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**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

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**10.1 Share Capital**

1. No Shares will be allotted on the basis of this Prospectus later than twelve(12) months after the date of this Prospectus.
2. There are no founder, management or deferred shares in the Company. As at the date of this Prospectus there is only one class of shares in the Company, namely Shares, all of which rank pari passu with one another.
3. Save for the Shares reserved for Directors and eligible employees of the Group as disclosed in Section 5 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary.
4. There are no restrictions on the transfer of the Shares of the Company, except as otherwise required by law.
5. A Director is not required to hold any qualification shares in the Company.
6. Save as disclosed in the Sections “Particulars on Public Issue” and ‘Information on the Engtex Group” of this Prospectus and the following no ordinary shares or debentures of the Company or its subsidiaries have been issued or; proposed to be issued as partly or fully paid-up for cash or otherwise than for cash within the two (2) years preceding the date of this Prospectus.

**10.2 Articles of Association**

The following provisions are reproduced from the Company’s Articles of Association.

**(i) Transfer of shares**

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

**Article 39**

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

**Article 40**

The instrument of transfer of a share shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the Central Depositories Act and the Rules, an instrument of transfer in respect of which the transferee is Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the Central Depositories Act.

**Article 41:**

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****Article 42:**

Any person becoming entitled to a share which is a Deposited Security in consequence of the death or bankruptcy of a member may apply to the Central Depository to transfer the shares into his Securities Account supported by the relevant documents and in accordance with the Central Depositories Act and/or the Rules. The said person shall deliver or send to the Company and the Central Depository a written notice signed by him expressing his aforesaid intention provided that notice in writing thereof has been given to the Company. Subject to the Act, the Central Depositories Act and the Rules a person becoming entitled to a Security by reason of the death or bankruptcy of the holder thereof shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Security, except that he shall not before being registered as a Member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided further always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Security and if the notice is not complied with within thirty (30) days the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Security until the requirements of the notice have been complied with.

**(ii) Remuneration of Directors**

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

**Article 97:**

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:-

- 97.1 fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- 97.2 salaries payable to executive Directors may not include a commission on or percentage of turnover;
- 97.3 fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- 97.4 any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 98:**

- 98.1 The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

98.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

**Article 130:**

The remuneration of the Managing Director or Managing Directors shall subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

**(iii) Voting and Borrowing Powers of Directors**

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

**Article 102:**

102.1 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party Provided Always that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**Article 118:**

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.

**Article 120:**

Subject to Article 118, a Director may vote in respect of:-

120.1 any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

120.2 any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

By ordinary resolution of the Company the provisions of this Article may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Article may be ratified.

**(iv) Changes in Capital or Variation of Class Rights**

The provision in the Company's Articles of Association as to the changes in capital or variation of class rights, which are as stringent as those provided in the Companies Act, 1965 are as follows:-

**Article 3:**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act and to the conditions, restrictions and limitations expressed in these Articles, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT:-

- 3.1 no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- 3.2 no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
- 3.3 in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- 3.4 every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and:-
  - (a) such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors; and
  - (b) only Directors holding office in an executive capacity shall participate in such an issue of shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue;
- 3.5 in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than 5% of the nominal amount of the share;
- 3.6 the Company must ensure that all new issues of Securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company must notify the Central

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**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees;

- 3.7 the Company must allot and issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within fifteen (15) Market Days of the final applications closing date for an issue of Securities or such other periods as may be prescribed by the Exchange.

**Article 4:**

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed provided that:-

- 4.1 the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- 4.2 the holders of preference shares shall have the same rights as the holders of ordinary shares in relation to receiving notices, reports and audited financial statements and attending general meetings of the Company but shall only have the right to vote at any meeting convened for the purpose of reducing the Company's share capital, or on a proposal to wind up the Company, or sanctioning the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects the rights and privileges attached to the share, or when the dividend or part of the dividend on such shares is in arrears for more than 6 months and during the winding up of the Company.
- 4.3 the holder of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up; and
- 4.4 the Company shall not, without the consent of the existing preference shareholders at a class meeting or pursuant to Article 15 hereof, issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

**Article 15:**

Notwithstanding Article 16 hereof, the repayment of capital of preference shares other than redeemable preference shares, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

**Article 16:**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall

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**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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mutatis mutandis apply, but so that the necessary quorum shall be 2 persons at least holding or represented by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. On a poll, the holders of the shares shall have one vote for every share of the class held by them respectively. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

**Article 17:**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**Article 47:**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being shall have been fully paid up or not, by ordinary resolution increase its share capital issued by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

**Article 48:**

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

**Article 49:**

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and installments, transfer, transaction, transmission, forfeiture, lien or otherwise and shall also be subject to the rules.

