4 INFORMATION ON THE ENGTEX GROUP

4.1 Incorporation

Engtex was incorporated in Malaysia under the Companies Act, 1965 on 13 January 2001 as a private limited company under the name of Engtex Group Sdn Bhd. It was converted into a public limited company on 2 March 2001 and assumed its present name, Engtex Group Berhad. Engtex is principally an investment holding company with a wholly-owned subsidiary, ESB which has twelve(12) subsidiaries where, Allpipes, a subsidiary of ESB, has two(2) subsidiaries and ELHT, another subsidiary of ESB has one(1) subsidiary. Details of the subsidiary companies are disclosed in Section 4.4 of this Prospectus.

As at 31 May 2002, Engtex Group has 471 employees.

The corporate structure of the Engtex Group after the restructuring is illustrated in Section 1.1 of this Prospectus.

4.2 Share Capital and Changes in Share Capital

The present authorised share capital is RM200,000,000 comprising 200,000,000 Shares whilst its issued and paid-up share capital is RM50,900,000 comprising 50,900,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
13.01.2001	2	1.00	Subscribers' shares	2
30.05.2002	22,444,772	1.00	Issued pursuant to the Acquisitions	22,444,774
10.06.2002	28,455,226	1.00	Rights issue of approximately 1.27 new rights shares for every one(1) Share held at an issue price of RM1.09	50,900,000

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4.3 Restructuring Scheme

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of Engtex on the Main Board of the KLSE, the Company undertook a restructuring scheme which involved the following:-

4.3.1 Acquisitions of MI in the following subsidiary companies of ESB:

(i) Benton

Acquisition of the remaining 300,000 Shares in Benton representing 30% of the issued and paid-up share capital of Benton by ESB from its existing shareholders, How Kon Fook, Loh Swee Mun and Chan Kok San, for a purchase consideration of RM1,059,379 based on the audited NTA of Benton as at 31 December 2000 satisfied by the issuance of 220,714 Shares in ESB at an issue price of approximately RM4.80 per Share.

(ii) ELHT

Acquisition of the remaining 280,000 Shares in ELHT representing 40% of the issued and paid-up share capital of ELHT by ESB from its existing shareholders, Loh Eam Chong, Loh Eng Hooi, Loh Lye Sooi and Loh Boon Pin, for a purchase consideration of RM1,524,240 based on the audited NTA of ELHT as at 31 December 2000 satisfied by the issuance of 317,564 Shares in ESB at an issue price of approximately RM4.80 per Share.

(iii) Allpipes

Acquisition of 250,000 Shares in Allpipes representing 5% of the issued and paid-up share capital of Allpipes by ESB from its existing shareholder, Indoglow Sdn Bhd, for a purchase consideration of RM309,736 based on the audited NTA of Allpipes and its subsidiary companies as at 31 December 2000 to be satisfied by the issuance of 64,531 Shares in ESB at an issue price of approximately RM4.80 per Share. The above acquisition will result in an increase in ESB's shareholding interest in Allpipes from 90% to 95%.

(iv) Mega

Acquisition of 7,000 Shares in Mega representing 7% of the issued and paid-up share capital of Mega by ESB from its existing shareholder, Chua Teck Ching, for a purchase consideration of RM41,441 based on the audited NTA of Mega as at 31 December 2000 satisfied by the issuance of 8,634 Shares in ESB at an issue price of approximately RM4.80 per Share. The above acquisition will result in an increase in ESB's shareholding interest in Mega from 87% to 94%.

4.3.2 Acquisition of ESB

Acquisition of the entire issued and paid-up share capital of ESB comprising 5,611,443 ordinary shares from its shareholders for a purchase consideration of RM26,933,726 based on the audited ESB's NTA of RM26,933,726 as at 31 December 2000 satisfied by the issuance of 22,444,772 Shares in Engtex at an issue price of approximately RM1.20 per Share

The new Shares issued by Engtex as consideration for the Acquisitions to the vendors are as follows:-

Shareholders	No of shares held in ESB	% interest	Purchase Consideration RM	No. of Engtex Shares issued
Ng Hook	1,520,805	27.10	7,299,537	6,082,949
Ng You Chai	337,700	6.02	1,620,888	1,350,740
Ng Chin Man	307,000	5.47	1,473,534	1,227,945
Ng Chooi Guan	307,000	5.47	1,473,534	1,227,945
Ng Ai Swee	184,200	3.29	884,121	736,767
Ng Ah Leong	153,500	2.74	736,767	613,973
Ng Yik Soon	153,500	2.74	736,767	613,973
Tan Kian Kok	51,295	0.92	246,205	205,171
Crystal Image Sdn Bhd	1,314,000	23.42	6,306,918	5,255,766
Combine Value Sdn Bhd	238,000	4.24	1,142,349	951,958
Crystal Legacy Sdn Bhd	120,000	2.14	575,974	479,979
Persistence Growth Sdn Bhd	313,000	5.58	1,502,333	1,251,943
Indoglow Sdn Bhd	64,532	1.15	309,738	258,113
How Kon Fook	110,357	1.97	529,690	441,408
Loh Swee Mun	55,178	0.98	264,845	220,704
Chan Kok San	55,178	0.98	264,845	220,704
Chua Teck Ching	8,634	0.15	41,441	34,534
Loh Eam Chong	79,391	1.41	381,060	317,550
Loh Eng Hooi	79,391	1.41	381,060	317,550
Loh Lye Sooi	79,391	1.41	381,060	317,550
Loh Boon Pin	79,391	1.41	381,060	317,550
TOTAL	**5,611,443**	**100.00**	**26,933,726**	**22,444,772**

4.3.3 Rights Issue

Rights Issue of 28,455,226 new Shares at an issue price of RM1.09 per share to the existing shareholders of Engtex after the Acquisitions but before the Public Issue on the basis of approximately 1.27 new rights shares for every one(1) Share held.

4.3.4 Initial Public Offering

The final stage in the Restructuring Scheme involves a Public Issue of 9,100,000 new Shares in Engtex at an issue price of RM2.20 per Share to the Malaysian public.

The total of 9,100,000 Shares arising from the IPO will be allocated and allotted in the following manner:-

(i) 2,100,000 of the Public Issue Shares representing approximately 5% of the enlarged issued and paid-up share capital of 60,000,000 Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions;

(ii) 3,000,000 of the Public Issue Shares have been reserved for Directors, eligible employees and business associates of the Engtex Group; and

(iii) 4,000,000 of the Public Issue Shares representing approximately 6.67% of the enlarged issued and paid-up share capital of 60,000,000 Shares will be placed to potential investors (who are deemed public) who have been/to be identified.

