in property development.

Bernam is the developer of the development known as "Bernam Industrial Park". Bernam Industrial Park is a comprehensive mixed development comprising industrial, commercial and residential components. It is located on 171.65 hectares (424.19 acres) of leasehold land in Daerah Batang Padang, Perak. Bernam Industrial Park is located approximately 3 km to the north-east of Tanjong Malim town centre and about 30 km to the south-east of Slim River town respectively.

Bernam does not have any subsidiary or associate company.

#### 4. INFORMATION ON MEDA INC. GROUP ..... cont'd

##### (ii) Share Capital

The present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each all of which have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Bernam 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)
27.12.1993	2	1.00	Subscribers' shares	2
14.8.1994	998	1.00	Cash	1,000
19.7.1996	999,000	1.00	Cash	1,000,000

##### (iii) Profit and Dividend

A summary of the audited accounts of Bernam for the past five(5) financial years ended 31 December 2000 and for the seven(7)-month period up to 31 July 2001 is as follows:-

	Financial Years Ended 31 December					7-month period to 31 July
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	-	7,592	11,347	21,766	18,269	1,607
PBT/(Loss before taxation)	(456)	2,004	1,518	2,531	7,686	2,177
Taxation	-	(453)	(434)	-	(2,130)	(610)
PAT/(Loss after taxation)	(456)	1,551	1,084	2,531	5,556	1,567
Weighted average no. of ordinary shares in issue ('000)	417	1,000	1,000	1,000	1,000	1,000
Gross earnings/(loss) per share (RM)	(1.09)	2.00	1.52	2.53	7.69	2.18
Net earnings/(loss) per share (RM)	(1.09)	1.55	1.08	2.53	5.56	1.57
Gross dividend rate (%)	-	-	69.44	-	-	-

##### Notes:-

(a) Bernam's results are prepared after incorporating the adjustment to conform with the formula of calculating percentage of completion based on the cost method, and the tax effect thereon.

(b) *Commentary on performance:*

1. Bernam commenced its property development project during the financial year ended 31 December 1997. For the said financial year ended, Bernam recorded a turnover of RM7.6 million from the sale and progress of its development project at the Bernam Industrial Park. Profit before taxation for the said financial year was at RM2.0 million.

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

2. *For the financial year ended 31 December 1998, turnover of Bernam increased significantly by 49.5% from RM7.6 million to RM11.3 million. The increase was primarily due to the continuing progress of the development works of phase 1 of the Bernam Industrial Park. Despite the significant increase in turnover, profit before taxation decreased by 24.3% from RM2.0 million to RM1.5 million mainly due to launching of low margin units.*
3. *For the financial year ended 31 December 1999, Bernam experienced an increase in its turnover from RM11.3 million to RM21.8 million due to the substantial work completed during the financial year. Accordingly, profit before taxation increased from RM1.5 million to RM2.5 million.*
4. *For the financial year ended 31 December 2000, Bernam recorded a slight decrease in turnover from RM21.8 million to RM18.3 million. However, profit before taxation increased from RM2.5 million to RM7.7 million. The increase is mainly due to sale of vacant industrial lots which contributed to higher margins compared to other types of development.*
5. *For the seven(7) months ended 31 July 2001, turnover of Bernam was low mainly due to the new phases in Bernam Industrial Park which were pending launching. Nevertheless, Bernam achieved a profit before taxation of RM2.2 million on the back of a RM1.6 million turnover mainly due to the recognition of deposit forfeiture as a result of termination of sales.*
6. *There were no exceptional/extraordinary items in the relevant periods under review.*
7. *No taxation was provided for financial year ended 31 December 1996 as Bernam incurred a loss. The effective tax rate was lower than the statutory rate in financial year ended 31 December 1997 due to the availability of tax losses and unabsorbed capital allowance brought forward from financial year ended 31 December 1996. In view of the waiver granted under the Income Tax (Amendment) Act, 1999, no provision for taxation was made in the accounts for the financial year ended 31 December 1999.*

### **Genting Unggul**

#### (i) History and Business

Genting Unggul was incorporated in Malaysia under the Companies Act, 1965, on 26 July 1995 as a private limited company under its present name. The company is principally involved in property development.

Genting Unggul is the developer of a mixed development known as Desa Larkin which comprises low and medium cost flats, apartments as well as commercial units. This development project is strategically located at Larkin which is approximately 2 km from the Johor Bahru city centre. It is linked to the Tebrau Highway which provides easy access to all parts of Johor Bahru. It is also approximately 6 km away from the Tebrau causeway which many Malaysians who work in Singapore use to commute on a daily basis.