**Article 50:**

50.1 The Company may from time to time by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares; or
- (c) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

50.2 The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by law.

**10.3 Directors and Substantial Shareholders**

- (i) The names, addresses and occupations of the Directors are set out in the Corporate Information Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) There are no existing or proposed service contracts between the Directors and the Company or its subsidiary companies which is not terminable by notice without payments or compensation other than statutory compensation within one(1) year preceding the date of this Prospectus.
- (iv) No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:-
  - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is an executive officer;
  - (b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
  - (c) the subject of any order, judgement or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution or engaging in any type of business practice or activity.
- (v) For the financial year ended 31 December 2001, the remuneration paid to the Directors of Engtex for services rendered in all capacities in the Company and its subsidiaries amounted to RM1,478,565. For the financial year ending 31 December 2002, the amount payable to the Directors of Engtex is estimated to be RM1,800,000.

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (vi) Save as disclosed hereunder, none of the Directors or substantial shareholders of the Engtex has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies and which is not quoted on a recognised stock exchange:-

Name of Directors/ Substantial Shareholders of Engtex	Name of Company	Nature of Business	Nature of interest
Ng Hook Ng You Chai Ng Chin Man Ng Chooi Guan Ng Ai Swee Ng Ah Leong Ng Yik Soon	NKG Resources Sdn Bhd (202611-A) ("NKG")	Investment and Property Holding Company	Directors and substantial shareholders of NKG
Ng You Chai Ng Ai Swee	Eng Seng Han Hardware Sdn Bhd (194370-H) ("Eng Seng Han")*	Hardware retail shop	Directors of Eng Seng Han
Ng Chin Man	Kota Niaga Sdn Bhd (90409-P) ("Kota Niaga")*	Hardware retail shop	Director of Kota Niaga
Ng Chin Man Ng You Chai	Belgold (M) Sdn Bhd (301215-U) ("Belgold")*	Trading in hinges, gratings and bolts	Directors of Belgold
Ng Yik Soon Ng Chin Man	Performance Bina Sdn Bhd (142790-X) ("Performance Bina")	Contractor	Directors of Performance Bina

\* Subsidiary companies of NKG Resources Sdn Bhd

Although the abovementioned Promoters have interests in businesses that are carrying on a similar trade with the Group, these businesses are not in conflict with the existing business of the Group because the target customers of Eng Seng Han, Kota Niaga and Belgold are different from the Group. The Group distributes to mainly resellers such as general hardware stores, hardware dealers/trading companies, metals dealers/traders and plumbing materials suppliers. Eng Seng Han, Kota Niaga's clientele base, on the other hand, consists of mainly the end users/walk-in customers such as consumers, small contractors and sub-contractors, whereas Belgold is mainly involved in the trading of hinges, gratings and bolts which are not Engtex's main product range.

- (vii) According to the Register of Substantial Shareholders of Engtex as at 10 June 2002, the substantial shareholders of Engtex and their respective direct and indirect interest in the shares of the Company before and after the Public Issue is as follows:-

Substantial shareholders	Before Public Issue				After Public Issue*			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Ng Hook	13,794,847	27.10	13,088,184 <sup>^</sup>	25.72	13,809,847	23.02	13,268,184 <sup>^</sup>	22.11
Ng You Chai	3,063,192	6.02	23,819,839 <sup>@</sup>	46.80	3,113,192	5.19	23,949,839 <sup>@</sup>	39.92
Ng Chin Man	2,784,720	5.47	24,098,311 <sup>#</sup>	47.35	2,834,720	4.72	24,282,311 <sup>#</sup>	40.38
Ng Chooi Guan	2,784,720	5.47	24,098,311 <sup>\$</sup>	47.35	2,799,720	4.67	24,263,311 <sup>\$</sup>	40.44
Ng Ai Swee	1,670,832	3.28	25,212,199 <sup>&lt;</sup>	49.54	1,685,832	2.81	25,377,199 <sup>&lt;</sup>	42.30
Ng Ah Leong	1,392,360	2.74	25,490,671 <sup>&gt;</sup>	50.08	1,412,360	2.35	25,650,671 <sup>&gt;</sup>	42.75
Ng Yik Soon	1,392,360	2.74	25,490,671 <sup>&amp;</sup>	50.08	1,407,360	2.35	25,655,671 <sup>&amp;</sup>	42.76
Crystal Image Sdn Bhd	11,918,965	23.42	-	-	11,918,965	19.86	-	-
<b>TOTAL</b>	<b>38,801,996</b>	<b>76.24</b>	<b>-</b>	<b>-</b>	<b>38,981,996</b>	<b>64.97</b>	<b>-</b>	<b>-</b>