All the new ordinary Share issued pursuant to the Public Issue will rank pari passu in all aspects with the existing ordinary shares of Engtex including voting rights and the rights to the dividend that may be declared subsequent to the completion of the Public Issue.

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4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

4.4 Subsidiary Companies

Details of the subsidiary company of Engtex is summarised below:-

Company	Date and Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
ESB	31.12.1983 Malaysia	5,611,443	100.0	Investment holding and wholesale and distribution of PVF, plumbing materials and general hardware products

Details of the subsidiary companies of ESB are summarised below:-

Company	Date and Place of incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
Allpipes	16.04.1986 Malaysia	5,000,000	95.0	Manufacturing of steel pipes, fittings and related products
Benton	25.01.1984 Malaysia	1,000,000	100.0	Distribution of plumbing materials and general hardware products for the Sabah & Sarawak region
Mega	06.12.1993 Malaysia	100,000	94.0	Supply of PVF and general hardware products for the M&E sector
ESelatan	31.07.1996 Malaysia	100,000	100.0	Supply of general hardware products for the southern region of Peninsular Malaysia
EMarketing	13.01.1995 Malaysia	500,000	100.0	Supply of construction materials and general hardware products
EMetals	06.05.1995 Malaysia	2,500,000	100.0	Manufacturing of welded wire mesh, hard-drawn wire and operates a steel service centre
ELHT	19.06.1993 Malaysia	700,000	100.0	Wholesale and distribution of PVF, plumbing materials and general hardware products for the northern region of Peninsular Malaysia
Thunder Flow	27.06.1995 Malaysia	250,000	100.0	Transportation services and agency
Hachita	08.06.1982 Malaysia	254,002	100.0	Distribution of steel products and cement for the central region of Peninsular Malaysia
EIndustries	08.07.1996 Malaysia	2	100.0	Property Investment

Company	Date and Place of incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
LYE	10.05.1977 Malaysia	2,500,000	69.3	Manufacturing of valves, fittings, manhole covers, hydrants and industrial casting products
LYEM	03.06.1997	100,000	80.0	Marketing and distribution of valves and industrial casting products

Details of the subsidiary companies of Allpipes are summarised below:-

Subsidiary Company of Allpipes	Date and Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
Domino	21.10.1999 Malaysia	500,000	70.0	Manufacturing of steel pipe fittings
Nagasari	08.07.1996 Malaysia	2,000,000	100.0	Manufacturing of bitumen products – pipe asphalt/coatings and bitumen products

Details of the subsidiary company of ELHT are summarised below:-

Subsidiary Company of ELHT	Date and Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal /Business Activities
ELHH	28.06.1999 Malaysia	100,000	100.0	Distribution of steel products for the northern region of Peninsular Malaysia

4.4.1 *Information on ESB*

(i) History and Business Overview

ESB was incorporated on 31 December 1983 in Malaysia. ESB is principally involved in investment holding and the wholesale and distribution of PVF, plumbing materials and general hardware products.

The company commenced operations as a hardware retail shop located in Jalan Ipoh, Kuala Lumpur. The rapid development in Malaysia, in the 1980s and 1990s had led ESB to progress into an integrated wholesale and distribution centre with its own warehouses and a wide distribution network. ESB is also equipped with a strong fleet of vehicles, capable of handling large volume of businesses. ESB currently has 8 forklifts, 1 mobile crane, 8 overhead cranes and 6 reach trucks servicing in its warehouse. In addition, ESB owns 15 lorries and 10 prime movers and trailers for its fleet of transportation.

ESB holds more than 50 distributorships/ stockists/ agencies/ dealership for local & imported products ranging from various PVF, hardware products to other materials in Malaysia.

ESB has 131 employees as at 31 May 2002.

(ii) Share Capital

ESB's present authorised share capital is RM10,000,000 comprising 10,000,000 Shares whilst its issued and paid-up share capital is RM5,611,443 comprising 5,611,443 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
31.12.1983	2	1.00	Subscribers' shares	2
25.01.1984	59,998	1.00	Cash	60,000
29.02.1984	40,000	1.00	Cash	100,000
20.12.1987	100,000	1.00	Cash	200,000
8.03.1992	100,000	1.00	Cash	300,000
10.08.1992	100,000	1.00	Cash	400,000
18.02.1993	100,000	1.00	Cash	500,000
8.10.1993	100,000	1.00	Cash	600,000
3.11.1995	1,200,000	1.00	Bonus Issue of 2 new Shares for every 1 Share held	1,800,000
20.11.1996	1,200,000	1.00	Bonus Issue of 2 new Shares for every 3 Shares held	3,000,000
22.11.1999	2,000,000	1.00	Bonus Issue of 2 new Shares for every 3 Shares held	5,000,000
8.05.2002	611,443	1.00	Acquisition of the MI in Allpipes, Mega, Benton and ELHT for a total consideration of RM2,934,796	5,611,443

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(iii) Substantial Shareholders

ESB is a wholly owned subsidiary of Engtex.

(iv) Profit and Dividend

The financial record of ESB based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	**1998 (RM'000)**	**1999 (RM'000)**	**2000 (RM'000)**	**2001 (RM'000)**
Revenue	132,663	102,136	105,991	120,366	130,505
EBIDTA	3,770	8,704	10,459	18,827	16,925
Depreciation	(570)	(641)	(695)	(1,088)	(1,236)
Interest expenses	(1,185)	(2,058)	(1,229)	(1,550)	(1,877)
Interest Income	6	1	364	32	45
PBT	2,021	6,006	8,899	16,221	13,857
Tax expense	(672)	(1,745)	1	(3,400)	(4,183)
PAT	1,349	4,261	8,900	12,821	9,674
No. of Shares in issue ('000)	3,000	3,000	5,000	5,000	5,000
Weighted average number of Shares in issue ('000)	3,000	3,000	3,167*	5,000	5,000
Gross EPS (RM)^	0.67	2.00	2.81	3.24	2.77
Net EPS (RM)^	0.45	1.42	2.81	2.56	1.93

* *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 2,000,000 Shares on 22 November 1999.*

^ *Based on weighted average number of ordinary shares.*

Notes:

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *In late 1997, the Asian economic crisis affected Malaysia, especially its utilities, infrastructure, M&E and construction sectors. This had affected the company's performance in 1998. As such ESB changed its focus to concentrate on hardware dealers, plumbing material dealers and general hardware stores. Stringent credit control policies were also implemented to ensure incident of bad and doubtful debts were minimized.*

   The new strategy augured well for the company where gross margin for the company's range of products rose to 12.7% in 1998 despite the bleak outlook of the country's economy during that time.

