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**CORPORATE INFORMATION**


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**BOARD OF DIRECTORS**

<b>Name (Directorship / position held)</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Tan Sri Dato' Haji Mohd Ramli Bin Kushairi <i>(Non-Executive Director / Chairman)</i>	30-9-3 Jannah View Taman SA Jalan Buluh Perindu 59000 Kuala Lumpur	Businessman	Malaysian
Teoh Seng Foo <i>(Non-Executive Director / President)</i>	No. 12 Jalan Semantan 2 Damansara Heights 50490 Kuala Lumpur	Businessman	Malaysian
Mat Hassan Bin Esa <i>(Executive Director / Deputy Chairman)</i>	1A, Lorong Enggang 13 Taman Keramat 54200 Kuala Lumpur	Businessman	Malaysian
Teoh Seng Kian <i>(Executive Director / Group Managing Director)</i>	No. 15C-22-5, Aspen Tower Mont Kiara Pines, Jalan 1/70C Off Jalan Bukit Kiara Jalan Mont Kiara, 50480 Kuala Lumpur	Businessman	Malaysian
Kee Lian Yong <i>(Non-Executive Director)</i>	8 Jalan SL 3/2 Bandar Sungai Long 43000 Kajang Selangor	Director	Malaysian
Abd Shukor Bin Ismail @ Syukry Bin Esmael <i>(Executive Director)</i>	No. 21, Jalan Titiwangsa 11 Taman Tampoi Indah 81200 Johor Bahru Johor Darul Takzim	Director	Malaysian
Dato' Syed Ariff Fadzillah bin Syed Awalluddin <i>(Independent Non-Executive Director)</i>	Astana Condo A-3A-5, Jalan 3/70C Mont Kiara 50480 Kuala Lumpur	Director	Malaysian
Chiam Tau Meng <i>(Independent Non-Executive Director)</i>	No. 4, Jalan SS20/9 Damansara Utama 47400 Petaling Jaya Selangor	Accountant	Malaysian
Ooi Giap Ch'ng <i>(Independent Non-Executive Director)</i>	Unit C-7-3A, 7 <sup>th</sup> Floor, Block C Bayu Angkasa Condominium Jalan Medang Kapas Bukit Bandaraya 59100 Kuala Lumpur	Advocate and Solicitor	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chiam Tau Meng	Chairman	Independent Non-Executive Director
Ooi Giap Ch'ng	Member	Independent Non-Executive Director
Teoh Seng Kian	Member	Executive Director / Group Managing Director

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**CORPORATE INFORMATION..... cont'd**

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<b>COMPANY SECRETARY</b>	--- Tai Siew May (MAICSA 7015823) 18 <sup>th</sup> Floor, Menara Summit Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan
<b>REGISTERED OFFICE</b>	--- 9 <sup>th</sup> Floor, Menara Summit Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan Website: <a href="http://www.meda.com.my">www.meda.com.my</a> Tel: (03) 8024-8866
<b>MANAGEMENT OFFICE</b>	18 <sup>th</sup> Floor, Menara Summit Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan Website: <a href="http://www.meda.com.my">www.meda.com.my</a> Tel: (03) 8024-8866
<b>REGISTRARS AND TRANSFER OFFICE</b>	--- Signet Share Registration Services Sdn Bhd (506293-D) 11 <sup>th</sup> Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur E-mail address: <a href="mailto:ssrs@signet.com.my">ssrs@signet.com.my</a> Tel: (03) 2142-1341
<b>ISSUING HOUSE</b>	--- Malaysian Issuing House Sdn Bhd (258345-X) 27 <sup>th</sup> Floor, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
<b>PRINCIPAL BANKERS</b>	--- Affin Bank Berhad (25046-T) Shoplot G(D), Ground Floor The Summit Subang USJ Persiaran Kewajipan USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan  Arab-Malaysian Merchant Bank Berhad (23742-V) 22nd Floor, Bangunan Arab Malaysian No. 55, Jalan Raja Chulan 50200 Kuala Lumpur  Bumiputra-Commercc Bank Berhad (137491-P) Business Centre Shah Alam Level 2 Bangunan UMNO Persiaran Perbandaran Section 14 40675 Shah Alam Selangor Darul Ehsan  Bumiputra-Commerce Bank Berhad (137491-P) No. 498-1, Ground Floor Wisma Indah Jalan Tun Razak 50400 Kuala Lumpur

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**CORPORATE INFORMATION..... cont'd**

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Bumiputra-Commerce Bank Berhad (137491-P)  
Giant Hypermarket Office Block / Food Court  
Lot No. 672/ 673,  
Persiaran Subang Permai  
Sg. Penaga Industrial Park  
47500 Petaling Jaya  
Selangor

Malayan Banking Berhad (3813-K)  
1<sup>st</sup> Floor, Menara Maybank  
100 Jalan Tun Perak  
50100 Kuala Lumpur

**REPORTING ACCOUNTANTS**

— Moores Rowland  
Chartered Accountants  
Wisma Selangor Dredging  
7<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur

**AUDITORS FOR MEDA INC.  
AND GENTING UNGGUL**

— Moores Rowland  
Chartered Accountants  
Wisma Selangor Dredging  
7<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur

**AUDITORS FOR MEDA AND ZKP**

— Siew Boon Yeong & Associates  
Chartered Accountants  
2A, 2<sup>nd</sup> Floor, No 114-116,  
Jalan Raja Laut  
50350 Kuala Lumpur

**AUDITORS FOR BERNAM**

— Mustapha, Khoo & Co  
Chartered Accountants  
30-4, Jalan 11/116 B,  
Kuchai Entrepreneurs Park,  
Off Jalan Kuchai Lama,  
58200 Kuala Lumpur

**AUDITORS FOR LITARAN BAYU**

Tan Peng Sam & Co  
Chartered Accountants  
19A, Jalan Thamby Abdullah Satu  
Brickfields  
50470 Kuala Lumpur

**AUDITORS FOR SRI LINGGA**

— KPMG  
Chartered Accountants  
179-3, Jalan Munshi Abdullah  
75100 Melaka

**AUDITORS FOR NANDEX,  
IMPRESSIVE AND EVERLASTING**

KPMG  
Chartered Accountants  
Wisma KPMG  
Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur

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**CORPORATE INFORMATION..... cont'd**

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<b>SOLICITORS FOR THE IPO</b>	<p>— Azman, Davidson &amp; Co Advocates &amp; Solicitors Suite 13.03, 13<sup>th</sup> Floor Menara Tan &amp; Tan 207, Jalan Tun Razak 50400 Kuala Lumpur</p>
<b>SOLICITORS FOR GROUP AFFAIRS</b>	<p>— Jal &amp; Lim Advocates and Solicitors Peti #3, 5<sup>th</sup> Floor, East Block Wisma Selangor Dredging 142-B, Jalan Ampang 50450 Kuala Lumpur</p>
<b>ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT</b>	<p>— Arab-Malaysian Merchant Bank Berhad (23742-V) 22<sup>nd</sup> Floor, Bangunan Arab-Malaysian No. 55, Jalan Raja Chulan 50200 Kuala Lumpur</p>
<b>UNDERWRITERS</b>	<p>— Arab-Malaysian Merchant Bank Berhad (23742-V) 22<sup>nd</sup> Floor, Bangunan Arab-Malaysian No. 55, Jalan Raja Chulan 50200 Kuala Lumpur</p> <p>Alliance Merchant Bank Berhad (21605-D) Level 20 Menara Multi-Purpose Capital Square No. 8 Jalan Munshi Abdullah 50100 Kuala Lumpur</p> <p>MIDF Sisma Securities Sdn Bhd (423833-U) 18<sup>th</sup> Floor, Empire Tower 182 Jalan Tun Razak 50400 Kuala Lumpur</p>
<b>VALUERS</b>	<p>Akram &amp; Co Tingkat 2, Bangunan Koperasi Mercantile No 21 Jalan Medan Tuanku 50300 Kuala Lumpur</p> <p>CH Williams Talhar &amp; Wong Sdn Bhd (18149-U) # 3228 Menara Tun Razak Jalan Raja Laut PO Box 12157 50768 Kuala Lumpur</p> <p>Henry Butcher, Lim &amp; Long Sdn Bhd (160636-P) No. 25 Jalan Yap Ah Shak Off Jalan Dang Wangi (Campbell) 50300 Kuala Lumpur</p> <p>Henry Butcher, Lim &amp; Long (North) Sdn Bhd (177498-P) No 2708, Chain Ferry Road Kimsar Garden 13700 Prai</p> <p>Henry Butcher, Lim &amp; Long (Malacca) Sdn Bhd (246114-T) 335-A, Taman Melaka Raya 75000 Melaka</p> <p>Henry Butcher, Lim, Long &amp; Teoh (South) Sdn Bhd (199150-H) 52 &amp; 52A, Jalan Kuning Dua Taman Pelangi 80400 Johor Bahru</p>
<b>LISTING SOUGHT</b>	<p>— Main Board of the Kuala Lumpur Stock Exchange</p>

# MEDA INC. BERHAD

(507785-P)

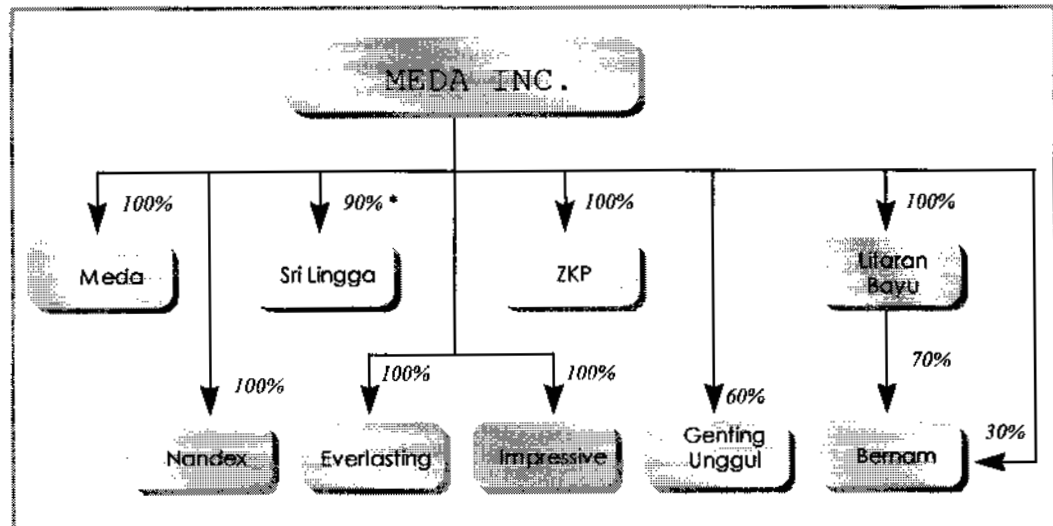
(Incorporated in Malaysia under the Companies Act, 1965)

THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE MEDA INC. GROUP, AND SHOULD BE READ AND UNDERSTOOD IN CONJUNCTION WITH, THE FULL TEXT OF THIS PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

## 1. SUMMARY INFORMATION

### 1.1 History and Business

Meda Inc. was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 11 March 2000 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. The present authorised share capital of the Company is RM250,000,000 comprising 500,000,000 shares of RM0.50 each of which 348,028,000 Meda Inc. Shares have been issued and are fully paid-up as at 18 January 2002. The Meda Inc. Group structure is as depicted below:-



\* Subject to the completion of the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO and assuming full acceptances arising therefrom, the shareholdings of Meda Inc. in Sri Lingga will be increased to 100%

Meda Inc. is principally an investment holding company. As an integral part of the Restructuring and Listing Scheme, Meda Inc. had acquired nine(9) companies, all of which are/will be involved in property development and/or property investment.