\* Includes the allocation of shares issued pursuant to the pink form allocation scheme

<sup>^</sup> Deemed interested through his spouse and brothers Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.

<sup>@</sup> Deemed interested through his brothers Ng Hook, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.



**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- # Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- \$ Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- < Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- > Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee and Ng Yik Soon's direct interest in Engtex.
- & Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee and Ng Ah Leong's direct interest in Engtex.

(viii) Based on the Register of Directors' Shareholdings as at 10 June 2002, the Directors of Engtex and their respective direct and indirect interests in the shares of the Company before and after the Public Issue are as follows:-

Directors	Before the Public Issue				After the Public Issue *			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Dato' Haji Abdul Rahim bin Haji Abdul Razak	-	-	-	-	15,000	0.03	-	-
Ng Hook	13,794,847	27.10	13,088,184 <sup>^</sup>	25.72	13,809,847	23.02	13,268,184 <sup>^</sup>	22.11
Ng Chooi Guan	2,784,720	5.47	24,098,311 <sup>\$</sup>	47.35	2,799,720	4.67	24,263,311 <sup>\$</sup>	40.44
Ng Yik Soon	1,392,360	2.74	25,490,671 <sup>&amp;</sup>	50.08	1,407,360	2.35	25,655,671 <sup>&amp;</sup>	42.76
Syed Azmin bin Mohd Nursin @ Syed Nor	-	-	-	-	15,000	0.03	-	-
Chin Mee Foon	-	-	-	-	10,000	0.02	-	-
Yap Seng Kuan	-	-	-	-	15,000	0.03	13,809,847 <sup>φ</sup>	23.02

\* Includes the allocation of shares issued pursuant to the pink form allocation scheme

<sup>^</sup> Deemed interested through his spouse and brothers Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.

<sup>\$</sup> Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.

<sup>&</sup> Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee and Ng Ah Leong's direct interest in Engtex.

<sup>φ</sup> Deemed interested through her spouse, Ng Hook's direct interest in Engtex.

**10.4 General**

- (i) The nature of the Group's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act 1965 are disclosed in Section 4 of this Prospectus.
- (ii) The time of the opening of the Application Lists is set out in Section 11.1 of this Prospectus.
- (iii) The amount payable in full on application is RM2.20 per Share.
- (iv) (1) Underwriting fees are payable by the Company to the Managing Underwriter and Underwriters mentioned in the Section 2.7 of this Prospectus at the underwriting rate of 1.5% for the pink form portion and 2.0% for the public portion of the Public Issue of RM2.20 per share;

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (2) Management fee is payable by the Company to the Managing Underwriter at the rate of 1.0% for the 2,100,000 Shares of RM2.20 per Share;
  - (3) Placement fee of RM93,500 is payable by the Company to Arab-Malaysian as the placement agent for the placement of 4,000,000 Shares;
  - (4) Brokerage at the rate of 1% of the Public Issue price of RM2.20 per share is payable by the Company in respect of successful applications bearing the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia or MIH; and
  - (5) Expenses incidental to the listing and quotation of the entire issued and paid-up share capital of the Company on the KLSE amounting to approximately RM2,000,000 will be borne by the Company.
- (v) Save as disclosed in paragraph (iv) no commission, discounts, brokerages or other special terms have been paid, granted or are payable by the Company or its subsidiaries within the two(2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries or in connection with the issue or sale of any capital of the Company or any of its subsidiaries and no Director, proposed Director, promoter or expert is or are entitled to receive any such payment.
  - (vi) Other than salary and employment related benefits payable to directors, no amount or benefit has been paid or given within the two(2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any promoter.
  - (vii) The Engtex Group has not established a place of business outside Malaysia.
  - (viii) Except as disclosed in Section 3 of this Prospectus, the Directors are not aware of any material information including trading factors or risks not mentioned elsewhere in this Prospectus which are unlikely to be known or anticipated by the general public and which would materially affect the profits of the Group.
  - (ix) Except as disclosed in Section 3 of this Prospectus, the financial conditions and operations of the Group are not affected by any of the following:-
    - (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
    - (b) Material commitments for capital expenditure;
    - (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
    - (d) Known trends or uncertainties that have had or will have a material favourable or unfavourable impact on revenues or operating income.