3. *In 1999, with additional economic stimulus propagated by the government, some major projects were launched and this had resulted in a marginal increase in demand for the company's products. Revenue grew by 4% compared to the previous year. The more profitable products mix continued to contribute better margin for the company where gross margin of 16.4% was reported for the year.*

4. *The improvement in the country's economy had contributed to ESB's growth and performance in 2000 and 2001 with revenue increasing by 13.6% and 8.4% respectively. PBT in 2001 declined due to decrease in dividend income received from its subsidiaries.*

(v) Subsidiary and Associated Companies

As at 31 May 2002, ESB has 12 subsidiary companies. Details of all of ESB's subsidiary companies are set out in Section 4.4.2 to Section 4.4.16 of this Prospectus. ESB does not have any associated companies as at 31 May 2002.

4.4.2 Information on Allpipes

(i) History and Business Overview

Allpipes was incorporated on 16 April 1986 in Malaysia as a private limited company under the Companies Act, 1965 under the name of Mushroom Product Industries Sdn Bhd. It assumed its present name on 24 October 1995. Allpipes is principally involved in the manufacturing of steel pipes, fittings and related products. Allpipes ventured into the industry when ESB acquired it on 19 June 1995 and it commenced operations towards the end of 1996.

Allpipes operates from its factory located at Lot 3757, Batu 29 Jalan Ipoh-Kuala Lumpur, 48200 Serendah, Hulu Selangor, with a land area of approximately 165,528 square feet. This premise houses its production facilities, whereas, the sales and marketing office is located at Lot 36 Jalan BRP 9/2B, Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh.

Allpipes has 85 employees as at 31 May 2002.

(ii) Share Capital

Allpipes' authorised and issued and paid-up share capital are both RM5,000,000 comprising 5,000,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
16.04.1986	4	1.00	Subscribers' shares	4
28.04.1986	10,000	1.00	Cash	10,004
20.05.1986	3,000	1.00	Cash	13,004
1.07.1986	6,000	1.00	Cash	19,004
29.07.1986	3,000	1.00	Cash	22,004
31.10.1995	1,100,293	1.00	Bonus Issue of approximately 50 new Shares for every 1 Share	1,122,297
9.11.1995	251,927	1.00	Cash	1,374,224
27.03.1997	1,625,776	1.00	Cash	3,000,000
31.12.1998	2,000,000	1.00	Cash	5,000,000

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(iii) Substantial Shareholders

The substantial shareholders of Allpipes as at 31 May 2002 are as follows:

	Direct	%	Indirect	%
ESB	4,750,000	95.0	-	-
Indoglow Sdn Bhd	250,000	5.0	-	-

(iv) Profit and Dividend

The financial record of Allpipes based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	9,513	10,492	15,511	14,630	14,905
EBIDTA	953	1,444	1,706	1,685	1,113
Depreciation	(500)	(532)	(659)	(610)	(651)
Interest expense	(297)	(486)	(369)	(274)	(239)
Interest income	-	-	-	-	-
PBT	156	426	678	801	223
Tax expense	4	(75)	(107)	(225)	(80)
PAT	160	351	571	576	143
No. of Shares in issue ('000)	3,000	5,000	5,000	5,000	5,000
Weighted average number of Shares in issue ('000)	2,594*	3,000**	5,000	5,000	5,000
Gross EPS (RM)^	0.06	0.14	0.14	0.16	0.04
Net EPS (RM)^	0.06	0.11	0.11	0.12	0.03

* *Weighted average number of ordinary shares in issues has been adjusted for the new issue of 1,625,776 Shares on 27 March 1997.*

** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 2,000,000 Shares on 31 December 1998.*

^ *Based on weighted average number of ordinary shares.*

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The slight increase in revenue in 1998 despite the economic recession in the country was mainly due to on going contracts to supply to certain waterworks projects in 1997 and 1998.*

3. *Interest expense increased by 64% in 1998 mainly due to higher utilisation of trade financing facilities and increase in interest rates.*

4. *Increase in revenue in 1999 was due mainly to an increase in capacity with the introduction of a new production line for bitumen coatings and pipe fittings.*

5. *For 2000, the decline in revenue was mainly due to the completion of major waterworks projects during the year.*

6. *In 2001, the revenue was sustained but PBT decreased mainly due to an allowance for specific trade receivables of approximately RM295,000.*

(v) Subsidiary and Associated Companies

As at 31 May 2002, Allpipes has two subsidiaries, Domino and NBP. Details of Domino and NBP are set out in Section 4.4.14 and Section 4.4.15 of this Prospectus. Allpipes does not have any associated company as at 31 May 2002.

4.4.3 Information on Benton

(i) History and Business Overview

Benton was incorporated on 25 January 1984 in Malaysia as a private limited company under the Companies Act, 1965. Benton is principally involved in the distribution of plumbing materials and general hardware products for the Sabah and Sarawak region.

Benton is also a distributorship holder of Kingshoe Manufacturing Sdn Bhd, which allows Benton to distribute industrial safety shoes in Sabah and Sarawak region.

Benton has 14 employees as at 31 May 2002.

(ii) Share Capital

Benton's authorised and issued and paid-up share capital are both RM1,000,000 comprising 1,000,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
25.01.1984	6	1.00	Subscribers' shares	6
30.03.1984	119,994	1.00	Cash	120,000
1.10.1984	60,000	1.00	Cash	180,000
31.10.1985	90,000	1.00	Cash	270,000
30.12.2000	730,000	1.00	Cash	1,000,000

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(iii) Substantial Shareholders

Benton is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of Benton based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	**1998 (RM'000)**	**1999 (RM'000)**	**2000 (RM'000)**	**2001 (RM'000)**
Revenue	19,076	11,885	16,318	23,782	18,732
EBIDTA	435	406	886	1,281	1,806
Depreciation	(21)	(23)	(67)	(78)	(83)
Interest expense	(9)	(28)	(25)	(15)	(12)
Interest income	-	-	-	-	-
PBT	405	355	794	1,188	1,711
Tax expense	(128)	(106)	1	(350)	(490)
PAT	277	249	795	838	1,221
No. of Shares in issue ('000)	270	270	270	1,000	1,000
Weighted average number of Shares in issue ('000)	270	270	270	270*	1,000
Gross EPS (RM)^	1.50	1.31	2.94	4.40	1.71
Net EPS (RM)^	1.03	0.92	2.94	3.10	1.22

* *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 730,000 Shares on 30 December 2000.*

^ *Based on weighted average number of ordinary shares.*

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The increase in revenue in 1997 was in line with the strong economic growth in the country prior to the economic slow down in late 1997, which had affected the company's performance in 1998.*

3. *In 1999, the company's performance improved in tandem with the economic recovery and the increase in marketing personnel.*

4. *The increase in PBT for 1999 and 2000 was mainly due to the increase in revenue and improvement in gross margin earned.*

5. *The higher net EPS in 1999 was mainly due to the waiver of income tax on profit earned in that year pursuant to the Income Tax (Amendment) Act, 1999.*

6. *The higher PBT despite a lower revenue in 2001 was mainly due to concentration by the company to sell products with higher margins.*

(v) Subsidiary and Associated Companies

Benton has no subsidiary companies or associated companies as at 31 May 2002.