Meda Inc. Group is principally involved in property development and property investment. The Group commenced operations in 1993 under the stewardship of Teoh Seng Foo, Teoh Seng Aun and Teoh Seng Kian, the founders and the Promoters of the Meda Inc. Group. The Group has successfully completed various shopping complexes, hotels and offices in Bukit Mertajam and Subang USJ.

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 reliable property developer and managers, particularly of commercial complexes.

## 1. SUMMARY INFORMATION ..... cont'd

The Meda Inc. Group focuses mainly on property development, holding of investment properties and property and hotel management in various parts of Peninsular Malaysia. Further information on the Meda Inc. Group is set out in Section 4 of this Prospectus.

Upon completion of the Listing Scheme, the Group will have a total land bank measuring approximately 1,800 acres located throughout strategic locations in Kuala Lumpur, Perak, Melaka and Johor for development. Further information on the land bank of the Meda Inc. Group is set out in Section 6.5 of this Prospectus. The completed projects, on-going and proposed projects are detailed 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 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> Commercial development	<u>The Permatang Rawa Project</u> Completed in March 2000

### 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 the 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	Proposed 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 (this project was officially launched on 12 August 2001)
Nandex, Everlasting and Impressive	Semantan Avenuc, Kuala Lumpur	Integrated office and retail buildings	Launching targeted in the first quarter of 2002

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**1. SUMMARY INFORMATION..... cont'd**

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As part of the Restructuring and Listing Scheme, Meda Inc. had acquired 90% of the issued and paid-up share capital of Sri Lingga comprising 9,000,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM54.0 million which has been satisfied by the issuance of 63,528,992 new Meda Inc. Shares. Pursuant to the Malaysian Code on Take-overs and Mergers, 1998, the Company is required to acquire (*via an MGO*) the remaining shares in Sri Lingga not already owned by it. In view of this, Meda Inc. has issued a notice of unconditional mandatory offer to Sri Lingga on 27 December 2001 (which was acknowledged received by Sri Lingga on the same date) to acquire the remaining 1,000,000 ordinary shares of RM1.00 each representing 10% of the issued and paid-up share capital of Sri Lingga. The unconditional mandatory offer by Meda Inc. is to be satisfied by either:

Option 1 : Consideration via issuance of new Shares in Meda Inc. at RM0.85 per new Meda Inc. Share (*i.e. approximately 7.059 new Meda Inc. Shares for every one ordinary Sri Lingga share of RM1.00 each held*); or

Option 2 : Consideration via cash at RM6.00 per ordinary Sri Lingga share of RM1.00 each.

Arising therefrom, up to 7,058,824 new Shares in the Meda Inc. may be required to be issued should all acceptances by the remaining shareholders of Sri Lingga be by way of a share exchange.

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**1. SUMMARY INFORMATION..... cont'd**

A summary description of key personnel of Meda Inc. Group are as follows:-

Name	Designation/relationship with Meda Inc.	*Direct shareholding (%)	*Indirect shareholding (%)
<b><u>PROMOTERS</u></b>			
Teoh Seng Foo	Promoter, Non-Executive Director, President, and substantial shareholder	7.64	^16.42
Teoh Seng Aun	Promoter, substantial shareholder and Group Chief Operations Officer	10.69	@29.32
Teoh Seng Kian	Promoter, Executive Director, Group Managing Director and substantial shareholder	7.64	^16.42
<b><u>SUBSTANTIAL SHAREHOLDERS</u></b>			
Teoh Seng Foo	Promoter, Non-Executive Director, President, and substantial shareholder	7.64	^16.42
Teoh Seng Aun	Promoter, substantial shareholder and Group Chief Operations Officer	10.69	@29.32
Teoh Seng Kian	Promoter, Executive Director, Group Managing Director and substantial shareholder	7.64	^16.42
Abd Shukor Bin Ismail @ Syukry Bin Esmael	Executive Director and substantial shareholder	2.41	# 12.90
Meda Bina Sdn Bhd	Substantial shareholder	12.90	-
Sawitani Sdn Bhd	Substantial shareholder	14.82	-
Gen (B) Tan Sri Dato' Mohd Ghazali Bin Haji Che Mat	Substantial shareholder	9.42	# 12.90
KEB	Substantial shareholder	1.60	~ 14.82
<b><u>DIRECTORS</u></b>			
Teoh Seng Foo	Promoter, Non-Executive Director, President, and substantial shareholder	7.64	^16.42
Teoh Seng Kian	Promoter, Executive Director, Group Managing Director and substantial shareholder	7.64	^16.42
Tan Sri Dato' Haji Mohd Ramli Bin Kushairi	Non-Executive Director, Chairman and shareholder	0.66	-
Mat Hassan Bin Esa	Executive Director / Deputy Chairman	-	-
Kee Lian Yong	Non-Executive Director	-	-
Abd Shukor Bin Ismail @ Syukry Bin Esmael	Executive Director and substantial shareholder	2.41	# 12.90
Ooi Giap Ch'ng	Independent Non-Executive Director	-	-
Dato' Syed Ariff Fadzillah bin Syed Awalluddin	Independent Non-Executive Director	-	-
Chiam Tau Meng	Independent Non-Executive Director	-	-
<b><u>MANAGEMENT TEAM</u></b>			
Teoh Seng Aun	Promoter, substantial shareholder and Group Chief Operations Officer	10.69	@29.32
Teoh Seng Kian	Promoter, Executive Director, Group Managing Director and substantial shareholder	7.64	^16.42
Lee Lai Huat	Complex Operation Director	-	-
Chong Kim Hin @ Choong Kim Hin	Hotel Operation Director	-	-
Yeoh Ling Hee	Group Project Division General Manager	-	-
Kong Foo Keong	Shareholder and Group Project General Manager	0.25	-
Chan Khoon Yow	Sales and Marketing General Manager	-	-
Chin Kok Siong	Shareholder and Group Finance Manager	0.06	-

**Notes:**

*Excludes Pink Form allocation*

# *Deemed interested by virtue of his shareholdings in Meda Bina Sdn Bhd*

@ *Deemed interested by virtue of his shareholding in KEB, Sawitani Sdn Bhd (through KEB) and Meda Bina Sdn Bhd*

^ *Deemed interested by virtue of their shareholding in KEB and Sawitani Sdn Bhd (through KEB)*

• *Based on the enlarged issued and paid-up share capital of up to 428,606,824 Shares*

~ *Deemed interested by virtue of its shareholding in Sawitani Sdn Bhd*

**Further information on the Directors and management team of the Meda Inc. Group is set out in Section 5 of this Prospectus.**



## 1. SUMMARY INFORMATION ..... cont'd

### 1.2 Financial Statistics for the Past Five(5) Financial Years Ended 31 December 2000 and the Seven(7) Months Ended 31 July 2001

The following table is extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes thereto. The audited financial statements used for the preparation of the proforma consolidated results of Meda Inc. and its subsidiaries for all financial years and the period under review as set out below have not been subjected to any audit qualification.

The table below sets out a summary of the proforma consolidated audited results of Meda Inc. Group for the past five(5) financial years ended 31 December 2000 and the audited results for the seven(7)-month period to 31 July 2001, prepared on the assumption that the group structure of Meda Inc. upon completion of the Acquisitions has been in existence throughout the period under review and full acceptances by the minority shareholders of Sri Lingga Shares in Meda Inc. in relation to the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO:-

	←-----Financial Years Ended 31 December-----→					7 months
	1996	1997	1998	1999	2000	to 31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2001
						RM'000
Turnover	59,684	61,758	72,189	87,851	94,348	58,461
EBIDTA	41,159	34,495	32,690	31,360	56,976	36,024
Depreciation	(1,004)	(1,347)	(1,457)	(1,706)	(2,238)	(3,278)
Interest Expense	(123)	(668)	(4,368)	(6,309)	(10,009)	(9,949)
Operating profit	40,032	32,480	26,865	23,345	44,729	22,797
Exceptional Items **	1,179	-	-	3,146	-	-
Profit before taxation	41,211	32,480	26,865	26,491	44,729	22,797
Taxation	(12,406)	(9,151)	(7,945)	(83)	(12,743)	(6,567)
Profit after taxation	28,805	23,329	18,920	26,408	31,986	16,230
Minority interest^	1	-	1	1	5	14
Profit after taxation and minority interest	28,806	23,329	18,921	26,409	31,991	16,244
No. of Shares assumed in issue ('000) #	355,087	355,087	355,087	355,087	355,087	355,087
Net EPS (sen)	8.11	6.57	5.33	7.44	9.01	4.57
Net return on share capital employed (%) @	16.22	13.14	10.66	14.88	18.02	9.14

#### Notes:-

\*\* The exceptional items represent the following:-

	←-----Financial Years ended 31 December-----→					7 months
	1996	1997	1998	1999	2000	to 31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2001
						RM'000
Gain/(loss) on partial disposal of Sri Lingga's long leasehold land, net of real property gains tax	1,179	-	-	(679)	-	-
Gain on disposal of Sri Lingga's subsidiary company	-	-	-	3,825	-	-
	1,179	-	-	3,146	-	-

^ Assuming the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO is fully accepted and satisfied by issuing 7,058,824 Shares in Meda Inc.

# Based on 355,086,824 Shares in issue after the Acquisitions and Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO

@ Net return on share capital employed is calculated as profit after taxation and minority interest divided by the issued and paid-up share capital of RM177,543,412 after the Acquisitions and Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO.

## 1. SUMMARY INFORMATION..... cont'd

- (a) *The proforma consolidated results have been prepared from the audited financial statements of the Subsidiaries except that in the case of Subsidiaries with financial year end dates other than 31 December, the following have been used instead:*
- i) *Sri Lingga, Nandex, Impressive and Everlasting* - *Audited results for the years ended 31 July 1996, 1997, 1998, 1999 and 2000 apportioned on a time basis to cut-off on 31 December of each year;*  
- *Audited results for the year ended 31 December 2000; and*
  - ii) *Genting Unggul* - *Audited results for the years ended 31 March 1997, 1998, 1999 and 2000 as if they were for the years ended 31 December 1996, 1997, 1998 and 1999, respectively*  
- *Audited results for the 9 months ended 31 December 2000 as if they were for the year then ended.*
- (b) *The proforma consolidated 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 for underprovision of real property gains tax*
  - iii) *Adjustment to write off deferred expenses in the year of incurrence*
  - iv) *Adjustment for underprovision or overprovision of tax to the respective years*
- (c) *The proforma consolidated financial results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the respective Subsidiaries, unless they are inconsistent with applicable approved accounting standards in force at the present moment, in which case the latter standards have been applied retrospectively.*
- (d) *The summarised results of Sri Lingga used for consolidation exclude the results of Kilang Kelapa Sawit Sri Lingga Sdn Bhd, a subsidiary company of Sri Lingga, which was disposed of in 1999.*
- (e) *Commentary on performance:-*
1. *For the financial year ended 31 December 1997, the Meda Inc. Group registered a slight increase in turnover of approximately 3.5% from RM59.7 million to RM61.8 million. This was mainly brought about by the continuing progress in the property development project of Meda namely, The Summit Subang USJ as well as the contribution from Bernam's development project, the Bernam Industrial Park. Despite the increase in turnover, the Meda Inc. Group recorded profit before taxation and exceptional items of RM32.5 million, representing a 18.9% decrease from RM40.0 million in the previous financial year. The decrease in profit before taxation and exceptional items was mainly due to the lower margin generated by ZKP's Pusat Komersil Bukit Mertajam project due to higher land acquisition cost and drop in contribution from The Summit Bukit Mertajam Plaza. The decrease in profit before taxation and exceptional items was also due to an increase in advertising and promotional expenses incurred in procuring tenants for The Summit Subang USJ.*
  2. *For the financial year ended 31 December 1998, the Meda Inc. Group recorded an increase in turnover of 16.9% from RM61.8 million to RM72.2 million. The increase in turnover was mainly contributed by the progress in the development of the shop offices at the Bernam Industrial Park undertaken by Bernam as well as the additional work completed by ZKP on The Summit Bukit Mertajam Plaza. Despite the increase in turnover, the Meda Inc. Group's profit before taxation decreased by 17.2% from RM32.5 million to RM26.9 million. The decrease in profit before taxation was mainly due to a provision made for late delivery claims and an increase in interest expense attributable to completed development properties.*
  3. *For the financial year ended 31 December 1999, the Meda Inc. Group experienced an increase in turnover of 21.7% from RM72.2 million to RM87.9 million. The increase was mainly due to additional development works completed on the Bernam Industrial Park, additional progress of the development projects of Meda and ZKP as well as revenue generated from the hotel and shopping complex of The Summit Subang USJ which commenced operations during the said financial year. Profit before taxation and exceptional items however, decreased by 13.1% from RM26.9 million to RM23.3 million mainly due to an increase in interest expense attributable to completed development properties as well as the high initial operating expenses of the hotel operations.*