Upon completion of the Acquisition of Genting Unggul, Genting Unggul became a 60%-owned subsidiary of Meda Inc. The remaining 40% of the issued and paid-up share capital of Genting Unggul is held by a party not related to the Meda Inc. Group.

Genting Unggul does not have any subsidiary or associate company.

#### (ii) Share Capital

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

The changes in the issued and paid-up share capital of Genting Unggul 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
26.7.1995	2	1.00	Subscribers' shares	2
1.9.1995	998	1.00	Cash	1,000
27.3.1996	249,000	1.00	Cash	250,000

**(iii) Profit and Dividend**

A summary of the audited accounts of Genting Unggul for the past four(4) financial years ended 31 March 2000, the audited accounts for the nine(9) months ended 31 December 2000 and the audited accounts for the seven(7)-month period to 31 July 2001 is as follows:-

	Financial Years Ended 31 March				9 months ended 31 December	7-month period to 31 July
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2000 RM'000	2001 RM'000
Turnover	8	1	-	-	-	-
Loss before taxation	(3)	-	(3)	(2)	(13)	(35)
Taxation	-	-	-	-	-	-
Loss after taxation	(3)	-	(3)	(2)	(13)	(35)
Weighted average no. of ordinary shares in issue ('000)	250	250	250	250	250	250
Gross (loss) per share (RM)	(0.01)	0.00	(0.01)	(0.01)	(0.05)	(0.14)
Net (loss) per share (RM)	(0.01)	0.00	(0.01)	(0.01)	(0.05)	(0.14)
Gross dividend rate (%)	-	-	-	-	-	-

**Notes:-**

- (a) *The Genting Unggul's results are prepared after incorporating the adjustment to write off deferred expenses in the year of incurrence*
- (b) *There were no exceptional/extraordinary items during the financial years/periods under review.*
- (c) *Commentary on performance:*
- There was no tax charge for the financial years ended 31 March 1997 to 2000, the nine(9) months ended 31 December 2000 as well as for the seven(7) months ended 31 July 2001 as the company was in a loss making position. There was no tax charge for the financial year ended 31 March 1999 due to the waiver of income tax under the Income Tax (Amendment) Act, 1999.*
  - Turnover for the financial years ended 31 March 1997 and 31 March 1998 represent interest income earned. The company commenced commercial property development operations in 2001.*

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**


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**Sri Lingga**
**(i) History and Business**

Sri Lingga was incorporated in Malaysia under the Companies Act, 1965, on 30 November 1974 as a private limited company under its present name. The company is principally involved in cultivation of oil palm.

Sri Lingga plans to venture into property development activities in the area of resort-living. The land bank is strategically located within the "tourism and resort" belt of Port Dickson and situated approximately 29 kilometres away from Linggi town. It is also located approximately 33 kilometres to the Port Dickson Town Centre.

Sri Lingga does not have any subsidiary or associate company.

**(ii) Share Capital**

The present authorised share capital is RM12,000,000 comprising 12,000,000 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 Sri Lingga since its incorporation are as follows:-

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Total issued and paid-up share capital RM</b>
30.11.1974	5	1.00	Subscribers' shares	5
30.6.1976	246,000	1.00	Cash	246,005
7.5.1977	15,000	1.00	Cash	261,005
8.9.1978	79,600	1.00	Cash	340,605
23.1.1979	96,500	1.00	Cash	437,105
10.8.1979	262,180	1.00	Cash	699,285
20.10.1979	1,484,063	1.00	Cash	2,183,348
17.5.1980	246,152	1.00	Cash	2,429,500
4.5.1981	23,400	1.00	Cash	2,452,900
14.8.1981	4,000	1.00	Cash	2,456,900
30.10.1981	18,400	1.00	Cash	2,475,300
22.1.1982	4,500	1.00	Cash	2,479,800
21.6.1982	20,200	1.00	Cash	2,500,000
17.9.1982	7,500,000	1.00	Bonus issue of 3 for 1	10,000,000

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

##### (iii) Profit and Dividend

A summary of the audited accounts of Sri Lingga for the past six(6) financial years ended 31 July 2001 is as follows:-

	Financial Years Ended 31 July					
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	2,674	2,492	2,564	2,369	1,859	1,194
Profit before taxation and exceptional item	2,925	1,937	906	482	546	1,162
Exceptional item	-	1,179	-	3,146	-	-
PBT	2,925	3,116	906	3,628	546	1,162
Taxation	(895)	(675)	(391)	18	(265)	(556)
PAT	2,030	2,441	515	3,646	281	606
Weighted average no. of ordinary shares in issue ('000)	10,000	10,000	10,000	10,000	10,000	10,000
Gross EPS (RM)	0.29	0.31	0.09	0.36	0.05	0.12
Net EPS (RM)	0.20	0.24	0.05	0.36	0.03	0.06
Gross dividend rate (%)	22.0	-	-	-	10.0	-

##### Notes:-

(a) Sri Lingga's results are prepared after incorporating the adjustments which were considered necessary. These adjustments are summarised as follows:

- i) Adjustment for interest income under-accrued
- ii) Adjustment for underprovision of real property gain tax

(b) Revenue represents the invoice value of fresh fruit bunches sold.