4.4.4 Information on Mega

(i) History and Business Overview

Mega was incorporated on 6 December 1993 in Malaysia as a private limited company under the Companies Act, 1965. Mega is principally involved in the supply of PVF and general hardware products for the M&E sector. The company distributes its products mainly to M&E companies involved in fire fighting and air-conditioning works.

Mega also supplies PVF, hardware and other plumbing materials to MNCs and waterworks contractors who are involved in the laying of water pipes in Malaysia, particularly in the east coast, Sabah & Sarawak. In addition, Mega also exports to Singapore, Brunei and Sri Lanka.

Mega has 5 employees as at 31 May 2002.

(ii) Share Capital

Mega's authorised and issued and paid-up share capital are both RM100,000 comprising 100,000 Shares.

There had not been any changes in the company's authorised and paid-up capital since inception.

(iii) Substantial Shareholders

The substantial shareholders of Mega as at 31 May 2002 are as follows:

	Direct	**%**	**Indirect**	**%**
ESB	94,000	94.0	-	-
Chua Teck Ching	6,000	6.0	-	-

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(iv) Profit and Dividend

The financial record of Mega based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	**1998 (RM'000)**	**1999 (RM'000)**	**2000 (RM'000)**	**2001 (RM000)**
Revenue	22,993	10,740	13,300	10,898	11,254
EBIDTA	124	137	488	462	645
Depreciation	(51)	(51)	(38)	(31)	(12)
Interest expense	(2)	-	-	-	(2)
Interest income	-	-	-	-	-
PBT	71	86	450	431	631
Tax expense	(28)	(33)	-	-	(175)
PAT	43	53	450	431	456
No. of Shares in issue ('000)	100	100	100	100	100
Weighted average number of Shares in issue ('000)	100	100	100	100	100
Gross EPS (RM)	0.71	0.86	4.50	4.31	6.31
Net EPS (RM)	0.43	0.53	4.50	4.31	4.56

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*
2. *As the company mainly supplied for air-conditioning system and materials for fire fighting system, the 1998 performance was affected by the economic crisis experienced in the region.*
3. *The revenue in the financial year ended 31 December 1999 registered an increase of 24% mainly due to the economic recovery in Malaysia. However, Mega managed to tender contract to supply water piping in Labuan and to several contractors involved in the Putrajaya Project.*
4. *The decrease in revenue by 18% in 2000 was attributed to the competitive market. Furthermore, due to the high provision for doubtful debts in 1999, the company focused on managing its credit risks by selling to selective customers.*
5. *The increase in revenue and PBT in 2001 was mainly due to improved economic climate in Malaysia, which had enabled the company to expand their customer base.*
6. *The net EPS in 1997 decreased due to provision for doubtful debts amounting to RM31,345 and bad debts written off amounting to RM57,845.*
7. *The increase in net EPS in 1998 was mainly due to higher gross margins earned and no provision for doubtful debts were made and no bad debts were written off.*
8. *The net EPS in 1999 to 2001 had improved as the company focused more on the sales of PVF, which yield higher margins.*

(v) Subsidiary and Associated Companies

Mega has no subsidiary companies or associated companies as at 31 May 2002.

4.4.5 *Information on ESelatan*

i) History and Business Overview

ESelatan was incorporated on 31 July 1996 in Malaysia as a private limited company under the Companies Act, 1965. ESelatan is principally involved in the supply of general hardware products for the southern region of Peninsular Malaysia.

ESelatan has 3 employees as at 31 May 2002.

(ii) Share Capital

ESelatan's authorised and issued and paid-up share capital are both RM100,000 comprising 100,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
31.07.1996	2	1.00	Subscribers' shares	2
12.11.1996	99,998	1.00	Cash	100,000

(iii) Substantial Shareholders

ESelatan is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of ESelatan based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	11,554	8,964	10,682	15,505	13,011
EBIDTA	16	37	365	827	680
Depreciation	(1)	(1)	(2)	(3)	(4)
Interest expense	-	(22)	-	-	-
Interest income	-	3	-	-	-
PBT	15	17	363	824	676
Taxation	(10)	(6)	-	(230)	(189)
PAT	5	11	363	594	487
No. of Shares in issue ('000)	100	100	100	100	100
Weighted average number of Shares in issue ('000)	100	100	100	100	100
Gross EPS (RM)	0.15	0.17	3.63	8.24	6.76
Net EPS (RM)^	0.05	0.11	3.63	5.94	4.87

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The decrease in revenue in 1998 was mainly due to the contraction in utilities, infrastructure, M&E and construction sectors, which was affected by the economic slow down in the country and the region.*

3. *The increase in revenue in subsequent years to 1999 and 2000 were mainly due to the slight improvement in the utilities, infrastructure, M&E and construction sectors as a result of an increase in government spending on infrastructure.*

4. *The decrease in revenue in 2001 was mainly due to less development project launched thereby affecting the sale of building materials and utilities products.*

5. *The interest expense in 1998 was due to interest charged by the holding company for trade balances exceeding the credit period.*

(v) Subsidiary and Associated Companies

ESelatan has no subsidiary companies or associated companies as at 31 May 2002.

4.4.6 Information on EMarketing

i) History and Business Overview

EMarketing was incorporated in Malaysia on 13 January 1995 as a private limited company under the Companies Act, 1965 under the name Ferngold Resources Sdn. Bhd. It assumed its present name on 1 April 1996. The company, under its former name, produced steel accessories such as 'kangaroo' bars for 4-wheel drive vehicles, which has then ceased operations and involved also in distributing general hardware products. EMarketing is currently involved in the supply of construction materials and general hardware products.

EMarketing holds distributorships for various building materials and its products are distributed mainly to developers and contractors in the central region of Peninsular Malaysia.