**1. SUMMARY INFORMATION..... cont'd**

4. For the financial year ended 31 December 2000, the Meda Inc. Group experienced an increase in turnover of 7.3% from RM87.9 million to RM94.3 million. The increase was mainly contributed by Meda, ZKP and Bernam from the new sales of their property development projects namely The Summit Subang USJ, The Summit Bukit Mertajam Plaza and the Bernam Industrial Park. In addition, the increase is also due to a full year's revenue generated from The Summit Hotel compared to only 3 months during the previous financial year. Profit before taxation and exceptional items increased significantly by 91.6% from RM23.3 million to RM44.7 million mainly due to the lower promotional costs incurred especially in respect of The Summit Hotel and the receipt of late delivery claim from turnkey contractor as compensation for late completion of The Summit Subang USJ.
5. There were no extraordinary items during the financial period under review.
6. The effective tax rate for 1998 was higher than the statutory tax rate 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. The tax provision for 1999 was deferred tax in respect of interest receivable.

Details of the financial information of the Meda Inc. Group are detailed in Sections 7 and 10 of this Prospectus.

**1.3 Summary of Proforma Consolidated Balance Sheets as at 31 July 2001**

	←-----Scenario 1-----→			←-----Scenario 2-----→	
	Audited as at 31 July 2001 RM'000	After Incorporation of Revaluation Surplus and Acquisitions RM'000	After the IPO RM'000	After Incorporation of Revaluation Surplus and Acquisitions RM'000	After the IPO RM'000
<b>Non-Current Assets</b>					
Property, Plant and Equipment	-	194,287	194,287	194,287	194,287
Investment Properties	-	301,386	301,386	301,386	301,386
Other Investment	-	363	363	363	363
Land Held For Development	-	77,360	77,360	77,360	77,360
Current Assets	302	129,946	155,762	129,946	155,762
Less: Current Liabilities	(161)	(170,212)	(140,212)	(170,212)	(140,212)
Net Current Assets/(Liabilities)	141	(40,266)	15,550	(40,266)	15,550
	141	533,130	588,946	533,130	588,946
<b>Financed by:-</b>					
— Share capital	300	174,014	210,774	177,543	214,303
— Share Premium	-	1,777	20,833	4,248	23,304
— (Accumulated loss)/ unappropriated profit	(159)	146,071	146,071	145,896	145,896
Shareholders funds	141	321,862	377,678	327,687	383,503
Minority Interest	-	8,683	8,683	2,858	2,858
Non-current Liabilities	-	202,585	202,585	202,585	202,585
	141	533,130	588,946	533,130	588,946
Proforma NTA per Share (RM)	0.24	0.92	0.90	0.92	0.89

**Notes:-**

Scenario 1 - Based on the assumption that there are no acceptances arising from the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO.

Scenario 2 - Based on the assumption that the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO was fully accepted and satisfied via the issuance of 7,058,824 Shares in Meda Inc.

Details of the Proforma Consolidated Balance Sheets of Meda Inc. as at 31 July 2001 and the Reporting Accountants' letter are contained in Sections 7.3, 7.11 and 7.12 of this Prospectus.

## 1. SUMMARY INFORMATION..... cont'd

### 1.4 The Risk Factors

The following are some of the main risk factors (which may not be exhaustive) as extracted from Section 3 of this Prospectus which applicants for the IPO Shares should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the IPO Shares:-

- Business Risks
- No Prior Market For Meda Inc. Shares
- Competitive Risk
- Dependency on Key Management
- Profit Estimate And Forecast
- Political and Economic Risks
- Delay in Implementation and Completion of Development Projects
- Control by Substantial Shareholders
- Common Substantial Shareholders with other listed company and conflict of interest
- Risk of Termination of Joint-Venture project
- Unsecured Profit Guarantee
- Demand Risk
- Disclosure Regarding Forward-Looking Statements
- Risk from Domestic Borrowings
- Valuation

Details of the risk factors are contained in Section 3 of this Prospectus.

### 1.5 Principal Statistics Relating to the IPO

SHARE CAPITAL	No. of Shares '000	RM'000
<i>Authorised</i> 500,000,000 Shares	500,000	250,000
<i>Issued and fully paid-up</i> — 348,028,000 Shares	348,028	174,014
<i>To be issued pursuant to the Public Issue</i> — 73,520,000 new Shares	73,520	36,760
<i>Additional Shares which may be issued upon completion of the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO</i> — up to 7,058,824 new Shares	7,059	3,529
<i>Enlarged Share Capital (up to)</i>	428,607	214,303
<b>TO BE OFFERED FOR SALE PURSUANT TO THE OFFER FOR SALE</b> - 20,420,000 Shares	20,420	10,210
<b>IPO PRICE PER SHARE (RM)</b>		0.80
<b>PROFORMA GROUP NTA AS AT 31 JULY 2001 (AFTER THE IPO)</b>		
Proforma Group NTA (RM'000) *		383,503
Proforma Group NTA per Share (RM) #		0.89

\* After deducting estimated listing expenses of RM3,000,000

# Based on enlarged issued and paid-up share capital of up to 428,606,824 Shares after the Restructuring and Listing Scheme and the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO

Further information on the IPO are set out in Section 2 of this Prospectus.

**1. SUMMARY INFORMATION..... cont'd****CONSOLIDATED PROFIT ESTIMATE AND FORECAST**

Financial Years Ended / Ending 31 December	Estimate 2001 RM'000	Forecast 2002 RM'000
Revenue	111,677	219,571
Consolidated PBT after exceptional items	51,933	66,650
Less : Taxation	(14,340)	(18,741)
Consolidated PAT before MI	37,593	47,909
MI	(3,183)	(3,028)
Consolidated PAT after MI	34,410	44,881
Weighted average no. of Shares ('000) ^	343,007	407,874
Basic EPS (RM)	*0.10	**0.11
Return on share capital (%)	20.06	22.00
PE Multiple based on basic EPS and IPO price of RM0.80 per Share (times)	N/A	7.3
Enlarged no. of Shares ('000) ^	348,028	428,607
Net EPS (RM)	#0.10	##0.10
Net return on share capital employed (%)	19.77	20.94
Net PE Multiple based on the IPO price of RM0.80 per Share (times)	N/A	8.0

**Note:-**

^ Based on the completion of the Acquisitions on 28 December 2001 and assuming the IPO is completed in March 2002 and Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO is completed by end April 2002.

\* Based on the weighted average issued and paid-up share capital of 343,007,000 Shares after the Acquisitions.

\*\* Based on the weighted average issued and paid-up share capital of 407,874,000 Shares after the completion of the Restructuring and Listing Scheme and the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO.

# Based on the enlarged issued and paid-up share capital of 348,028,000 Shares after the Acquisitions.

## Based on the enlarged issued and paid-up share capital of 428,606,824 Shares after the completion of the Restructuring and Listing Scheme and the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO.

**DIVIDEND ESTIMATE AND FORECAST**

Financial Years Ended / Ending 31 December	Estimate 2001	Forecast 2002
Gross dividend per Share (sen)	Nil	2.50
Gross dividend rate per Share (%)	-	5.00
Net dividend per Share (sen)	-	1.80
Net dividend rate per Share (%)	-	3.60
Gross dividend yield based on the IPO price of RM0.80 per Share (%)	-	3.12
Net dividend yield based on the IPO price of RM0.80 per Share (%)	-	2.25
Gross dividend cover (times) *	-	4.19
Net dividend cover (times) *	-	5.82

\* Based on 428,606,824 Shares in Meda Inc. assuming the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO is completed by the issuance of 7,058,824 Shares in Meda Inc.

There is only one(1) class of shares in the Company, namely ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares to be issued pursuant to this Prospectus will rank pari passu in all aspects with the existing Shares of the Company including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the IPO Shares.

**Further information on the future financial information of the Meda Inc. Group is set out in Sections 7.7, 7.8, 7.9 and 7.10 of this Prospectus.**

**1. SUMMARY INFORMATION..... cont'd****1.6 Proceeds of the IPO and their Utilisation**

All proceeds from the Public Issue of RM58,816,000 will accrue to Meda Inc.

With the completion of the Placement expected to be on or prior to the opening and closing of the application list for this IPO, Meda Inc. will receive the aforementioned proceeds from its listing exercise principally in two(2) tranches as follows:-

Tranche I - RM16,000,000 from the Placement: and

Tranche II - RM42,816,000 from the issuance of the remaining 53,520,000 Public Issue Shares at an issue price of RM0.80 per Share.

Meda Inc. intends to use the proceeds from the Public Issue in the following manner:-

	<b>RM'000</b>
Repayment of bank borrowings	30,000
* Working capital – general	19,816
– payment of cash offer arising from the MGO for Sri Lingga	6,000
Estimated listing expenses	3,000
<b>TOTAL</b>	<b>58,816</b>

\* *Up to RM6.0 million of this amount may be utilized to finance the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO. Notwithstanding this, any proceeds earmarked for the MGO for Sri Lingga which is not utilised in the event that the remaining shareholders of Sri Lingga opt not to accept the MGO offer or opt to accept new Shares in Meda Inc., will be utilised for Meda Inc.'s general working capital requirements.*

The utilization of the proceeds from Tranche I is expected to be completed within six(6) months from the date of receipt. The balance of the proceeds from Tranche II is expected to be fully utilized by December 2002, assuming they are received in March 2002.

Meda Inc. will bear all expenses incidental to the listing of and quotation for Meda Inc.'s Shares on the Main Board of the KLSE which include underwriting commission, brokerage, registration fee and share transfer fee relating to the Public Issue Shares, professional fees, SC's fee, advertising and listing expenses and other fees which are estimated to amount to approximately RM3,000,000.

The Offer for Sale will raise gross proceeds of RM16,336,000. This amount shall accrue to the Offeror and no part of the proceeds is receivable by Meda Inc. The Offeror shall bear all expenses, such as underwriting commission, brokerage, registration fee and share transfer fee relating to the Offer Shares.

Further details on the utilisation of proceeds is set out in Section 2.6 of this Prospectus.

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**1. SUMMARY INFORMATION..... cont'd**

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**1.7 Material litigation, arbitrations, commitments and contingent liabilities**

Save as disclosed below, as at 18 January 2002, (being the last practicable date prior to the printing of this Prospectus) the Meda Inc. Group has no material litigation, arbitrations, commitments and contingent liabilities.