(c) The above results exclude the results of Kilang Kelapa Sawit Sri Lingga Sdn Bhd ("KKSSL"), a subsidiary company which was disposed of in 1999 to KEB.

(d) Commentary on performance:

1. For the financial year ended 31 July 1997, Sri Lingga recorded a 6.8% decrease in turnover from RM2.7 million to RM2.5 million mainly due to the declining FFB prices, coupled with the disposal of certain of the company's leasehold plantation land resulting in a drop in production of FFB. Despite the decrease in turnover, Sri Lingga recorded a profit before taxation of RM3.1 million, representing a 6.5% increase from the previous financial year. This was primarily due to the exceptional gain from the partial disposal of long leasehold land, net of real property gain tax.
2. For the financial year ended 31 July 1998, Sri Lingga experienced a slight increase in turnover from RM2.5 million in the previous year to RM2.6 million. This was mainly due to a significant improvement in FFB prices brought about by the depreciation of the RM compared to the USD. Turnover did not increase significantly despite the substantial increase in FFB prices due to a drop in yield as the oil palm trees grew older and became less productive. Profit before taxation and exceptional items however, decreased significantly despite the increase in turnover in the absence of dividend income from unquoted investment which was received in the previous financial year.



**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

3. *For the financial year ended 31 July 1999, the turnover of Sri Lingga decreased by 7.6% to RM2.4 million mainly due to the drop in selling price of FFB as a result of the pegging of the RM to the USD. The more than proportionate decrease in profit before taxation and exceptional items was due to certain fixed costs such as amortisation of leasehold land and depreciation charges as well as higher production costs due to an increase in the production of FFB during the financial year. Profit before taxation however, increased to RM3.6 million due to the exceptional gain from the disposal of KKSSL.*
4. *For the financial year ended 31 July 2000, turnover dropped by 21.5% mainly due to further decreases in FFB prices. The profit before taxation and exceptional item increased by 13.3% from RM0.48 million to RM0.55 million mainly due to higher interest income received during the year from KEB.*
5. *For the financial year ended 31 July 2001, turnover decreased further by 36.8% from RM1.9 million to RM1.2 million mainly due to a further decrease in FFB prices. However, profit before taxation increased to RM1.16 million from RM0.55 million.*
6. *The exceptional item for the financial year ended 31 July 1997 related to the gain on the disposal of certain parcels of the company's long term leasehold properties net of real property gains tax. The exceptional item for the financial year ended 31 July 1999 relates to the gain on disposal of a subsidiary after deducting the loss on disposal of leasehold plantation land net of real property gains tax.*
7. *The effective tax rates in the financial years ended 31 July 1998, 2000 and 2001 were higher than the applicable statutory tax rates mainly due to the disallowance of certain expenses. The effective tax rate was lower than the statutory tax rate in the financial year ended 31 July 1997 mainly because the gain arising from the disposal of leasehold plantation land was not subject to income tax in view of the waiver granted under the Income Tax (Amendment) Act, 1999. The tax credit for financial year ended 31 July 1999 was an over provision of tax in the previous year.*
8. *There were no extraordinary items in the relevant financial years/periods under review.*

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#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

##### **Nandex**

##### (i) History and Business

Nandex was incorporated in Malaysia under the Companies Act, 1965, on 31 July 1991 as a private limited company under the name of Nandex Trading Sdn Bhd. On 27 December 2001, it changed its name to Nandex Development Sdn Bhd. The company is principally involved in property development.

Nandex is a joint developer of the Semantan Avenue project with Everlasting and Impressive.

Nandex does not have any subsidiary or associate company.