EMarketing has 4 employees as at 31 May 2002.

(ii) Share Capital

EMarketing's authorized and issued and paid-up share capital are both RM500,000 comprising 500,000 Shares.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
13.01.1995	2	1.00	Subscribers' shares	2
8.11.1996	249,998	1.00	Cash	250,000
1.12.2000	250,000	1.00	Cash	500,000

(iii) Substantial Shareholders

EMarketing is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of EMarketing based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	21,803	6,800	5,442	6,465	5,599
EBIDTA	80	184	233	234	(428)
Depreciation	(69)	(59)	(68)	(68)	(20)
Interest expense	(6)	(118)	(81)	(11)	(19)
Interest income	-	-	-	-	-
PBT/LBT)	5	7	84	155	(467)
Tax expense	(4)	(9)	1	-	-
PAT/(LAT)	1	(2)	85	155	(467)
No. of Shares in issue ('000)	250	250	250	500	500
Weighted average number of Shares in issue ('000)	250	250	250	271*	500
Gross EPS/(LPS) (RM)^	0.02	0.03	0.34	0.57	(0.93)
Net EPS/(LPS) (RM)^	-	(0.01)	0.34	0.57	(0.93)

* *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 250,000 Shares on 1 December 2000*

^ *Based on weighted average number of ordinary shares.*

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The decrease in revenue in 1998 and subsequent years were mainly due to the contraction in the utilities, infrastructure, M&E and construction sectors as a result of the economic slowdown in the country.*

3. *The lower pre-tax profit in 1997 was due to the bad debts written off during the year of RM379,323 as a result of the economic slowdown.*

4. *The higher pre-tax profit in 1999 was mainly due to higher gross margin earned during the year.*

5. *The increase in revenue and pre-tax profit in 2000 was due to the improved economic conditions in the utilities, infrastructure, M&E and construction sectors.*

6. *The decrease in revenue in 2001 was mainly due to reduction in sale to a related company and competitive market environment. The loss in 2001 was mainly due to allowance made for specific receivable of approximately RM583,200.*

7. *Interest expense in 1998 and 1999 relates to interest charged by holding company in respect of the trade balances exceeding its credit terms.*

(v) Subsidiary and Associated Companies

EMarketing has no subsidiary companies or associated companies as at 31 May 2002.

4.4.7 Information on EMetals

i) History and Business Overview

EMetals was incorporated on 6 May 1995 in Malaysia as a private limited company under the Companies Act, 1965 under the name of Alperton Sdn Bhd. It assumed its present name on 21 November 1996. The company commenced operations in 1998. EMetals is principally involved in the manufacturing of welded wire mesh, hard-drawn wire and operating of a steel service centre. Its factory for manufacturing of welded wire mesh and hard-drawn wire is located at Lot 3407, Jalan Kuala Selangor, Bukit Rahman Putra 47000 Sungai Buloh, Selangor.

The Group realised the potential for demand for welded wire mesh and hard drawn wire and combined with the Group's expertise in the industry, ESB acquired plant and machinery from an existing established manufacturer and commenced its manufacturing activities.

EMetals has recently ventured into the operations of a steel service centre, which enables EMetals to shear mild steel coils into the form of steel plates of required sizes. Its steel service centre is located at Lot 37662, Jalan 4/37A Kawasan Industri Taman Bukit Maluri 52100 Kuala Lumpur.

EMetals' target customers are metals and general hardware dealers in the central region of Peninsular Malaysia and also SMI manufacturers of steel related products, which require steel products.

EMetals has 40 employees as at 31 May 2002.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(ii) Share Capital

EMetals' authorised share capital is RM5,000,000 comprising 5,000,000 Shares. Its issued and paid-up share capital is RM2,500,000 comprising 2,500,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
6.05.1995	2	1.00	Subscribers' shares	2
24.08.1998	99,998	1.00	Cash	100,000
29.12.2000	2,400,000	1.00	Cash	2,500,000

(iii) Substantial Shareholders

EMetals is a wholly owned subsidiary of ESB.

iv) Profit and Dividend

The financial record of EMetals based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 RM000
Revenue	-	401	4,183	9,293	24,413
EBIDTA	(2)	(116)	199	841	1,563
Depreciation	-	(18)	(86)	(167)	(435)
Interest expense	-	-	(25)	(14)	(166)
Interest income	-	-	-	-	16
(LBT)/PBT	(2)	(134)	88	660	978
Tax expense	-	-	-	(184)	(300)
(LAT)/PAT	(2)	(134)	88	476	678
No. of Shares in issue ('000)	*	100	100	2,500	2,500
Weighted average number of Shares in issue ('000)	*	33**	100	100***	2,500
Gross (LPS)/EPS (RM)^	(1,018)	(4.06)	0.88	6.60	0.39
Net (LPS)/EPS (RM)^	(1,018)	(4.06)	0.88	4.76	0.27

* *2 Shares*

** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 99,998 Shares on 24 August 1998.*

*** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 2,400,000 Shares on 29 December 2000.*

^ *Based on weighted average number of ordinary shares.*

Notes:

1. *There were no extraordinary or exceptional items during the financial years under review*

2. *The company commenced business operations in October 1998.*

3. *The increase in revenue and profit during 1999 and 2000 were mainly due to the increase in production capacity, as well as increase in its market penetration via competitive pricing.*

4. *The huge increase in revenue in 2001 was mainly due to production and sales of hard drawn wire, of which the production commenced only in the third quarter of 2000. The high revenue generated from the sales of hard drawn wire is attributed to its short production cycle.*

5. *No taxation was provided in 1999 in view of the tax waiver year, which has been gazetted in the Income Tax (Amendement) Act, 1999.*

6. *The decrease in EPS in 2001 was due to the full effect of the new issue of 2,400,000 new Shares on 29 December 2000.*

(v) Subsidiary and Associated Companies

EMetals has no subsidiary companies or associated companies as at 31 May 2002.

4.4.8 Information on ELHT

i) History and Business Overview

ELHT was incorporated in Malaysia on 19 June 1993 as a private limited company. ELHT is principally involved in the distribution and wholesale of PVF, plumbing materials and general hardware products for the northern region of Peninsular Malaysia.

ELHT operates from its office and warehouse located in Plot 10, Lorong Industri Ringan, Juru Light Industrial Estate, 14100 Simpang Ampat, Penang and the main customers of the company are hardware dealers and general hardware stores throughout the northern region of Peninsular.

ELHT has 23 employees as at 31 May 2002.