(a) Kuala Lumpur High Court Civil No. S5-22-806-1999

*Genting World Sdn Bhd v Meda Development Sdn Bhd*

Genting World Sdn Bhd ("**Genting**") has commenced an action against Meda on 2 February 1999 arising out of a tenancy agreement entered into between the two parties dated 9 January 1998 whereby Genting agreed to rent the premises known as Lot Nos. T3.68 and T3.38A of The Summit Subang USJ from Meda. Genting alleged that Meda was in breach of its obligation under the tenancy agreement and has made a claim against Meda for, inter alia, RM3,482,773.00 for special damages. Genting is also claiming general damages, aggravated damages, exemplary damages and interest to be assessed by the court. Meda's risk in respect thereof is covered by an insurance policy. On 5 December 2001, Genting has filed an application to the court seeking an order to reduce the claim to RM1,208,563.00 for special damages. No date for the hearing of the said application has been fixed to date.

Meda's solicitors are of the opinion that they have an arguable defence to Genting's claims.

This matter has been fixed for case management on 21 March 2002. Meanwhile the parties through their solicitors are negotiating for a settlement.

(b) Seremban High Court Civil Suit No. 22-13-2001

*Companion Park Sdn Bhd v Meda Development Sdn Bhd, Teoh Seng Foo, Teoh Seng Aun and Teoh Seng Kian*

Companion Park Sdn Bhd ("**Companion Park**") has commenced an action in the High Court of Seremban against Meda and the Teoh Brothers on 22 January 2001. Companion Park and Meda had entered into a Sale and Purchase Agreement dated 1 October 1998 whereby Companion Park agreed to buy from Meda the entire level 12 and levels 16 to 21 (the floor numbering then) of Menara Summit USJ. Companion Park had, on the same date, entered into a Put Option Agreement with Meda which allows Companion Park to resell the properties to Meda at RM18.8 million with the redemption sum of RM4.8 million. The Teoh Brothers subsequently became the guarantors for the Put Option Agreement for the amount of RM18.8 million. Companion Park had on 24 December 1998 issued a notice to Meda to buy back the properties. Thereafter, Meda gave a notice to Companion Park that it will pay RM14 million (after deducting the RM4.8 million redemption sum). Companion Park alleged that Meda has only paid RM10.5 million to date. Therefore, RM3.5 million is alleged still to be outstanding. Companion Park has also issued another notice to the Teoh Brothers, as guarantors, to pay the balance outstanding sum.

Meda's solicitors are of the opinion that Meda has an arguable defence against Companion Park's claim.

Meda's solicitors have obtained the approval to transfer this matter from the Seremban High Court to the Shah Alam High Court. A hearing date has yet to be fixed by the Shah Alam High Court. Meanwhile, the parties are negotiating for a settlement.

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**1. SUMMARY INFORMATION..... cont'd**


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(c) Kuala Lumpur High Court Petition No. D8-28-351-2001*Lim Kong v Meda Development Sdn Bhd*

Lim Kong has commenced this action against Meda on 28 March 2001. This is a winding up petition filed by Lim Kong pursuant to section 218 of the Companies Act 1965. Lim Kong alleged that, based on an agreement between the parties dated 17 October 1994, Meda agreed to pay RM5 million to him upon physical completion of a development project as brokerage fee/ commission. Lim Kong alleged that to date, Meda has failed, refused and/or neglected to settle the said RM5 million.

Meda's solicitors have obtained an interim order that Lim Kong shall not advertise and/or gazette the petition until after the outcome of the Originating Summons No. MT1-24-1340-2001 (as set out in item (d) below).

Meda's solicitors are of the opinion that Meda has a defence against Lim Kong's claim.

(d) Shah Alam High Court Originating Summons No. MT1-24-1340-2001*Meda Development Sdn Bhd v Lim Kong*

Pursuant to the Winding Up Petition (Petition No. D8-28-351-2001 as set out in item (c) above) filed by Lim Kong against Meda at the Kuala Lumpur High Court, Meda has filed an Originating Summons dated 10 April 2001 for, inter alia, an injunction to restrain Lim Kong from presenting and/or serving and/or advertising the abovementioned petition. Lim Kong has given an undertaking not to proceed further with the winding up petition until the resolution of this Originating Summons.

As at 18 January 2002 (*being the latest practicable date prior to the printing of this Prospectus*), this matter has been fixed for mention on 30 January 2002 pending settlement between the parties.

(e) Shah Alam High Court Civil Suit No. MT5-22-158-2001*Ong Ah Kong v Meda Development Sdn Bhd*

Ong Ah Kong commenced this action against Meda on 16 March 2001 for specific performance of three (3) Sale and Purchase Agreements all dated 4 August 2000 entered between Ong Ah Kong and Meda whereby Meda agreed to transfer to Ong Ah Kong Lot Nos. G(F), G(E) and F1.43 of The Summit Subang USJ free from encumbrances. It was a term of the said Agreements that Meda would obtain the Letter of Disclaimer from the relevant chargees within sixty (60) days from the date thereof. Ong Ah Kong has claimed, in addition to specific performance, a mandatory injunction against Meda to do all necessary acts to cause the said premises to be free from encumbrances. In the alternative, Ong Ah Kong claimed general damages in addition to interest to be assessed.

Meda's solicitors are of the opinion that Meda has an even chance of success in defending Ong Ah Kong's claim.

No action has been taken by Ong Ah Kong for case management to date.

**Further information on all material litigation, arbitrations, commitments and contingent liabilities is set out in Section 11.7 of this Prospectus.**



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## 2. DETAILS OF THE IPO

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This Prospectus is dated 31 January 2002.

A copy of this Prospectus has been registered by the SC and lodged with the ROC who takes no responsibility for its contents.

**The approval of the SC shall not be taken to indicate that the SC recommends the IPO, and that investors should rely on their own evaluation to assess the merits and risks of the IPO.**

Application will be made to the KLSE within three(3) market days of the issuance of this Prospectus 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 Meda Inc. on the Main Board of the KLSE. These Shares will be admitted to the Official List on the Main Board of the KLSE and official quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Acceptance of applications for the IPO Shares will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares of Meda Inc. on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the IPO will be returned without interest if the said permission for listing is not granted within six(6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC).

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

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

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

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by Meda Inc. Neither the delivery of this Prospectus or any Offer for Sale and/or Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Meda Inc. Group since the date hereof.

The distribution of this Prospectus and the sale of the IPO Shares in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe/apply for the IPO shares in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an offer or invitation.

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

## 2. DETAILS OF THE IPO *cont'd*

### 2.1 *Share Capital*

SHARE CAPITAL	No. of Shares '000	RM'000
<i>Authorised</i> 500,000,000 Shares	500,000	250,000
<i>Issued and fully paid-up</i> - 348,028,000 Shares	348,028	174,014
<i>To be issued pursuant to the Public Issue</i> - 73,520,000 new Shares	73,520	36,760
<i>Additional Shares which may be issued upon completion of the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO</i> - up to 7,058,824 Shares	7,059	3,529
<i>Enlarged share capital (up to)</i>	428,607	214,303
<i>To be offered for sale</i> - 20,420,000 Shares	20,420	10,210

The IPO price of RM0.80 per Share is payable in full on application.

There is only one(1) class of shares in the Company, namely ordinary shares of RM0.50 each. The IPO Shares will rank pari passu in all respects with the existing ordinary shares of the Company, including voting rights and rights to all dividends the entitlement date of which is subsequent to the allotment of the IPO Shares.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company, in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

### 2.2 *Basis on Arriving at the IPO Price*

The IPO price of RM0.80 per Share was entirely determined and agreed upon by Arab-Malaysian as Adviser, Managing Underwriter and Placement Agent and Meda Inc. after taking into account, inter-alia, the following factors:-

- (a) Based on the proforma consolidated NTA per Share as at 31 July 2001 of RM0.89, the IPO price of RM0.80 per Share represents a discount of RM0.09 or 10.11% to the proforma consolidated NTA per Share;
- (b) The forecast net PE Multiple of 8.0 times is based on the forecast consolidated net EPS of approximately 10.0 sen for the financial year ending 31 December 2002 and the IPO price of RM0.80 per Share;

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**2. DETAILS OF THE IPO..... cont'd**


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- (c) The forecast gross dividend yield of 3.12%; and
- (d) The future plans and prospects of the Meda Inc. Group as outlined in Section 4.9 herein.

The Directors/Promoters of Meda Inc., the Offeror and Arab-Malaysian are of the opinion that the IPO price is fair and reasonable after careful consideration of the abovementioned factors.

However, shareholders should also note that the market price of Meda Inc. Shares upon listing on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the market price of Meda Inc. Shares.

### 2.3 *Particulars of the IPO*

The IPO price of RM0.80 per Share is payable in full on application upon such terms and conditions as set out in this Prospectus. The IPO amounting to 93,940,000 Shares will be allocated in the following manner:-

#### 2.3.1 *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;

- (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 below*);

- (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 Bumiputera 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.

Only the Public Issue Shares in respect of paragraphs (i), (ii), and (iii) have been fully underwritten.

#### 2.3.2 *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.

The Offer Shares in respect of paragraph (i) are not underwritten. The Offer Shares in respect of paragraph (ii) have been fully underwritten.

## 2. DETAILS OF THE IPO..... cont'd

The Public Issue Shares and Offer Shares in respect of Sections 2.3.1(i), 2.3.1(ii), 2.3.1(iii) and 2.3.2(ii) have been fully underwritten at an underwriting commission of 3% of the IPO price of RM0.80 per Share.

### 2.3.3 Allocation to/Subscription by the Minority Shareholders of KEB

The Company is proposing to allocate up to 40,000,000 Public Issue Shares in Meda Inc. to the minority shareholders of KEB based on the shareholding list of KEB on the Entitlement Date, on the following basis:-

- (a) Subject to the total number of minority shareholders of KEB not exceeding 40,000, each minority shareholder of KEB will be entitled to one(1) non-transferable preferential application form ("**Yellow Application Form**") which will allow each minority shareholder of KEB to subscribe for 1,000 Meda Inc. Shares;
- (b) Should the total number of minority shareholders of KEB exceed 40,000, each minority shareholder of KEB will be entitled to one(1) **Yellow Application Form** which will allow each minority shareholder of KEB to apply for 1,000 Meda Inc. Shares. In the event of oversubscription of the **Yellow Application Form**, the acceptance of applications under this category shall be subject to a restricted ballot between the minority shareholders of KEB.

Any portion of the 40,000,000 Public Issue Shares not subscribed for by the minority shareholders of KEB will be made available to the Malaysian public.

The minority shareholders of KEB will not be precluded from applying for additional Shares made available to the Malaysian public as set out in Section 2.3.1(iii) above, subject to them meeting the criteria required of Malaysian public. Applications for additional Shares can hence be made by the minority shareholders of KEB in the **White Application Form**, the procedures of which are contained in Section 12.3 of this Prospectus.

### 2.3.4 Subscription by the Malaysian Public

Any portion of the 4,580,000 Public Issue Shares not subscribed for by eligible employees and business associates of the Meda Inc. Group will make available for application by the Malaysian public.

Any portion of the 8,940,000 Public Issue Shares not subscribed for by the Malaysian public will be made available to the minority shareholders of KEB should a ballot of the applications from the minority shareholders of KEB be necessary.

Any remaining underwritten Shares not subscribed for by the minority shareholders of KEB AND by the Malaysian public will be allocated proportionately to the underwriters of the IPO Shares.