As far as the Directors are aware and except as disclosed in this Prospectus, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during the course of business.
  - (x) As at the date of this Prospectus, the Company and its subsidiaries has not issued any convertible debt securities.

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**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**


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- (xi) The name and address of the Auditors and Reporting Accountants of the Company are as set out in Corporate Information Section of this Prospectus.
- (xii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 11.2 of this Prospectus.

**10.5 Material Contracts**

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

- (i) Share Sale and Purchase Agreement dated 12 July 2000 entered into between Wong Sun Choy as the vendor and ESB as the purchaser to acquire 60% of the issued and paid-up share capital of LYE comprising 1,500,000 ordinary shares for a total cash consideration of RM6,000,000;
- (ii) Sale and Purchase Agreement dated 17 November 2000 entered into between ESB as the vendor and Orient Insight Sdn Bhd ("Orient Insight") as the purchaser whereby ESB sold and Orient Insight has purchased the properties held under G.M. 4384 for Lot No. 1067 (3.65 acres) and G.M. 4385 for Lot No. 1066 (3.412 acres) both in Mukim Rawang, Negeri Selangor for a total cash consideration of RM2,768,586;
- (iii) Share Sale and Purchase Agreement dated 3 May 2002 between How Kon Fook, Loh Swee Mun and Chan Kok San as the vendor; and ESB as the purchaser in relation to the disposal by the vendor and the acquisition by the purchaser of the remaining issued and paid-up share capital of Benton comprising 300,000 Shares at a purchase consideration of RM1,059,379 satisfied by the issuance of 220,714 new ordinary shares in ESB at an issue price of approximately RM4.80 per share;
- (iv) Share Sale and Purchase Agreement dated 3 May 2002 between Loh Eam Chong, Loh Eng Hooi, Loh Lye Sooi and Loh Boon Pin, as the vendors; and ESB as the purchaser in relation to the disposal by the vendor and the acquisition by the purchaser of the remaining issued and paid-up share capital of ELHT comprising 280,000 Shares at a purchase consideration of RM1,524,240 satisfied by the issuance of 317,564 Shares in ESB at an issue price of approximately RM4.80 per share;
- (v) Sale and Purchase Agreement dated 30 April 2002 between Benton as the vendor and Global Kiara Sdn Bhd ("Global Kiara") as the purchaser, whereby Benton has agreed to sell and Global Kiara has agreed to purchase the property held under H.S.(D) 31870 for P.T. No. 13157 in Mukim Rawang, Negeri Selangor for a total cash consideration of RM2,850,000;
- (vi) Share Sale and Purchase Agreement dated 28 May 2002 between the shareholders of ESB as the vendor; and Engtex as the purchaser in relation to the disposal by the vendor and the acquisition by the purchaser of the entire issued and paid-up share capital of ESB comprising 5,611,443 Shares at a purchase consideration of RM26,933,726 satisfied by the issuance of 22,444,772 new ordinary shares in Engtex at an issue price of RM1.20 per share; and
- (vii) Underwriting Agreement dated 11 June 2002 between the Company and the Managing Underwriter and Underwriters for the underwriting of 5,100,000 Shares comprising Public Issue Shares for an underwriting commission of 1.5% for the pink form portion and 2.0% for the public portion of the IPO price of RM2.20 per share.

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**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**


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**10.6 Material Agreements**

Save as disclosed hereunder, there are no other material agreements entered into by the Company and its subsidiaries as at the date of this Prospectus.