##### (ii) Share Capital

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Nandex 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
31.7.1991	2	1.00	Subscribers' shares	2
4.9.1991	98	1.00	Cash	100
28.12.2001	249,900	1.00	Cash	250,000

##### (iii) Profit and Dividend

A summary of the audited accounts of Nandex for the past six(6) financial years ended 31 July 2001 is as follows:-

	Financial Years Ended 31 July					
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	-	-	-	-	-	-
Loss before taxation	-	-	-	-	(37)	(9)
Taxation	-	-	-	-	-	-
Loss after taxation	-	-	-	-	(37)	(9)
Weighted average no. of ordinary shares in issue (No. of shares)	100	100	100	100	100	100
Loss per share (RM)	-	-	-	-	(370.0)	(90.0)
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

- (a) The loss incurred in financial years ended 31 July 2000 and 31 July 2001 mainly comprises preliminary and pre-operating expenses written off following the adoption of MASB standards.
- (b) There were no exceptional/extraordinary items in the relevant financial years under review.

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

##### Everlasting

##### (i) History and Business

Everlasting was incorporated in Malaysia under the Companies Act, 1965, on 29 July 1991 as a private limited company under its present name. The company is principally involved in property development.

Everlasting is to engage in the development of Semantan Avenue Project with Nandex and Impressive.

Everlasting does not have any subsidiary or associate company.

##### (ii) Share Capital

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM100 comprising 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Everlasting 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
29.7.1991	2	1.00	Subscribers' shares	2
24.9.1991	98	1.00	Cash	100

##### (iii) Profit and Dividend

A summary of the audited accounts of Everlasting for the past six(6) financial years ended 31 July 2001 is as follows:-

	Financial Years Ended 31 July					
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	-	-	-	-	-	-
Loss before taxation	-	-	-	-	(35)	(9)
Taxation	-	-	-	-	-	-
Loss after taxation	-	-	-	-	(35)	(9)
Weighted average no. of ordinary shares in issue (No. of shares)	100	100	100	100	100	100
Loss per share (RM)	-	-	-	-	(350.0)	(90.0)
Gross dividend rate (%)	-	-	-	-	-	-

##### Notes:-

- (a) The company has yet to commence commercial operations. The loss incurred in financial years ended 31 July 2000 and 31 July 2001 mainly comprises preliminary and pre-operating expenses written off following the adoption of MASB standards.
- (b) There were no exceptional/extraordinary items in the relevant financial years under review.

**4. INFORMATION ON MEDA INC. GROUP ..... cont'd****Impressive****(i) History and Business**

Impressive was incorporated in Malaysia under the Companies Act, 1965, on 12 July 1991 as a private limited company under its present name. The company is principally involved in property development.

Impressive is to engage in the development of Semantan Avenue Project with Nandex and Everlasting.

Impressive does not have any subsidiary or associate company.

**(ii) Share Capital**

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM100 comprising 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Impressive 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
12.7.1991	2	1.00	Subscribers' shares	2
24.9.1991	98	1.00	Cash	100

**(iii) Profit and Dividend**

A summary of the audited accounts of Impressive for the past six(6) financial years ended 31 July 2001 is as follows:-

	Financial Years Ended 31 July					
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	-	-	-	-	-	-
Loss before taxation	-	-	-	-	(36)	(8)
Taxation	-	-	-	-	-	-
Loss after taxation	-	-	-	-	(36)	(8)
Weighted average number of ordinary shares in issue (No. of shares)	100	100	100	100	100	100
Loss per share (RM)	-	-	-	-	(360.0)	(80.0)
Gross dividend rate (%)	-	-	-	-	-	-

**Notes:-**

- (a) The loss incurred in financial years ended 31 July 2000 and 31 July 2001 mainly comprises preliminary and pre-operating expenses written off following the adoption of MASB standards.
- (b) There were no exceptional/extraordinary items in the relevant financial years under review.

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

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**4.6 Industry Overview****(i) General overview of the Malaysian Economy**

The Malaysian economy, which made the turnaround in the second quarter of 1999 charted further progress in 2000. The driving factors were the return of confidence and a more stable economic environment through selective capital controls and the pegging of ringgit. The economy, which was initially externally-led, later became broader-based as domestic demand picked up, driven by expansionary fiscal and accommodative monetary policy.

*(Source: Property Market Report 2000)*

However, towards the 4<sup>th</sup> quarter of 2000, global economic activity had slowed down particularly in the US. By 2<sup>nd</sup> quarter 2001, it became more evident that the slowdown would be more protracted and severe and such contagion has spread to other economies. The recent attack on the US has increased the risk of the US economy entering into a recession. The US is the world's largest economy accounting for approximately 20% of the world output and exports. To contain and ease the adverse effects, the US Congress has approved up to USD55,000 million fiscal stimulus programs and packages.