## 2.4 Critical Dates of the IPO

Events	Tentative Date
Date of Prospectus	31 January 2002
Opening and Closing of application list for the IPO	20 February 2002
Balloting of Applications	25 February 2002
Despatch of Notice of Allotment of the ordinary shares of Meda Inc. to successful applicants	11 March 2002
Listing of the Company's entire issued and paid-up share capital on the Main Board of the KLSE	18 March 2002

## 2. DETAILS OF THE IPO..... cont'd

### 2.5 Purposes of the IPO

The purposes of the IPO are as follows:-

- (a) to enable Meda Inc. to gain access to the capital market and to obtain funds for future expansion and growth of the Meda Inc. Group;
- (b) to provide an opportunity for the eligible business associates, employees of Meda Inc. Group and the Malaysian public to participate in the equity and continuing growth of the Group;
- (c) to enable Meda Inc. to comply with the National Development Policy with regards to Bumiputra participation in the equity of Meda Inc.; and
- (d) to facilitate the listing of and quotation for Meda Inc.'s entire issued and paid-up share capital of up to 428,606,824 Shares on the Main Board of the KLSE and to comply with the listing requirement of the KLSE and SC in respect of the minimum spread requirements.

### 2.6 Proceeds of the IPO and their Utilisation

All proceeds from the Public Issue of RM58,816,000 will accrue to Meda Inc.

With the completion of the Placement expected to be on or prior to the opening and closing of the application list for this IPO, Meda Inc. will receive the aforementioned proceeds from its listing exercise principally in two(2) tranches as follows:-

Tranche I - RM16,000,000 from the Placement: and

Tranche II - RM42,816,000 from the issuance of the remaining 53,520,000 Public Issue Shares at an issue price of RM0.80 per Share subsequent to the issuance of this Prospectus.

Meda Inc. intends to use these proceeds in the following manner:-

	RM'000
Repayment of bank borrowings	30,000
* Working capital – general	19,816
payment of cash offer arising from the MGO for Sri Lingga	6,000
Estimated listing expenses	3,000
<b>TOTAL</b>	<b>58,816</b>

\* Up to RM6.0 million of this amount may be utilized to finance the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO. Notwithstanding this, any proceeds earmarked for the MGO of Sri Lingga which is not utilised in the event that the remaining shareholders of Sri Lingga opt not to accept the MGO offer or opt to accept new Shares in Meda Inc., will be utilised for Meda Inc.'s general working capital requirements.

The utilization of the proceeds from Tranche I is expected to be completed within six(6) months from the date of receipt. The balance of the proceeds from Tranche II is expected to be fully utilized by December 2002, assuming they are received by March 2002.

Meda Inc. will bear all expenses incidental to the listing of and quotation for Meda Inc.'s Shares on the Main Board of the KLSE which include underwriting commission, brokerage, registration fee and share transfer fee relating to the Placement Shares and Public Issue Shares, professional fees, SC's fee, advertising and listing expenses and other fees which are estimated to amount to approximately RM3,000,000.

**2. DETAILS OF THE IPO ..... cont'd**

The Offer for Sale will raise gross proceeds of RM16,336,000. This amount shall accrue to the Offeror and no part of the proceeds is receivable by Meda Inc. The Offeror shall bear all expenses, such as underwriting commission, brokerage, registration and share transfer fee relating to the Offer Shares.

**Notes:-****1. Repayment of Bank Borrowings**

The Group proposes to repay part of the following bank borrowings:-

<b>Name of Borrower</b>	Meda Development Sdn Bhd	ZKP Development Sdn Bhd
<b>Name of Lender</b>	Arab Malaysian Merchant Bank Berhad	Bumiputera-Commerce Bank Berhad
<b>Type of Facility</b>	Term Loan Facility	Term Loan Facility
<b>Purpose of Facility</b>	Financing of Project	Financing of Project
<b>Facility Limit</b>	RM133.4 Million	RM40.0 Million
<b>Amount Outstanding @ 18 January 2002</b>	RM129.76 Million <i>(includes capitalization of interest)</i>	RM39.03 Million
<b>Interest Rate</b>	Cost of Funds + 2.15%	Base Lending Rate + 2%
<b>Repayment of Loan</b>	RM 27 Million	RM 3 Million
<b>Interest Savings per annum (Estimated)</b>	RM 2.43 Million	RM 0.27 Million

**2. Working Capital - General**

Of the total proceeds, RM19,816,000 will be used as general working capital for the Group including the payment of creditors, project expenses, suppliers, salaries, purchase of raw materials/stocks and operating expenses.

**3. Working Capital – MGO for Sri Lingga**

Up to RM6.0 million of the total proceeds may be utilized to finance the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO depending on the acceptance rate via the cash option.

**4. Estimated Listing Expenses**

The listing expenses including the Proposed Acquisition of Remaining 10% of Sri Lingga pursuant to the MGO for cash is estimated at RM3,000,000.

<b>Major cost items</b>	<b>RM</b>
Estimated Professional fees (includes fees for advisers, solicitors, accountants etc.)	500,000
Underwriting commission at 3%	1,300,000
Placement fees	240,000
Brokerage	300,000
Printing of Prospectus and Application forms and envelopes	300,000
Public relations	50,000
Advertising of Prospectus	100,000
Issuing House fees	70,000
SC fees	70,000
KLSE fees	50,000
Registration of Prospectus	10,000
Miscellaneous	10,000
<b>Total</b>	<b>3,000,000</b>

**Notes:**

\* Any unutilized amounts/excess costs to be incurred shall be used for working capital purposes/drawn from the proceeds earmarked for general working capital purposes.

**2. DETAILS OF THE IPO ..... cont'd**

The utilisation of the proceeds by the Group is expected to give a financial impact as follows:-

	Without Listing Proceeds (RM'000)	With Listing Proceeds (RM'000)
<b>Financial Year Ended 31 December 2001<sup>^</sup></b>		
Consolidated PBT after exceptional items before Minority Interest	51,933	51,933
Consolidated PAT after Minority Interest *	34,410	34,410
Net cashflow for the year	4,442	4,442
<b>Financial Year Ending 31 December 2002</b>		
Consolidated PBT after exceptional items before Minority Interest	62,464	66,650
Consolidated PAT after Minority Interest*	41,867	44,881
Net cashflow for the year	64,572	69,086

<sup>^</sup> There will not be any impact for financial year ended 31 December 2001 in view that the proceeds will only be received in year 2002

\* Before accounting for the MGO for Sri Lingga

**2.7 Brokerage and Underwriting Commission**

Brokerage is payable by Meda Inc. at the rate of 1.0% of the IPO price of RM0.80 per Share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite 53,940,000 IPO Shares (comprising 53,520,000 Public Issue Shares and 420,000 Offer Shares) to be issued to KEB's minority shareholders, Pink Form Applications for eligible employees, Directors and business associates of the Meda Inc. Group and the Malaysian public. Underwriting commission is payable by Meda Inc. at the rate of 3% of the IPO price of RM0.80 per Share for the Shares which are being underwritten.

**2.8 Details of the Underwriting Agreement**

The Managing Underwriter and the Underwriters (collectively referred to as the "Underwriters" and individually as the "Underwriter") have agreed to underwrite up to 53,940,000 IPO Shares (comprising 53,520,000 Public Issue Shares and 420,000 Offer Shares). The underwriting commission is payable by Meda Inc. at the rate of 3% of the IPO price of RM0.80 per Share for the ordinary shares which are being underwritten.

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**2. DETAILS OF THE IPO ..... cont'd**

The following are extracts of some of the salient clauses contained in the Underwriting Agreement dated 9 January 2002 between the Company and the Underwriters:-

“3. Warranties

3.1 As a condition of the Agreement by the Managing Underwriter and the Underwriters to underwrite the Underwritten Shares and in consideration thereof, the Company represents, warrants and undertakes to the Underwriters and each of them as follows:

- (a) that the Prospectus shall be in form and substance satisfactory and acceptable to and approved by the SC, Registrar, and other relevant authorities and will contain all information which is material in the context of the listing and quotation of the Listed Shares on the Main Board of KLSE, such information to be contained in the Prospectus will be true, complete and accurate in all material respects and the Prospectus will not omit to state any material fact required or necessary to be stated therein with regard to the listing and quotation of the Listed Shares on the Main Board of KLSE and in light of the circumstances under which they are made, not misleading in any respect and that the Directors have made enquiries to ascertain all facts material for the Prospectus and have verified the completeness and accuracy of all such information and that no material fact has been omitted therein;
- (b) that the Company will apply and obtain the approval-in-principle of the KLSE for the admission of the Company in the official list of the KLSE and the listing of and quotation for the Listed Shares and the Company shall at all times promptly furnish and deliver all documents, instruments, information, certificates and undertakings as may be necessary or advisable in order to obtain such permission and quotation;
- (c) that the Company has or will have on or prior to the date of the Prospectus, obtained all consents, approvals, authorisations or other orders required by the Company under the laws of Malaysia for or in connection with the issue and offering of the Listed Shares and the execution of this Agreement; and that as at the Closing Date all such consents, approvals, authorisations and other orders shall be and remain in force and effect and further that all other action will be taken by the Company to comply with all legal and other requirements necessary to ensure that the issue and offering of the Listed Shares and the execution of this Agreement will not infringe any existing laws or the terms of any such consents approvals authorisations or other orders;
- (d) that the authorisation of the Public Issue Shares on the terms and conditions of the Prospectus, the issue of the Prospectus and the compliance by the Company with the terms and conditions of this Agreement:
  - (i) are in accordance, where applicable, with the Memorandum and Articles of Association of the Company;
  - (ii) do not and up to and on the Closing Date, will not infringe the terms of, or constitute a default under any trust deed, agreement or other instrument or obligation to which the Company is a party or by which it is bound;
  - (iii) do not and will not conflict with, or result in a breach of any of the terms or provisions of any existing law, regulation or listing requirements applying to or affecting the Company;



**2. DETAILS OF THE IPO..... cont'd**

- (iv) do not and will not infringe the terms of, or constitute a default under any law, judgment, order, license, permit, consent, trust deed, agreement or other instrument or obligation to which the Company is a party or by which it or any part of its undertaking, assets, property or revenues is bound or affected;
- (v) and the execution and issue or delivery by the Company of this Agreement, the Prospectus, the Underwritten Shares and the performance of the obligations to be assumed thereunder will constitute valid and legally binding obligations on the Company;
- (e) that the Company has or will have obtained on or before the date of each of the foregoing acts or events all necessary corporate and shareholders' approvals and shall have taken all other actions therefor and in connection therewith;
- (f) to comply with all the conditions, if any, imposed by the SC and KLSE for the listing of and quotation of the Listed shares on the Main Board of the KLSE;
- (g) that the Company shall comply with all the requirements and provisions, inclusive of any amendments, of the Companies Act, the SC Guidelines and the Listing Requirements in relation to the issue and the listing of the Listed Shares unless exempted therefrom by the relevant authorities;
- (h) that save and except for litigation, winding up, arbitration or legal proceedings as may be disclosed in the Prospectus, neither the Company nor any of its subsidiaries is a party to any litigation arbitration or any other legal proceedings of a material nature, current or pending or to the knowledge of the Company, threatened or otherwise, in Malaysia or elsewhere which has a material adverse effect on the financial condition or otherwise on the earnings, affairs or business prospects of Meda Group, and further that the Company is unaware of any evidence information or facts likely to give rise to any such litigation, winding up, arbitration or legal proceedings;
- (i) that, except as may be disclosed in the Prospectus, neither the Company nor any of its subsidiaries:
  - (i) is in default under any material contract, deed, agreement, document or other instrument to which they have entered into or may be bound;
  - (ii) is in default of any material contract, deed, agreement, document or other instrument to which their respective assets are or may be bound;
  - (iii) have entered into any contracts or commitments of an unusual, long term (not in the ordinary course of business) and onerous nature;
- (j) that save and except as may be disclosed in the Prospectus, no circumstances or situations have arisen which are or are likely to adversely affect the condition (financial or otherwise) of the Company or any of its subsidiaries or the earnings, affairs or business prospects of the Company or any of its subsidiaries or to so affect the success of the issuance of the Public Issue Shares and Offer Shares and that no material information has been withheld from the Underwriters which may in any way affect their decision to underwrite the Underwritten Shares;