- (i) Agreement for the Supply and Delivery of Iron Poles [Agreement No. 46020031(K1330653/02)] dated 19 April 2002 between Telekom Malaysia Berhad ("Telekom") and Allpipes, whereby Telekom has agreed to purchase and Allpipes has agreed to supply and deliver iron poles in accordance with the terms and conditions of the said agreement, for an estimated agreement sum of approximately RM7,621,000.

**10.7 Public Take-Overs**

During the last financial year and the current financial year, there were:-

- (i) No public take-over offers by third parties in respect of the Company and its subsidiaries' shares.
- (ii) No public take-over offers by the Engtex Group in respect of other companies' shares.

**10.8 Material Litigation**

Saved as disclosed below, neither the Company nor its subsidiaries has engaged in any material litigation, claims and arbitration whether, as plaintiff or defendant, and the Board of Directors have no knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiary companies: -

"Pursuant to the High Court of Johor Bahru Suit No. 22-732-2000, a writ of summons and statement of claim were served on Zinma Housing Sdn. Bhd. ("Zinma") on 17 February 2001, and Zinma, the Defendant, has filed its Defence on 5 March 2001. On 31 January 2002, EMarketing has obtained an order to amend its statement of claim.

EMarketing is claiming against Zinma for the following:-

- (a) specific performance of the Sale and Purchase Agreements including without limitation, for Zinma to delivery or procure the delivery of the original issue documents of title to the Properties held under H.S.(D) 124839 for Lot No. PTD 19633 and H.S.(D) 124838 for Lot No. PTD 19632 both in Mukim Senai-Kulai, Daerah Johor Bahru, Negeri Johor together with 2 double-storey shop houses erected thereon ("Subject Properties"), for Zinma to execute the relevant Memorandum of Transfer in favour of EMarketing, for Zinma to deliver vacant possession of the Subject Properties to EMarketing, and for the transfer of the Subject Properties to EMarketing free from encumbrances;
- (b) damages for breach of the Sale and Purchase Agreements as an alternative and/or in addition thereto to the specific performance of the Sale and Purchase Agreements;
- (c) interest on the damages at the rate of 8% per annum from the date of order to the date of settlement;
- (d) costs; and
- (e) such other and further reliefs and orders as the Court shall deem fit.

**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

EMarketing had on 21 February 2002 filed an application for summary judgment and is presently awaiting the Court to fix a hearing date for the said application.

Based on the legal opinion from Messrs. Soo Thien Ming & Nashrah, EMarketing has a good chance of obtaining summary judgment against Zinma.”

**10.9 Consents**

- (i) The written consents of the Adviser, Managing Underwriter, Placement Agent, Underwriters, Company Secretaries, Solicitors, Principal Bankers, Registrars, Valuers, Issuing House and Market Research Company for the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, Accountants' Report, and their letters relating to the Profit Forecast for the financial year ending 31 December 2002 and Proforma Consolidated Balance Sheets as at 31 December 2001 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**10.10 Documents for Inspection**

Copies of the following documents may be inspected at the registered office of the Company during office hours for a period of twelve(12) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of Engtex and its subsidiary companies;
- (ii) The Directors' Report and Accountants' Report as included herein;
- (iii) The Reporting Accountants' Letters relating to the Profit Forecast for the financial year ending 31 December 2002 and Proforma Consolidated Balance Sheets as at 31 December 2001 as included herein;
- (iv) Valuers' letters and valuation reports referred to in Section 8 of this Prospectus;
- (v) The material contracts and material agreement referred to in Section 10.5 of this Prospectus;
- (vi) Writ and relevant cause papers in respect of the current material litigation, claims and arbitrage referred to in section 10.8 of this Prospectus;
- (vii) The letters of consent referred to in section 10.9 of this Prospectus;
- (viii) Audited accounts of ESB and its subsidiaries for the past five(5) financial years ended 31 December 2001; and
- (ix) Independent market research report prepared by ResearchLink Sdn Bhd dated May 2001.

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**10. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**10.11 Responsibility**

- (i) This Prospectus has been seen and approved by the Directors and Promoters of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.
  
- (ii) Arab-Malaysian, being the Adviser and the Managing Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue and is satisfied that the consolidated profit forecast for the financial year ending 31 December 2002 (for which the Directors of the Company are fully responsible) prepared for inclusion in the Prospectus have been stated by the Directors of the Company after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

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