On the local front, the backdrop of heightened global uncertainty has necessitated further stimulus measures by the public sector to support domestic demand. The national operating and development expenditure budget of RM91,050 million announced in 2000 (RM84,500 million in 1999) was increased by RM3,000 million in March 2001. On 25 September 2001, the Government announce a further RM4,300 million stimulus package in response to adverse developments in the external front to minimise any spill over effects. For 2002, the national operating and development expenditure budget of RM100,520 million was allocated.

Malaysia's economic growth forecast which was revised to 5-6% in March 2001 (from 7.5%) for 2001, has been adjusted to 1-2% following developments in the US. Notwithstanding this, the strong fundamentals of the Malaysian economy continue to provide sufficient policy flexibility to implement growth supporting measures to stimulate domestic demand without jeopardising the sustainability of the nation's potential growth prospects in the medium and longer term.

*(Source: Malaysian Economic Report 2001/2002)*

**(ii) Property Sector**

On 20 September 2001, Bank Negara Malaysia reduced the 3-month intervention rate by 0.50% to 5.00% p.a., effectively allowing commercial banks and finance companies to lower their base lending rates to 6.42% and 7.46% respectively (from 6.83% and 7.98% respectively). Such a move, would translate to lower financing cost for potential buyers of properties thus improving its affordability and ultimately will boost demand.

*(Source : BNM announcement dated 20 September 2001)*

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**


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**(a) Residential Subsector**

In terms of financing, loans for purchase of residential properties from the banking system increased by 18% at end-July 2001 compared to the same period the previous year while loans given out by the Housing Loan Division of the Treasury showed a similar trend. Meanwhile, the prices of residential properties have shown to have stabilised for residential landed properties, apartments and condominiums based on the Malaysian Price House Index.

*(Source :Economic Report 2001/2002)*

**(b) Non-Residential Subsectors**

The expansion in the non-residential subsector was affected by the excess supply of office and retail space. The increase in number and value of commercial property transactions was not significant. Given the large overhang of purpose-built office and retail space, construction activity during 2000 in this subsector was supported mainly by on-going projects that had commenced before 1999.

*(Source: Bank Negara Report, 2000)*

**(c) Hotel Subsector**

In the development of hotels, a total of 88 new hotels was completed in 2000. Nevertheless, the average occupancy rate for hotels improved during the year, due to increased tourist arrivals and domestic tourism activity. Active promotional programmes with attractive price offers by the hotels helped to improve the occupancy rate.

*(Source: Bank Negara Report 2000)*

**(iii) Hotel and Tourism Sector**

The hotel industry in Malaysia is very competitive with 1,834 hotels in the country. Please refer to the chart below:-

MALAYSIAN HOTELS BY STATE		
State	No. of hotels	No. of rooms
Kuala Lumpur	219	24,901
Selangor	73	10,064
Johor	219	11,766
Pulau Pinang	115	11,586
Negri Sembilan	45	3,583
Perak	137	6,451
Melaka	55	5,359
Kedah	104	8,757
Pahang	230	13,845
Terengganu	133	5,582
Kelantan	73	2,755
Perlis	4	239
Sabah	194	10,414
Sarawak	233	10,344
<b>Malaysia</b>	<b>1,834</b>	<b>125,646</b>

*(Source:Hotel Stock Report 2000 Kementerian Kewangan Malaysia)*

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

To attract more tourists, additional facilities for recreational activities as well as tourism products will be provided. The Ministry of Culture, Arts and Tourism has been allocated RM631.9 million, including RM200 million for tourism promotion.

*(Source : Prime Minister's 2002 Budget speech)*

Occupancy rate for 5-star hotels had recorded an improvement to 63.2% during 2<sup>nd</sup> quarter of 2001 (2<sup>nd</sup> quarter 2000 : 57.4%) while that of 3-star hotels increased to 50.2% from 47.6%. The higher occupancy rate can be attributable to higher tourist arrivals particularly in the first 8 months of the year. Up to August 2001, a total of 9.5 million tourist visited Malaysia, representing an increase of 44.1% (2000 : 40.4).

*(Source: Economic Report 2001/2002)*

Although the hotel industry in Malaysia is very competitive the management of Meda believes that they have the necessary skills and experience stay ahead of their competitors. Furthermore Meda Inc. Group is one of the major players in the country specialising in the three-in-one (shopping complex, office tower and hotel) concept. This concept provides synergistic benefits to each of the components. The complex and office provides convenient shopping and entertainment facilities for guests staying at the hotel. Furthermore the location of the hotels are situated in prime areas, with The Summit Hotel situated in Subang Jaya and The Summit Hotel Bukit Mertajam in Bukit Mertajam town.