**2. DETAILS OF THE IPO ..... cont'd**

- (k) that the Company will promptly and without any delay whatsoever notify the Managing Underwriter (who shall thereupon inform the Underwriters) of any facts, information, situations or circumstances which it believes may materially and adversely affect the creation, issue and offering of the Public Issue Shares and Offer Shares or the success of the Public Issue Shares and Offer Shares and in particular but without prejudice to the generality of the foregoing, of any material change affecting any of the aforesaid representations, warranties or undertakings at any time prior and up to the Closing Date and take such steps as may reasonably be required by the Underwriters to remedy and/or publicise the same;
- (l) that all information supplied or to be supplied to the Underwriters for the purpose of or in connection with the Public Issue Shares and Offer Shares is true, complete and accurate in all respects and where such information relates to opinions or expectations, the basis of such opinions, expectations or intention (including any profit or other forecast) are considered by the Directors of the Company based on relevant considerations and facts then made;
- (m) that the Company will give to the Underwriters any or all information which the Underwriters may require in respect of the accounts or affairs of the Company and its subsidiaries or in connection with the Public Issue Shares and Offer Shares or the other proposals contained in the Prospectus;
- (n) that each of the Company and its subsidiaries is a company duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on its business and is not in liquidation and no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and/or manager or judicial manager of the companies or of any of its assets or undertakings;
- (o) that the accounts of the Company and its subsidiaries have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and its subsidiaries as a whole for the financial years ended 31 July 1996 to 31 July 2000 and as at 31 July 2001 as the case may be, and (so far as are material for disclosure for the purposes of the accounts) have made adequate provision for appropriate disclosures for all known material liabilities whether actual or contingent, of the Company and its subsidiaries as a whole as at such date and have complied in all material respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 31 July 2001 there has been no material adverse change in the financial position of the Company and any of its subsidiaries or as a group in whole, save as may be disclosed in the Prospectus, any public announcement or publicly available document or disclosed to the Underwriters prior to the date of this Agreement;
- (p) that all estimates, forecasts, expressions of opinion, intention and expectation which have been or will be disclosed in writing to the Underwriters in connection with the Public Issue Shares are or will when given be fair and truly and honestly held by the Directors of the Company and have been or will be made after due and careful consideration;

**2. DETAILS OF THE IPO..... cont'd**

- (q) that other than the indebtedness contested in good faith by the Company as disclosed in the Prospectus, no outstanding indebtedness of the Company and its subsidiaries has become payable by reason of default by the Company and its subsidiaries and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time or the fulfillment of any condition or the giving of notice may result in any such indebtedness becoming so payable;
- (r) that all taxes (whether income tax, property tax or otherwise) of the Company or all taxes which are material in the context of the Public Issue, for which it is liable or which ought to have been paid have been duly paid or adequately provided for; all the returns notices of information which are made or given by it for taxation are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant and appropriate authorities and there are no present circumstance (of which the Company is or ought reasonable to be aware) which are likely to give rise to any such dispute;
- (s) that the records, statutory books and books of accounts of the Company and its subsidiaries are duly entered upon and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and all records and documents (including documents of title) which are their respective property are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the Registrar of Companies have been duly and correctly delivered or made;
- (t) that all the assets of the Company and its subsidiaries which are of an insurable nature have at all material times been and are at the date hereof adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;
- (u) that the Company will pay all and any stamp and other documentary taxes or duties, including any interest and penalties resulting from delay or omission on the part of the Company, payable on, or in connection with the creation, issue and distribution of the Public Issue Shares or the execution of this Agreement;
- (v) that the Company and its subsidiaries will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;
- (w) that except as disclosed in the Prospectus, the Company and its subsidiaries have not entered into any contract or commitment of an unusual or onerous nature, which in the context of the Public Issue and Offer Shares, might be material for disclosure;
- (x) that the Company will give to the Underwriters any or all information which the Underwriters may reasonably need or require affecting the issue and offering of the Public Issue Shares and Offer Shares, accounts or affairs of Meda Group;
- (y) to fix the Closing Date together with the Managing Underwriter ;
- (z) to do all other things and sign or execute such documents as may be required in order to complete the Public Issue and Offer Shares; and

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**2. DETAILS OF THE IPO..... cont'd**

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- (aa) that the Public Issue Shares and Offer Shares shall be issued and allotted free from any claims, liens, charges, encumbrances and equities whatsoever.
- 3.2 The commitment of the Underwriters to underwrite the Underwritten Shares being made on the basis of the representations, warranties and undertakings of the Company in this Clause 3 and with the intention that such representations, warranties and undertakings shall remain true and accurate in all material respects up to and including the Closing Date, the Company undertakes with the Underwriters that it shall :
- (i) hold and keep the Underwriters fully and effectively indemnified and harmless against any damages, losses, liabilities, costs, claims, charges, expenses, actions or demands (including but not limited to all costs, charges and expenses, including legal fees on a solicitor and client basis, paid or incurred in disputing or defending any such claim or action) which the Underwriter may incur as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to issue and deliver to the Underwriters or Central Depository for the credit of the Securities Account of the Underwriters, the certificates in respect of the Underwritten Shares allotted to the Underwriters or its nominee(s) pursuant to Clause 11 (unless the Underwriters shall have been advised of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to item (ii) below and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice);
  - (ii) at any time prior to the Closing Date, forthwith notify the Underwriters of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect in any material respect any of its representations, warranties or undertakings but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;
  - (iii) if this Agreement is terminated by the Underwriters in accordance with the provisions of Clause 16, indemnify the Underwriters against any damages, losses, liabilities, costs, claims, charges, expenses, actions or demands which it may sustain or incur as a result of such termination; and
  - (iv) not publish any amendment or supplement to the Prospectus of which the Underwriters have not previously been advised or to which the Underwriters or its legal advisers shall reasonably object.
- 3.3 If any action, proceeding, claim or demand shall be brought or asserted against the Underwriters in respect of which indemnity be sought from the Company, the Underwriters shall notify the Company in writing, and the Company shall assume the defence thereof, including the employment of legal advisers selected by the Company with the prior approval of the Underwriters subject to the payment by the Company of all fees and expenses of such employment. The Underwriters shall have the right to select separate legal advisers to assume such legal defences and otherwise to participate in the defence of such action, proceeding, claim or demand on behalf of the Underwriters but the fees and expenses of such legal adviser shall be borne solely by the Company.
- 3.4 Before the Closing Date, the Company shall at the request of the Underwriters furnish or deliver to the Underwriters all information and documents which the Underwriters may reasonably request for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein.

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**2. DETAILS OF THE IPO..... cont'd**


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- 3.5 The Company undertakes and agrees not to cause, and to use its best endeavours not to permit, any Specified Event to occur before the Closing Date. If any Specified Event shall occur or come to the knowledge of the Company prior to the Closing Date, the Company shall forthwith give notice to the Underwriters of the same.
- 3.6 The said representations, warranties and undertakings through the Managing Underwriter shall be deemed to be repeated on and as of the Closing Date and shall continue in full force and effect notwithstanding completion of the subscription and issue of the Public Issue Shares and Offer Shares or any investigation by or on behalf of the Underwriters.
- 3.7 In the event of any material breach of the Warranties or any material failure by the Company to perform any of the Warranties or any change rendering any of the Warranties inaccurate or not complied with in any material respect coming to the notice of the Underwriters (or any of them) prior to the Closing Date, each Underwriter shall be entitled (but not obliged) by notice to the Company and the Managing Underwriter to elect to treat such breach, failure or change as releasing and discharging it from its obligations hereunder Provided That the Company shall remain liable for the payment of the costs and expenses referred to in Clause 14 hereof which are incurred prior to or in connection with such release and discharge And Provided That failure to make such election as aforesaid shall be without prejudice to the right of the Underwriters or the Underwriter concerned to treat any failure or other breach, failure or change as releasing and discharging the Underwriters or the Underwriter concerned from their or its respective obligations as aforesaid.
- 3.8 The representations, warranties and undertakings set out in this Agreement shall survive the execution of this Agreement and shall be deemed to be repeated on each day up to the date the Securities Accounts (as defined under the Securities Industry (Central Depositories) Act 1991) maintained by each of the Underwriters or their designated nominees are credited in accordance with Clause 11 hereof as if made at each such day with reference to the facts and circumstances existing at each such day.
4. Indemnity by the Company
- 4.1 The agreement of the Underwriters to underwrite the Underwritten Shares is entered into on the basis of the Warranties. Without prejudice to the other rights and remedies of the Underwriters, the Company undertakes with the Underwriters and each of them to indemnify and keep them indemnified from and against any liabilities costs claims charges actions proceedings damages expenses or demands which the Underwriters or any of them may incur or which may be made against them or any of them as a result of or arising out of or in relation to the Underwriters reliance on any of the Warranties by the Company or any breach of any of the Warranties by the Company and such indemnity shall extend to include all costs (including legal costs on a solicitors and client basis) charges and expenses which the Underwriters or any of them may reasonably pay or incur in advancing, disputing or defending any claim or action or other proceeding in respect of which indemnity may be sought against the Company under this Clause.
- 4.2 The foregoing rights and remedies conferred upon the Underwriters by the aforesaid Warranties in Clause 3 shall continue in full force and effect notwithstanding completion of the listing and quotation for the Listed Shares on the Main Board of the KLSE and notwithstanding any investigations by or on behalf of the Underwriters.
5. Undertakings of the Underwriters
- Each of the Underwriters severally undertakes with and represents and warrants to the Company that :-
- (a) it will observe and comply with all applicable laws and regulations in each jurisdiction in which it may offer or sell the Listed Shares;

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**2. DETAILS OF THE IPO..... cont'd**


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- (b) this Agreement constitutes legal, valid and binding obligations of the Underwriters enforceable by the Company against the Underwriters in accordance with its terms; and
- (c) it will consent to the issue of the Prospectus with the reference to its name in the form and context in which it appears in the Prospectus.

6. Conditions Precedent

6.1 The several obligations of the Underwriters under this Agreement shall further be conditional upon:

- (a) the application for the approval-in-principle of the KLSE for the listing and quotation of the Listed Shares will be made within three(3) Business Day from the issuance of the Prospectus;
- (b) the issuance of the Public Issue Shares having been approved by MITI, the SC, the FIC and any other relevant authority(ies);
- (c) the registration and lodgment with the SC and the Registrar of the Prospectus and accompanying documents on or before their issue, circulation or distribution thereof for and in connection with the Public Issue Shares and Offer Shares;
- (d) the Twenty Million (20,000,000) new ordinary shares of RM0.50 each of the Company to be placed by the Managing Underwriter, as the placement agent, to places identified by the Company and the said placement shall be completed after the issuance of the Prospectus;
- (e) the Prospectus to be issued within One (1) month from the date of this Agreement;
- (f) there not having been, on or prior to the Closing Date any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial or otherwise) of the Company or any of its subsidiaries from that as set out in the Prospectus which is material in the context of the offering of the Underwritten Shares or in the opinion of the Underwriters or Underwriter concerned would adversely affect the success of the Public Issue Shares and Offer Shares thereunder or any occurrence of any event rendering untrue or incorrect or not complied with, to an extent which is material as aforesaid, any of the Warranties as though given or made on such date; and
- (g) the terms and conditions of the Prospectus in the form delivered to the Registrar and notwithstanding any variation between the Prospectus so lodged and the Prospectus attached hereto as Schedule 4; provided that no material variation in the Prospectus shall be made without the consent of the Underwriters (which consent shall not be unreasonably withheld) with regard to the matters following, namely:
  - (i) the constitution of the Board of Directors and the Promoters of the Company;
  - (ii) the authorised and issued share capital of the Company;
  - (iii) the number of shares comprised in the Public Issue Shares and Offer Shares and the price thereof;
  - (iv) the statement as to any litigation, arbitration or other legal proceedings of a material nature in which the Company is presently involved or pending;

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**2. DETAILS OF THE IPO..... cont'd**


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- (v) the statement as to any contingent liabilities and capital commitments of the Company;
- (vi) the business of the Company and its subsidiaries;
- (vii) the profit estimate and forecast of the Company;
- (viii) the group structure of the Company pursuant to the restructuring exercise; and
- (ix) the utilisation of proceeds from the listing and quotation of the Listed Shares.