(ii) Share Capital

ELHT's authorised share capital is RM1,000,000 comprising 1,000,000 Shares. Its issued and paid-up share capital is RM700,000 comprising 700,000 Shares.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
19.06.1993	2	1.00	Subscribers' shares	2
2.07.1993	299,998	1.00	Cash	300,000
15.12.2000	400,000	1.00	Cash	700,000

(iii) Substantial Shareholders

ELHT is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of ELHT based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	17,081	12,053	12,605	13,904	15,530
EBIDTA	654	666	1,305	1,852	1,702
Depreciation	(128)	(113)	(174)	(210)	(197)
Interest expense	(18)	(56)	(7)	(23)	(17)
Interest income	3	-	-	-	-
PBT	511	497	1,124	1,619	1,488
Tax expense	(167)	(159)	(3)	(474)	(454)
PAT	344	338	1,121	1,145	1,034
No. of Shares in issue ('000)	300	300	300	700	700
Weighted average number of Shares in issue ('000)	300	300	300	317*	700
Gross EPS (RM)^	1.70	1.66	3.75	5.11	2.13
Net EPS (RM)^	1.15	1.13	3.74	3.61	1.48

* *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 400,000 Shares on 15 December 2000.*

^ *Based on weighted average number of ordinary shares.*

Notes:

1. *There were no extraordinary or exceptional items during the financial years under review*

2. *With the recovery of the country's economy underway in 2000, the company managed to increase its revenue to grow by 19% in 2000 and 12% in 2001. As the company continued to focus its selling resources on the PVF product range, gross margin for the company improved from 2000 onwards.*

3. *The decreasing pre-tax profit in 1997 and 1998 were due to higher operating expenses as compared to the revenue movements.*

4. *The increase in pre-tax profit in subsequent years to 1998 was due to the improved management of expenses and the corresponding increase in revenue.*

5. *The decrease in pre-tax profit in 2001 despite an increase in revenue was mainly due to an inventory write down of approximately RM330,000.*

6. *The provision for taxation in 1999 is in respect of the underprovision of taxation in the previous financial year. No provision for taxation 1999 in view of the tax waiver year which has been gazetted in the Income Tax (Amendment) Act, 1999*

7. *The decrease in net earnings per share in 2000 was due to dilution from the issue of 400,000 new ordinary shares at par for cash during the financial year ended 31 December 2000. A weighted average number of 317,000 shares was used in the computation of the net EPS.*

8. *The decrease in net EPS in 2001 was mainly due to the full effect of issue of 400,000 Shares in 2000.*

(v) Subsidiary and Associated Companies

As at 31 May 2002, ELHT has a subsidiary, ELHH. Details of ELHH are set out in Section 4.4.16 of this Prospectus.

ELHT does not have any associated companies as at 31 May 2002.

4.4.9 *Information on Thunder Flow*

i) History and Business Overview

Thunder Flow was incorporated in Malaysia on 27 June 1995 as a private limited company. Thunder Flow is principally involved in transportation services and agency.

The company provides transportation services to ESB and its subsidiaries. When excess capacity is available, the company offers its services to other companies such as the suppliers and customers of ESB and its subsidiaries. Presently the company only provides its services within Peninsular Malaysia.

Thunder Flow has 4 employees and 10 contract lorry drivers as at 31 May 2002.

(ii) Share Capital

Thunder Flow's authorised share capital is RM500,000 comprising 500,000 Shares. Its issued and paid-up share capital is RM250,000 comprising 250,000 Shares.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
27.06.1995	2	1.00	Subscribers' shares	2
29.12.2000	249,998	1.00	Cash	250,000

(iii) Substantial Shareholders

Thunder Flow is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of Thunder Flow based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December 1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	-	54	758	1,011	844
EBIDTA	(2)	(71)	(10)	-	54
Depreciation	-	-	-	-	-
Interest expense	-	-	-	-	-
Interest Income	-	-	-	-	-
(LBT)/PBT	(2)	(71)	(10)	@	54
Tax expense	-	-	-	-	-
(LAT)/PAT	(2)	(71)	(10)	@	54
No. of Shares in issue ('000)	*	*	*	250	250
Weighted average number of Shares in issue ('000)	*	*	*	**	250
Gross (LPS)/EPS (RM)^	(1,000)	(35,500)	(5,000)	0.18	0.22
Net (LPS)/EPS (RM)^	(1,000)	(35,500)	(5,000)	0.18	0.22

@ *Net profit for the year is RM247 arising from EBIDTA of RM404 deducting depreciation expenses of RM157.*

* *The paid up capital and shareholders' funds comprised 2 Shares issued at par value.*

** *Weighted average number of ordinary shares in issue of 1,370 Shares has been adjusted for the new issue of 249,998 Shares on 29 December 2000.*

^ *Based on weighted average number of ordinary shares.*

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*
2. *The company temporarily ceased operations in 1997*
3. *In 1998, ESB managed to obtain 10 "A" class carrier licences. Hence, the company rented 5 lorries from its holding company to commence its transportation business. The company's business mainly from Engtex Group.*

4. *Increase in revenue in 2000 was due to additional 5 lorries hired from ESB towards the end of 1999 and this allowed the company to have 10 lorries to generate additional income compared to only 5 lorries in 1999.*

5. *Pre-tax profits were reported in 2000 and 2001 primarily due to increase in operating time and lower repair and maintenance cost.*

(v) Subsidiary and Associated Companies

Thunder Flow has no subsidiary companies or associated companies as at 31 May 2002.

4.4.10 Information on Hachita

i) History and Business Overview

Hachita was incorporated on 8 June 1982 in Malaysia as a private limited company under the Companies Act, 1965 under the name of Hachita Engineering Sdn Bhd. It assumed its present name on 30 December 1997.

Hachita is principally involved in the distribution of steel products and cement for the central region of Peninsular Malaysia. Some of the main items supplied by Hachita are cement, steel plates, mild steel bars and angles, high tensile deformed bars and chequered plates. Hachita currently holds a cement distributorship from Simen Utama Sdn Bhd of the Blue Circle Group.

Hachita has 5 employees as at 31 May 2002.