The Summit Hotel had been enjoying a high occupancy rate since the beginning of year 2000 at approximately 70% per month for the first 12 months of operation. This is higher than the average occupancy rate recorded by *the Economic Report 2001/2002* of 63.2% during the 2<sup>nd</sup> quarter of 2001.

#### (iv) Overview of Construction Sector

The performance of the construction sector is expected to improve with the expansion in fiscal spending providing the main stimulus with growth at 4.9% in 2001 particularly for infrastructure projects and the construction of low and medium costs residential housing (2000: 1% and 1999 : -5.6%). Sales in the residential property sector is expected to improve as purchasers continue to take advantage of the stamp duty exemption on sale and purchase agreements and loan agreements for properties completed before end of 2001.

In the commercial property sector, the take up rate improved slightly from 73.7% at end December 2000 to 74.4% at end June 2001. The property overhang for shopping complexes remains large at 1.4 million sq feet. With respect to newly completed purpose built office, as of June 2001, vacant space increased by 2.8% (end June 2000: 2.46 million sq feet).

*(Source: Economic Report 2001/2002)*

The construction sector turned around to record a growth of 1.1% in 2000 (1999: -5.6%), due primarily to government spending under the fiscal stimulus programme, privatised infrastructure projects and residential housing development, especially for affordable housing. In contrast, construction activity in the non-residential sub-sector remained subdued, constrained by excess capacity given the large overhang of office and retail space.

Investment in the construction sector was higher by 9.4% in 2000. The reversal of trend was due to construction works on residential projects and the acceleration of on-going highway projects. In the residential sector, investment was mainly supported by construction activity of low-and-medium-cost houses as well as affordable condominiums and apartments.

*(Source: Bank Negara Malaysia Annual Report 2000)*

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**


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**(v) Industry Players and Competition**

The property development division of the Meda Inc. Group will face competition from other established players in the industry. Among the listed companies engaged in the business of property development in Peninsular Malaysia are Sime UEP Properties Berhad, MK Land Holdings Berhad, SCB Development Berhad, IGB Corporation Berhad, United Malayan Land Berhad, Bandar Raya Development Berhad, Europlus Berhad, Talam Corporation Berhad, UDA Holdings Berhad, Selangor Properties Berhad, Merge Housing Berhad and Glomac Berhad.

The hotel division of the Meda Inc. Group comprising The Summit Hotel in Subang Jaya and The Summit Hotel Bukit Mertajam will also face competition from other established hotels located in the vicinity such as The Sheraton Hotel and Holiday Villa Subang located in Subang Jaya, the Sunway Lagoon Hotel located in Seberang Jaya and other hotels located on the island of Penang.

Despite the competition, the Directors believe that the Meda Inc. Group should fare well given the strategic locations of its various property development. Furthermore, new and innovative promotional tools together with an aggressive marketing strategy are constantly being proposed to generate and lock-in sales. This approach and strategy is constantly reviewed and updated in response to the fluctuations in the economic conditions and changes in market demands.

As part of the Group's commitment to enhance and diversify its experience as a property developer, the Group is constantly on the look out for potential development opportunities.

**(vi) Government Legislation, Policies and Incentives for the Industry**

The residential property market benefited from the government support through policies concerning the availability of funds, costs of borrowing, and also support on income in the case of the public sector workers. On the private sector initiatives, this year (2000) has not seen the like of the Home Ownership Campaign being conducted by the Housing Developers' Association so far, but similar efforts were seen addressed by individual property-related firms.

On the other hand, the government's instructions to its agencies to request for a 15% reduction in rental upon renewal of leases reinforced the trend of lowering of office rental.

*(Source: Property Market Report Jan-Jun 2000)*

The Government continued to place priority in the construction of low and medium cost houses in line with the objective of providing affordable housing to all Malaysians. A total of 192,000 low-cost units are targeted to be built during the Eight Malaysian Plan, of which 175,000 such units to be implemented through the Public Low Cost Housing Programs. To cater to the needs of squatter settlements within Kuala Lumpur and other major cities, 5,936 units are being constructed under the Integrated Housing Program.

During the year, 97,673 units of residential houses were approved by the Ministry of Housing and Local Government to be built. Of these, 37.3% constitute medium cost houses, 16.4% low cost houses, with the remaining being higher end houses. The number of units launched rose by 22% as compared to the same period in 2001.

*(Source: Economic Report 2001/2002)*



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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

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**(vii) Demand**

The pace of property launches were not matched by the take up rates. During the 2<sup>nd</sup> quarter of 2001, 70% of 14,412 units launched in Selangor were sold. Sales in other states were lower ranging between 35% to 40%. To speed up sales, the Real Estate and Housing Developers Association had launched another Home Ownership Campaign beginning July 2001 up to the end of the year.