6.2 If any of the conditions stated in Clause 6.1 is not satisfied on or before the Closing Date, an Underwriter (“**the Withdrawing Underwriter**”) shall be entitled to terminate this Agreement by notice in writing delivered to the Company and the Managing Underwriter and in such event the Withdrawing Underwriter and the Company shall be released and discharged from their obligations hereunder Provided That in such event the Company shall remain liable for the payment of the costs and expenses referred to in Clause 14 which are incurred prior to or in connection with such termination and such release and discharge Provided However That an Underwriter may at its discretion and subject to such conditions as it may impose, waive compliance with any of the provisions of Clause 6.1.

15. Force Majeure

Notwithstanding anything herein contained the Underwriters or an Underwriter acting through the Managing Underwriter may at any time before the Closing Date by notice in writing delivered to the Company terminate their or its obligations under this Agreement if in the reasonable opinion of the Underwriters or Underwriter concerned there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates or in the stock exchange or otherwise as would in the reasonable opinion of the Underwriters or Underwriter concerned prejudice materially and adversely the success of the issue and offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) and/or in the event of a national disorder, outbreak of war or the declaration of a state of national emergency and thereupon the Parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 14 above incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.

16. Termination

16.1 Notwithstanding anything herein contained, the Underwriters may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

- (a) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which, if capable of remedy, is not remedied within such number of days as may be stipulated in the notice of breach given to the Company which, in the opinion of the Underwriters, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Company and its subsidiaries, the success of the Public Issue and Offer Shares, or the distribution or sale of the Public Issue Shares and Offer Shares, or

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**2. DETAILS OF THE IPO..... cont'd**

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- (b) if the Company withholds information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as may be stipulated in the notice of breach given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Company and its subsidiaries, the success of the Public Issue and Offer for Sale, or the distribution or sale of the Public Issue Shares and Offer Shares; or
  - (c) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company and its subsidiaries; or
  - (d) there shall have occurred, happened or come into effect any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing, which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company and its subsidiaries, the success of the Public Issue and Offer Shares, or the distribution or sale of the Public Issue Shares and Offer Shares, or which is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting thereof; or
  - (e) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents).
- 16.2 Upon such notice being given under Clause 16.1, the Underwriters shall be released and discharged of their obligations without prejudice to their rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of any of its obligations and liabilities under Clause 14 for the payment of the costs and expenses already incurred up to the date on which such notice was given and the underwriting Commission (if applicable) which shall be paid to the Underwriters within Fourteen (14) Business Days from the receipt of such notice.
- 16.3 For the avoidance of any doubt, a material change in the conditions of the Malaysian stock market as mentioned in Clause 16.1(d) shall include, but not limited to, the Composite Index of KLSE falling below 600 points.”



## 2. DETAILS OF THE IPO..... cont'd

### 2.9 Approvals and Conditions from Authorities

The Restructuring and Listing Scheme was approved by the following authorities of which the details are, inter-alia, as follows:-

Authority	Conditions imposed	Status of compliance
SC	<u>Letter dated 30 April 2001</u> <i>Utilisation of proceeds:-</i>	
	(1) The approval of the SC is required for any revisions in the utilisation of proceeds in the event that the revision involves the utilisation towards that other than the core business of the Meda Inc Group;	Will be complied with by the Company
	(2) The approval of Meda Inc.'s shareholders is required for any revision of 25% or more of the original utilisation of proceeds. In the event that the proposed revision is less than 25%, appropriate disclosure must be made to the shareholders of Meda Inc;	Will be complied with by the Company
	(3) Any extension of time from the timing as determined by Meda Inc. for the utilisation of proceeds must be approved by way of a final resolution of the Board of Directors of Meda Inc. and must be fully disclosed to the KLSE;	Will be complied with by the Company
	(4) Appropriate disclosure on the status of utilisation of proceeds must be made in the quarterly results and annual reports of Meda Inc until the completion of the utilisation of proceeds	Will be complied with by the Company
	<i>General:</i>	
	(1) Meda Inc. is required to fulfil the following conditions for the acquisition of Genting Unggul based on the adjusted net tangible assets after taking into consideration the approved development rights value of RM10 million: - <ul style="list-style-type: none"> <li>• The planning approval for the proposed development must be obtained; and</li> <li>• The development agreement granting the development rights on Genting Unggul must:- <ul style="list-style-type: none"> <li>- Not be cancelled and/or terminated in any condition whatsoever except on a "Force Majeure" basis; and</li> <li>- Not be detrimental or disadvantageous to Genting Unggul as the developer.</li> </ul> </li> </ul> <p>The legal opinion of the solicitors declaring compliance to the above conditions must be submitted for the SC's consideration;</p>	Complied with by the Company. Meda Inc. has submitted the planning approval to the SC. Further, as permitted in the SC's letter dated 5 October 2001 (please refer below), Meda Inc. has instead procured a profit guarantee from KEB pursuant to the development agreement between Genting Unggul and KPRJ in fulfillment of this requirement. Please refer to Section 6.3 of this Prospectus for further details.
	(2) A moratorium will be imposed on 45% of Meda Inc.'s enlarged paid-up share capital, held by the promoters and substantial shareholders of Meda Inc., wherein, they are not permitted to sell, transfer or assign the said shareholdings for a period of one(1) year from the date of listing of Meda Inc. on the KLSE, and thereafter, are only permitted to sell, transfer or assign not more than one-third(1/3) of the said shareholdings for every following year;	Complied with by the Company. Please refer to Section 5.8 of this Prospectus for further details.
	(3) The directors, promoters and substantial shareholders of Meda Inc. are not allowed to be involved in any businesses that will result in competition/conflict of interest with the Meda Inc. Group's existing businesses. In this connection, any interest or involvement of the directors, Promoters and substantial shareholders of Meda Inc. in similar businesses and mitigating factors overcoming these competition/conflict, if any, must be disclosed in the listing prospectus of Meda Inc.;	Complied with by the Company. Please refer to Section 11.3(vi) of this Prospectus for further details on the required disclosure.
	(4) Meda Inc. must disclose in its listing prospectus all existing dealings and agreements between the Meda Inc. Group and companies connected to the directors, promoters and substantial shareholders of Meda Inc.;	Complied with by the Company. Please refer to Section 6.2 of this Prospectus for further details on the required disclosure.

**2. DETAILS OF THE IPO..... cont'd**

Authority	Conditions imposed	Status of compliance
	(5) Any business dealings between the Meda Inc. Group and parties or companies connected to the directors/promoters/substantial shareholders of Meda Inc. in the future must be transacted on an 'arm's-length' basis and must not be based on any terms detrimental to the Meda Inc. Group. The Audit Committee of Meda Inc. must monitor and the Board of Directors of Meda Inc. is required to report such business dealings, if any, in the annual report of Meda Inc., every year;	Will be complied with by the Company
	(6) All debts owing to the Meda Inc. Group by the Directors, Promoters or substantial shareholders and any companies connected to them representing non-trade debt or trade debts exceeding credit period, must be fully settled before the issuance of Meda Inc.'s listing prospectus;	Complied with by the Company. The Reporting Accountants' and the Company's confirmations have been submitted to the SC.
	(7) All encumbrances on assets of the Meda Inc. Group that has been pledged for the Directors, Promoters and substantial shareholders as well as companies related to them must be discharged before the issuance of Meda Inc.'s listing prospectus; and	Complied with by the Company. The solicitors' confirmation have been submitted to the SC.
	(8) Meda Inc. is required to ensure that all strata titles relating to the property known as P.T. 15, Seksyon 4, Bandar Bukit Mertajam, Pulau Pinang, when issued, are registered under ZKP.	Will be complied with by the Company.
	<u>Letter dated 12 July 2001</u>	
	None.	N/A.
	<u>Letter dated 5 October 2001 for the Profit Guarantee Agreement</u>	
	(i) KEB is required to obtain the prior exemption of the KLSE from the requirements of paragraph 8.23 of the KLSE Listing Requirements in relation to the provision of financial assistance to a company that is not a subsidiary of KEB; and	Complied with by the Company. The KLSE has on 4 October 2001 written to KEB to confirm that the Profit Guarantee Agreement does not fall within the ambit of paragraph 8.23 of the KLSE's listing requirements.
	(ii) Meda Inc. is required to forward SC a copy of the final profit guarantee agreement prior to the acquisition of Genting Unggul.	Complied with by the Company. A copy has been submitted to the SC.
	<u>Letter dated 29 November 2001</u>	
	To inform the SC on the following:-	
	(i) The additional shares to be issued pursuant to the mandatory general offer for the remaining 10% of Sri Lingga;	Will be complied with by the Company upon completion of the MGO.
	(ii) The final issued and paid-up share capital of Meda Inc.; and	Will be complied with by the Company upon completion of the MGO.
	(iii) The number and details of the moratorium imposed on the share holdings.	Will be complied with by the Company upon completion of the MGO.
	<u>Letter dated 14 December 2001</u>	
	(i) Meda Inc. is required to place an advertisement of the mandatory offer in a widely circulated English and Bahasa Malaysia newspaper.	Complied with by the Company. The MGO was advertised together with the Sri Lingga's notice of receipt of the MGO in the Star and Utusan Malaysia on 2 January 2002.
	(ii) Meda Inc. is required to allocate a cash consideration of at least RM6.00 per share, apart from other available alternatives.	Complied with. Please refer to Section 4.3(ix) of this Prospectus for further details on the MGO

## 2. DETAILS OF THE IPO..... cont'd

Authority	Conditions imposed	Status of compliance
FIC	<u>Letter dated 6 December 2001</u>	
	None.	N/A.
	<u>Letter dated 16 July 2001</u>	
	None.	N/A.
	<u>Letter dated 9 September 2000</u>	
	Meda Inc. has at least 30% direct Bumiputera equity when the listing scheme is implemented.	Will be complied with by the Company. Upon the Bumiputera investors approved by the MITI fully subscribing for the 20,000,000 Offer Shares allocated to them, Meda Inc. will have approximately 32% Bumiputera equity content.
	The approval of the MITI.	Complied with by the Company.
MITI	<u>Letter dated 6 December 2001</u>	
	Reservation of 20,000,000 ordinary shares of RM0.50 each to be subject to the approval of the MITI whereby the allocation will be decided upon approval from the SC for the listing of the company.	Will be complied with by the Company. The Offer for Sale consists of 20,000,000 Shares to Bumi investors approved by MITI.
	<u>Letter dated 16 July 2001</u>	
	None.	N/A.
	<u>Letter dated 5 July 2001</u>	
	Reservation of 10,000,000 ordinary shares of RM1.00 each to be subject to the approval of the MITI whereby the allocation will be decided upon approval from the SC for the listing of the company.	N/A. Please refer to revised condition above.
	<u>Letter dated 21 September 2000</u>	
	Meda Inc Bhd is required to allocate at least 30% of its company equity to Bumiputera upon listing.	Will be complied with by the Company. Upon the Bumiputera investors approved by the MITI fully subscribing for the 20,000,000 Offer Shares allocated to them, Meda Inc. will have approximately 32% Bumiputera equity content.
	The approval of the SC and FIC.	Complied with by the Company.