(ii) Share Capital

Hachita's authorised share capital is RM500,000 comprising 500,000 Shares. Its issued and paid-up share capital is RM254,002 comprising 254,002 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
8.06.1982	2	1.00	Subscribers' shares	2
19.09.1984	111,000	1.00	Cash	111,002
25.04.1985	107,000	1.00	Cash	218,002
15.05.1985	36,000	1.00	Cash	254,002

(iii) Substantial Shareholders

Hachita is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of Hachita based on its audited accounts for the past five(5) financial years ended 31 December 1997 to 2001 are as follows:-

	Financial Year Ended 31 December				
	1997 (RM'000)	**1998 (RM'000)**	**1999 (RM'000)**	**2000 (RM'000)**	**2001 (RM'000)**
Revenue	-	3,748	9,533	15,265	25,733
EBIDTA	(3)	(10)	2,106	1,253	1,188
Depreciation	(2)	(5)	(12)	(23)	(23)
Interest expense	-	-	(2)	(30)	-
Interest Income	-	-	-	27	-
(LBT)/PBT	(5)	(15)	2,092	1,227	1,165
Tax expense	-	-	(6)	(344)	(338)
(LAT)/PAT	(5)	(15)	2,086	883	827
No. of Shares in issue ('000)	254	254	254	254	254
Weighted average number of Shares issue ('000)	254	254	254	254	254
Gross (LPS)/EPS (RM)	(0.02)	(0.06)	8.24	4.83	4.59
Net (LPS)/EPS (RM)	(0.02)	(0.06)	8.21	3.48	3.26

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The company commenced operations in 1998, trading in steel products and cement.*

3. *The significant increase in revenue and profit in 1999 was mainly due to the introduction of mild steel plates as an additional trading item. This item was imported from overseas via its holding company, ESB before the introduction of additional import duties in April 1999.*

4. *Revenue in 2000 registered an increase of 60% due to increase in cement sales to its related company, ESelatan, who was contracted to supply cement for a large construction project in Johor.*

5. *The PBT in the financial year ended 31 December 1999 increased in line with gross profit margin earned.*

6. *The increase in revenue in 2001 was mainly due to commencement of the shearing services for its customer and to its related companies. The company also experienced an increase in the sales volume of steel plates. The decrease in PBT in 2001 was due to competitive pricing of certain steel products resulting in a lower gross margin earned.*

7. *The decrease in net EPS in 2000 as compared to 1999 was due to higher cement sales recorded which had a lower margin as compared to steel plates.*

(v) Subsidiary and Associated Companies

Hachita has no subsidiary companies or associated companies as at 31 May 2002.

4.4.11 *Information on EIndustries*

(i) History and Business Overview

EIndustries was incorporated on 8 July 1996 in Malaysia as a private limited company under the Companies Act, 1965, under the name Nagasari Cemerlang Sdn Bhd. It assumed its present name on 18 February 2000. EIndustries is principally involved in property investment. EIndustries holds two pieces of land located at H.S. (M) 628 No. P.T. 789 and H.S. (M) 629 No. P.T. 790, Mukim of Hulu Yam, Selangor.

EIndustries has no employees under its payroll as at 31 May 2002.

(ii) Share Capital

EIndustries' authorised share capital is RM100,000 comprising 100,000 Shares. Its issued and paid-up share capital is RM2.00 comprising 2 Shares.

There have been no changes in the company's issued and paid-up share capital since its incorporation.

(iii) Substantial Shareholders

EIndustries is a wholly owned subsidiary of ESB.

(iv) Profit and Dividend

The financial record of EIndustries based on its audited accounts for the past five(5) financial years ended 31 August 1998, 1999 and the financial year ended 31 December 2000 and 2001 are as follows:-

	Financial Year Ended 31 August		Financial Year Ended 31 December		
	1998 (RM'000)	1999 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	-	-	-	-	-
EBIDTA	(2)	(2)	(1)	(10)	(3)
Depreciation	-	-	-	(13)	(13)
Interest expense	-	-	-	-	-
Interest Income	-	-	-	-	-
LBT	(2)	(2)	(1)	(23)	(16)
Tax expense	-	-	-	-	-
LAT	(2)	(2)	(1)	(23)	(16)

	Financial Year Ended 31 August		Financial Year Ended 31 December		
	1998 (RM'000)	1999 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
No. of Shares in issue	*	*	*	*	*
Weighted average number of Shares in issue	*	*	*	*	*
Net LPS (RM)	(1,000)#	(1,000)	(1,500)#	(11,500)	(8,000)

* *The paid up capital comprised 2 Shares issued at par value.*

\# *Annualised.*

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The company is dormant and is a property investment company.*

3. *EIndustries has not commenced operation and hence no analysis of summary results is presented*

(v) Subsidiary and Associated Companies

EIndustries has no subsidiary companies or associated companies as at 31 May 2002.

4.4.12 *Information on LYE*

(i) History and Business Overview

LYE was incorporated on 10 May 1977 in Malaysia as a private limited company under the Companies Act, 1965 under the name Lianyeu Manufacturing Sdn Bhd. It assumed its present name on 23 March 2001. LYE commenced operations as a manufacturer of cast iron products. LYE is currently principally involved in the manufacturing of valves, fittings, manhole covers, hydrants and industrial casting products. The company operates from its factory at Lot 1844, Kampung Bahru Balakong, Off Batu 13, Jalan Sungei Besi, 43300 Kajang, Selangor.

The company's market and principal customers are mainly hardware distributors, dealers, State Waterworks authorities and corporations all over Malaysia, waterworks contractors and M&E contractors.

LYE has 118 employees as at 31 May 2002.

(ii) Share Capital

LYE's authorised share capital is RM5,000,000 comprising 5,000,000 Shares. Its issued and paid-up share capital is RM2,500,000 comprising 2,500,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
10.05.1977	2	1.00	Subscribers' shares	2
17.08.1978	200,000	1.00	Cash	200,002
26.07.1989	299,998	1.00	Cash	500,000
11.09.1995	1,000,000	1.00	Bonus Issue of 2 new Shares for every 1 Share held	1,500,000
3.07.1998	1,000,000	1.00	Cash	2,500,000

(iii) Substantial Shareholders

The substantial shareholders of LYE as at 31 May 2002 are as follows:

	Direct	%	Indirect	%
ESB	1,733,000	69.32	-	-
Wong Sun Choy	376,923	15.08	-	-
Chen Chew Woon	190,077	7.60	-	-
Ng Ah Yok	200,000	8.00	1,733,000^	69.32

^ *Deemed interested indirectly through her brother, Ng Hook's substantial interest in ESB*

(iv) Profit and Dividend

The financial record of LYE based on its audited accounts for the past five(5) financial years ended 30 September 1998 to 2000, the three(3) months financial period ended 31 December 2000 and the financial year ended 31 December 2001 are as follows:-