*(Source: Economic Report 2001/2002)*

**(viii) Outlook and Future Prospects****(a) Outlook of the Malaysian Economy**

The Malaysian economy is forecast to grow by 4-5% in 2002 (2001 : 1-2%), led by stronger performances in the manufacturing and service sectors. In the medium to longer term, the prospects remain uncertain in Malaysia as events unfold. For Malaysia, the difficulties in the external environment emerged at a time when the nation is just at its first year of the Third Outline Perspective Plan (OPP3), 2001-2010 and the Eight Malaysian Plan, 2001-2005. To achieve the longer term objective of Vision 2020 of attaining a developed nation status, both plans had projected an average GDP growth of 7.5% per annum. The slower growth of 1-2% in 2001 and moderated recovery in 2002 of 4-5% anticipated would necessitate greater efforts at accelerating GDP growth in subsequent years to recoup lost ground during the first two years of the plan.

Given the strong foundation already in place in for the economy, the prospects of accelerating GDP growth remains plausible. The Asian financial crisis has shown that despite the worst ever recession with the economy contracting by 7.4% in 1998, Malaysia was able to recover strongly in the following years with growth rates of 6.1% and 8.3% in 1999 and 2000, respectively, thereby achieving the growth target of 7.5% of the Second Outline Perspective Plan (OPP2).

*(Source : Economic Report 2001/2002)*

**(b) Outlook of the Property Sector**

For the year 2001, the property market is expected to stay mixed and remain in consolidation.

Price in the residential sector for 2001 is expected to uptrend further although this is likely to be at a lower rate than the 14.3% average annual increase projected by the Malaysian House Price Index in its first half yearly report of 2000. This view takes cognisance of the consolidation trend seen in the property market during the year.

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

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In all, the residential sector will continue to act as the front line sector for resurrecting the property market further in the economy that has yet to recover fully. As support, statistics on vacancy over the last six months showed the residential sector in a much healthier position than other sectors: while overhang in the residential sector dropped by 14.2%, vacancy in the office and retail space sectors actually grew, by 17.7% and 11.5% respectively. Further, overhang units within the residential sector constituted only 2.1% of the total stock while vacancy in the office and retail space sectors formed much larger proportions at 23.1% and 26.8% respectively. Nonetheless, the economy must improve further to generate the level of demand necessary to mop the excess supply in the affected sectors of the property market.

*(Source: Malaysian Property Market 2000).*

(c) Outlook of the Construction Sector

For 2001, the growth in the construction sector is expected at 4.9% with the expansion in fiscal spending providing the main stimulus. Residential property sector sales are also expected to pick up with purchasers taking advantage of the exemption of the stamp duty on sales and purchase agreements and transfer and loan agreements for properties completed before the end of year 2001.

*(Source : Economic Report 2001/2002)*

The Government continues to step up efforts to eliminate bureaucratic delays as a measure to accelerate project implementation and completion in order to sustain economic growth as well as improve delivery of public goods and services. Ministries have been empowered with greater delegated authorities to approve tenders of up to RM50 million for works procurement and up to RM30 million for supplies and services.

*(Source: Prime Minister's 2002 Budget speech)*

#### **4.7 Major Customers**

As the Meda Inc. Group is principally involved in property development and investment, its customers are one-off retail purchasers or tenants each of which account for less than 10% of the Group's turnover.

#### 4. INFORMATION ON MEDA INC. GROUP..... cont'd

##### 4.8 Major Suppliers

Meda Inc. Group has engaged established contractors for all the construction works in respect of the Group. Supplies of building materials are procured by the contractors. The management of Meda Inc. Group is of the view that contractors can be engaged readily.

Company	Contribution (%) *	Length of Relationship (No. of years)	Dependency
Meda Property Services Sdn Bhd 17 <sup>th</sup> Flr Menara Summit Persiaran Kewajipan USJ 1 47600 UEP Subang Jaya Selangor	41.85	6	Meda Property Services Sdn Bhd is a company in which common shareholdings and common directors of Meda Inc. Group own significant interest, therefore their services are easily available.
Meda Bina Sdn Bhd 17 <sup>th</sup> Flr Menara Summit Persiaran Kewajipan USJ 1 47600 UEP Subang Jaya Selangor	13.39	6	MBSB is a company in which common shareholdings and common directors of Meda Inc. Group own significant interest. MBSB is also a substantial shareholder of Meda Inc., therefor their services are easily available.