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**3. RISK FACTORS**

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

(i) Business Risks

The prosperity of the property development industry depends very much on the performance of the economic growth and is hence cyclical in nature. As such, the Group is subject to certain risks inherent in the susceptibility of these factors. These risks, among others, include changes in both monetary and fiscal policies and also the changes that might be imposed by the relevant regulatory bodies. The Group is further subject to changes in the business conditions such as deterioration in the Malaysian economic conditions, rising costs of labour and raw materials.

Notwithstanding that the Teoh Brothers and the Company's management have the necessary expertise and experience to manage the risks inherent in the businesses of the Meda Inc. Group, no assurance can be given that any change to these factors would not have any material adverse impact on the Group's business and profitability.

(ii) No Prior Market For Meda Inc. Shares

Prior to this IPO, there has been no public market for Meda Inc. Shares. There is no assurance that an active market for Meda Inc. Shares will develop upon its listing on the Main Board of KLSE or, if developed, that such market will be sustained. The IPO price of RM0.80 per Share has been determined after taking into consideration various factors, including but not limited to the prevailing economic and property market conditions, the Company's financial and operating history and condition, its prospects and the prospects for the industry in which the Company operates, the management of the Company and the market prices of shares of companies engaged in businesses similar to those of the Company. There can be no assurance that the IPO price will correspond to the price at which Meda Inc. Shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for Meda Inc. Shares will develop and continue upon or subsequent to its listing.

(iii) Competitive Risk

The property development market is a continually challenging industry where competition is rife. The numerous property developers inherent in this industry and limited prime land for development amidst the current economic conditions poses additional challenges for players in this industry.

In view of this, it is the Group's policy to constantly review its development and marketing strategy in response to economic conditions and change in the property market demands. In order to stay ahead of its competitors, the Group continues to innovate its development concepts. An innovative step is its three-in-one concept (consisting of a shopping complex, office tower and hotel) that has proven to be a success in its projects, The Summit Subang, USJ and The Summit Bukit Mertajam Plaza, Pulau Pinang.

There can be no assurance that Meda Inc. will be able to maintain its existing market share in the future. However, the Board believes that Meda Inc. will be able to maintain its position due to their extensive knowledge and expertise in the field.

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**3. RISK FACTORS..... cont'd**

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**(iv) Dependency on Key Management**

As in other businesses, the Group believes that its continued success will depend significantly on the abilities and continued efforts of its existing Directors, Senior Management and Project Coordinators. The loss of key members of the senior management could adversely affect the Group's ability to compete in the industry. However, with a secure working environment and an attractive remuneration scheme, the Group's management has expanded and strengthened over the years. Thus the Group is confident that with the capabilities of its employees, it would not expect any difficulties in the younger members of the management team to eventually take over from their seniors in the future.

Therefore, every effort has been made to groom the younger members in the senior management to gradually take-over from the senior members to ensure smooth transition in the management team. Hence, the Group's future success will also depend upon its ability to attract new and retain existing skilled personnel.

**(v) Profit Estimate and Forecast**

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

**(vi) Political and Economic Risks**

Adverse developments in political, economic and regulatory conditions in the country could materially affect the financial and operational condition as well as the overall profitability of the Group. Other political and economic uncertainties include the risk of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in rates of interest and methods of taxation.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

**(vii) Delay in Implementation and Completion of the Development Projects**

Development projects are subject to various regulatory approvals and the implementation of completion of a development project on time is dependent on many external factors, such as obtaining approvals as scheduled, securing construction materials in adequate amounts, favourable credit terms and satisfactory performance of building contractors which may be appointed to participate in the development project. There can be no assurance that these factors will not lead to delays in completion of a project. These delays may have a direct impact on the project profitability and ultimately the Group's profitability.

**(viii) Control by Substantial Shareholders**

After the IPO, the Teoh Brothers will collectively control directly 25.97% and indirectly 29.32% of the Company's issued and paid up share capital. As a result, these substantial shareholders will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

**3. RISK FACTORS..... cont'd****(ix) Common Substantial Shareholders With Other Listed Company and Conflict Of Interest****(a) Shareholders**

Teoh Seng Kian is the Group Managing Director of the Meda Inc. Group. Upon the completion of the Listing Scheme, he will be a substantial shareholder of Meda Inc. He is also a substantial shareholder in KEB. His brothers, Teoh Seng Foo and Teoh Seng Aun will also be substantial shareholders of Meda Inc. upon the completion of the Listing Scheme. Teoh Seng Foo is currently the Group Managing Director of KEB. Their shareholdings and directorships in Meda Inc. and KEB as at 18 January 2002 are shown in the table below:-

As at 18 January 2002	Shareholding in Meda Inc#		Shareholding in KEB		Directorship	
	Direct %	Indirect %	Direct %	Indirect %	In KEB	In Meda Inc
Teoh Seng Aun	10.69	@29.32	-	*16.55	-	-
Teoh Seng Foo	7.64	^16.42	0.28	*16.55	Group Managing Director	Non-Executive Director
Teoh Seng Kian	7.64	^16.42	0.0005	*16.55	-	Group Managing Director

# Based on the enlarged share capital of 428,606,824 Shares

\* Deemed interested by virtue of their shareholdings in Meda Capital Sdn Bhd

@ Deemed interested by virtue of his shareholdings in KEB, Sawitani Sdn Bhd (through KEB) and Meda Bina Sdn Bhd

^ Deemed interested by virtue of their shareholdings in KEB and Sawitani Sdn Bhd (through KEB)

As such, notwithstanding the common substantial shareholders highlighted, the two groups will be managed by a separate team of professionals headed by different group managing directors.

In addition, it is a condition of the SC's approval that the Directors, Promoters and substantial shareholders of Meda Inc. are not allowed to be involved in any business that will result in competition/conflict of interest with the Meda Inc. Group's existing business.

**(b) Shareholding of KEB in Meda Inc.**

After the completion of the Listing, KEB will be a substantial shareholder of Meda Inc. with a shareholding of approximately 16.42% held directly and through its wholly-owned subsidiary, Sawitani Sdn Bhd. The shareholding of KEB in Meda Inc. will thus be an investment recorded at cost in the accounts of KEB.

**(c) Conflict of Interest in Business**

Pursuant to the Listing, KEB will dispose of its entire direct and indirect shareholding in Genting Unggul, Sri Lingga, Nandex, Everlasting and Impressive which are/will be involved in property development to Meda Inc. KEB will continue to complete its remaining existing development projects to ensure revenue contributions to the KEB group of companies until the completion of these projects.

### 3. RISK FACTORS..... cont'd

Upon completion of the disposal of the abovementioned companies of KEB to Meda Inc. and the remaining existing development projects, KEB will rationalise its core activities and concentrate on non-property businesses such as engineering, education, plantation & forestry in order to minimise any potential conflict of interest between KEB and Meda Inc. in the future. In addition, it is a condition of the SC's approval that the Directors, Promoters and substantial shareholders of Meda Inc. are not allowed to be involved in any business that will result in competition/conflict of interest with the Meda Inc. Group's existing business.

(x) Risk of Termination of Joint-Venture Project

Meda Inc. will acquire 60% equity interest of Genting Unggul from KEB. Genting Unggul is jointly developing a project known as the "Desa Larkin Project" with Kumpulan Prasarana Rakyat Johor Sdn Bhd ("KPRJ").

Notwithstanding the termination risks inherent in the agreement between the two parties, Meda Inc. has procured a letter from KPRJ dated 11 May 2001 whereby KPRJ has reaffirmed the granting of the development rights to Genting Unggul. KPRJ has also granted the land as security through a third party charge for Genting Unggul's project financing requirements. KPRJ has further stated its commitment to ensure that the project is successful. Furthermore, KEB has granted a profit guarantee (the "**Profit Guarantee Agreement**") to Meda Inc. of up to RM6 million (in respect of Meda Inc.'s 60% equity interest in Genting Unggul) on the profits of Genting Unggul over a three(3) year period commencing on 1 January of the year of Meda Inc.'s successful listing on the KLSE (or such other date as may be mutually agreed in writing between KPRJ and Meda Inc. and if required, the approval of the SC) in order for Genting Unggul to recognize the SC's valuation of development rights of RM10 million as part of the Listing Scheme.

(xi) Unsecured Profit Guarantee

In relation to (x) above, there is no security provided for the Profit Guarantee Agreement given by KEB. The Profit Guarantee Agreement may not be released, discharged, supplemented, amended, varied or modified in any manner except by way of a written instrument signed by each of the parties subject to the approval of the SC and if necessary, the respective shareholders of the Company and the Guarantor.

As such, there can be no assurance for the settlement of the Profit Guarantee Agreement should it be called upon.

(xii) Demand Risk

Generally, the growth of property development companies has been in tandem with the level of economic and property market activity in the country and may hence be cyclical thereon. Given the growth rate of 1-2% (Source: *Economic Report 2001/2002*) projected for the year 2001 and the current property overhang in the Klang Valley, there can be no assurance for sustained demand, if any at all, for the units under the various property projects launched by the Meda Inc. Group. In addition, the various property development projects of Meda Inc. are located in various geographical location and are hence dependent on the level of economic activity at the respective regions such as Johore, Melaka, Selangor, Kuala Lumpur, Perak and Penang.

Notwithstanding that the property market is expected to remain soft in the medium term, the Meda Inc. Group has managed to sell more than 50% of the units available for sale for most of its development projects. This risk is further mitigated by the relatively high occupational rates for the various rental commercial properties offered by the Group.

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**3. RISK FACTORS..... cont'd**

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(xiii) Disclosure Regarding Forward-Looking Statements

This Prospectus contains forward-looking statements, i.e. those other than statements of historical facts. Although the Directors of Meda Inc. believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectations of Meda Inc. from its actual performance may result in the Group's financial and business performances and future plans to be materially different from those anticipated.

(xiv) Risk from Domestic Borrowings

Meda Inc. is currently meeting its financial obligations through a combination of internally generated funds and external financing through various credit facilities maintained with its principal bankers. As at 18 January 2002, Meda Inc. Group has in total credit facilities amounting to approximately RM333 million granted from various institutions where about RM295 million is outstanding. There can be no assurance that the Group will continue to be able to meet its debt obligations.

Notwithstanding this, the listing of Meda Inc. will be advantageous in the long term as it will accord the Group access to the capital market thereby reducing its dependence on bank borrowings.

(xv) Valuation

Investors should note that valuation is subjective in nature and subject to inherent uncertainties, including but not limited to the economic environment, the property sector and the share market conditions. Some of these sectors are experiencing volatility amidst economic slowdown and this situation if prevails for some time will adversely affect the short term values of the assets.

There is no assurance that the fair value of the properties of the Meda Inc. Group (including investment properties) will be duly reflected. The market prices of the assets will depend, inter-alia, on the economic condition, both locally and externally and the prevailing property market conditions.

The Board has considered the valuation of the properties of Meda Inc. Group and views that the valuation of these properties as detailed in Section 6 of the Prospectus is reflected in the realisable value of the Group. The land bank is expected to yield profits in the long term for the Meda Inc. Group.

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