\* Based on cost of sales of the Meda Inc. Group for the financial year ended 31 December 2001

The Meda Inc. Group is not dependent on any of the major suppliers save as disclosed above.

##### 4.9 Future Plans, Strategies and Prospects of the Group

The Meda Inc. Group intends to build and enhance its reputation as a reliable and well-known property developer throughout Malaysia. This will be achieved through its existing and planned development projects and further through future projects to be carefully identified which will augment the Group's capability, experience and reputation. The Meda Inc. Group will continue to develop high standard, quality and reasonably priced properties to Malaysians within all income groups whilst striving to introduce innovative products in the property market. The management of the Group will be on the continuous look-out for development opportunities that are congruent with its vision and goal to be a diversified developer renowned for its versatility, reliability and innovation. The Group's future plans include the following:-

###### (a) Commercial Complex Ownership and Development

For the shopping complex, the Group intends to further enhance its existing tenancy-mix by securing more medium size anchor tenants specialising in areas such as restaurant, books and furniture. The complex development activities will be further increased through the proposed construction of a shopping complex under the Desa Larkin development, which will be undertaken by Genting Unggul when justified by demand.

The office building development activities will be further enhanced by the construction and completion of "Semantan Avenue" which will be undertaken by Everlasting, Impressive and Nandex.

Through the Group's diverse experiences, especially with the experience and innovation of the Teoh Brothers in property development and management, the Group will continue to improve and enhance its commercial complex ownership by further embarking on organic development and acquisition of quality office buildings.

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

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**(b) Property Development**

Upon completion of the Listing, the Group will have a total land bank measuring approximately 1,800 acres, which substantially, has been set aside for residential development. The Group, through its subsidiaries, Sri Lingga, Bernam and Genting Unggul have land banks strategically located in the State of Malacca, Perak and Johor respectively. These land banks will be employed and developed into more affordable homes for the benefit of the society. This is in line with the Government's policy to encourage private developers to build more affordable houses especially low and medium cost housing to cater for the low income bracket group, hence the Group plays its part to be a responsible corporation and is committed to the Malaysian society.

**(c) Privatisation Projects**

The Group's plan in contributing to the economic growth of the country include the pursuit of selected privatisation projects throughout Malaysia. The Group has experience in privatisation projects as they have managed such projects through ZKP on the Permatang Rawa Project, Bernam on the development of Bernam Industrial Park and Genting Unggul, on the development of Desa Larkin. Therefore the Group, through its accumulated experience, is equipped to embark on further joint-venture programmes with local/state bodies in future privatisation projects.

In participating in such privatisation projects, the Group will play a part in upgrading the socio-economic status of the local population as well as contribute to its social obligations by providing affordable housing and commercial units to the low and medium income bracket population.

**(d) Expand Land Bank**

The Group sees the current economic environment as an opportunity to increase its land banks, especially with those located strategically and at reasonable costs, or through joint ventures with land owners or through applications to State authorities. The management will continuously search for land to enhance the growth of the Group. They will, if they deem fit, conduct feasibility studies on land to be acquired. The feasibility study will enable the Group's management to decide what type of development would be suitable on the land being considered.

Land located at strategic areas will ensure promising sales response. The Group expects to continuously provide quality and competitively priced properties thus enabling the Group to meet demand of all sectors in the market. This is in line with the Government's policies in providing adequate, affordable and quality houses for all income groups with emphasis on the development of low and medium cost residential properties. These two factors will allow the Group to achieve its aspiration and reduce the risk factor during any economic downturn.

The acquisition of more land bank will also enhance the Group's image as an established property development company and provide the Group with sustainable source of projects and income.

**(e) Marketing**

The Directors and management of Meda Inc. believe that thorough and in-depth knowledge of the property market and the changing demands is the key to ensure success in the property development business. The Meda Inc. Group will continue to monitor the property market through regular market research and reviews and strive to improve on its present position. The Group will also use innovative marketing tools and strategies to highlight the strengths of its products which are aimed at improving the living standards of Malaysians who purchase its properties.

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**4. INFORMATION ON MEDA INC. GROUP..... cont'd**

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The mix and match process of the various media (newsprint, television and radio) for the group advertising and promotion programs is also part of the marketing strategy employed.

(f) Innovative and Quality Properties

Meda Inc. has always endeavoured to be the foremost innovative developer, by introducing new products and modern design concepts into the market. The Natural Heritage Country Resort is one example of an innovative concept in the property development arena. The Group is also renowned for introducing quality and competitively priced properties. With in-depth market research and knowledge coupled with experienced personnel, the Group will continue to ensure quality is maintained in all its future development projects.

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