	Financial Year Ended 31 September				Financial period for 3 months ended 31 December	Financial year Ended 31 December
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	12,560	15,370	15,816	16,305	3,378	14,716
EBIDTA	3,321	4,240	4,560	4,541	589	2,982
Depreciation	(778)	(1,076)	(1,388)	(1,661)	(433)	(1,726)
Interest Expense	(729)	(1,151)	(907)	(1,681)	(470)	(1,203)
Interest Income	-	-	-	-	-	-
Exceptional items	-	-	-	-	(412)*	(1,505)**
PBT/(LBT)	1,814	2,013	2,265	1,199	(726)	(1,452)
Tax expense	(573)	(604)	(55)	(253)	218	-
PAT/(LAT)	1,241	1,409	2,210	946	(508)	(1,452)

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

	Financial Year Ended 31 September				Financial period for 3 months ended 31 December	Financial year Ended 31 December
	1997 (RM'000)	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2000 (RM'000)	2001 (RM'000)
No. of Shares in issue ('000)	1,500	2,500	2,500	2,500	2,500	2,500
Weighted average number of Shares in issue ('000)	1,500	1,750***	2,500	2,500	2,500	2,500
Gross EPS/(LPS) (RM)^	1.21	1.15	0.91	0.48	(0.29)	(0.58)
Net EPS/(LPS) (RM)^	0.83	0.81	0.88	0.38	(0.81)#	(0.58)

* *Exceptional items relate to expenses and losses incurred as a result of flooding at the factory premises in November 2000.*

** *Exceptional items in 2001 is in respect of inventories which had become damaged and/or obsolete and were written down accordingly to scrap metal value after the company conducted a comprehensive inventory count. There were no other extraordinary or exceptional items during the financial years/periods under review.*

*** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 1,000,000 Shares on 3 July 1998.*

\# *Annualised*

^ *Based on weighted average number of ordinary shares.*

Notes:

1. *There was no extraordinary item during the financial years under review.*

2. *Revenue in 1998 increased despite the economic slowdown in the country as LYE managed to secure the Commonwealth Games projects valued at RM1.4 million and certain government projects arising from water crisis in Selangor.*

3. *As at 31 December 2000, the annualized revenue of RM13.3 million was lower than 1999 due to flooding in the factory, which caused production to stop for about 3 weeks.*

4. *PBT decreased in the financial year ended 30 September 2000 due to higher interest expenses incurred and bad debts written off amounting to RM294,000.*

5. *Loss before tax in 2001 was mainly due to the exceptional loss arising from inventories written off for certain inventory items which had become damaged and/or obsolete and written down accordingly to scrap metal value after the Company conducted a comprehensive inventory count.*

(v) Subsidiary and Associated Companies

LYE has no subsidiary companies or associated companies as at 31 May 2002.

4.4.13 Information on LYEM

i) History and Business Overview

LYEM was incorporated on 3 June 1997 in Malaysia as a private limited company under the Companies Act, 1965, under the name LYE Construction & Engineering Sdn Bhd. It assumed its present name on 16 May 2001. LYEM commenced operations in September 2001 and is currently principally involved in marketing and distribution of valves and industrial casting products.

LYEM has 3 employees under its payroll as at 31 May 2002.

(ii) Share Capital

LYEM's authorised and issued and paid-up share capital is RM100,000 comprising 100,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
03.06.1997	2	1.00	Subscribers' shares	2
30.04.2001	99,998	1.00	Cash	100,000

(iii) Substantial Shareholders

The substantial shareholders of LYEM as at 31 May 2002 are as follows:

	Direct	%	Indirect	%
ESB	80,000	80.0	-	-
Wong Sun Choy	20,000	20.0	-	-

(iv) Profit and Dividend

The financial record of LYEM based on its audited accounts for the past five(5) financial years ended 30 September 1998 to 2000, the three(3) months financial period ended 31 December 2000 and the financial year ended 31 December 2001 are as follows:-

	Financial Year Ended 31 September			Financial Period for 3 months ended 31 December	Financial Year Ended 31 December
	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	-	-	-	-	1,085
EBIDTA	-	-	-	(10)	25
Depreciation	-	-	-	-	(19)
Interest Expense	-	-	-	-	(3)
Interest Income	-	-	-	-	-
(LBT)/PBT	-	-	-	(10)	3
Tax expense	-	-	-	-	-
(LAT)/PAT	-	-	-	(10)	3
No. of Shares in issue ('000)	*	*	*	*	100
Weighted average number of Shares in issue ('000)	*	*	*	*	63**
Gross (LPS)/EPS^ (RM)	-	-	-	(5,000)	0.05
Net (LPS)/EPS^ (RM)	-	-	-	(5,000)	0.05

* *The paid-up capital and shareholders funds comprised of 2 Shares issued at par value.*

** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 99,998 Shares in April 2001.*

^ *Based on weighted average number of ordinary shares.*

Notes:

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The company commenced operations in September 2001 and was principally engaged in marketing and distribution of valves and industrial casting products.*

(v) Subsidiary and Associated Companies

LYEM has no subsidiary companies or associated companies as at 31 May 2002.

4.4.14 Information on Domino

(i) History and Business Overview

Domino was incorporated on 21 October 1999 in Malaysia as a private limited company under the Companies Act, 1965. Domino is a subsidiary of Allpipes. Domino was incorporated to complement the manufacturing of steel pipe fittings to its holding company, Allpipes.

As such, Domino's principal activity involves the manufacturing of steel pipe fittings. The company's factory is located on Lot 3757, Batu 29 Jalan Ipoh-Kuala Lumpur, 48200 Serendah, Hulu Selangor, whereas its business and sales office address is situated at Lot 36, Jalan BRP 9/2B, Putra Industrial Park Bukit Rahman Putra 47000 Sungai Buloh, Selangor.

Domino has 27 employees as at 31 May 2002.

(ii) Share Capital

Domino's authorised and issued and paid-up share capital are both RM500,000 comprising 500,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
21.10.1999	2	1.00	Subscribers' shares	2
24.12.1999	99,998	1.00	Cash	100,000
5.07.2000	400,000	1.00	Cash	500,000

(iii) Substantial Shareholders

The substantial shareholders of Domino as at 31 May 2002 are as follows:

	Direct	%	Indirect	%
Allpipes	350,000	70.0	-	-
Cheah Hock Kee	150,000	30.0	-	-
ESB	-	-	350,000*	70.0

* *Deemed interested indirectly through Allpipes*

(iv) Profit and Dividend

The financial record of Domino based on its audited accounts for the period from the date of incorporation to the financial period ended 21 October 1999 to 31 December 2000 and the financial year ended 31 December 2001 are as follows:-

	Financial Period From 21 October 1999 to 31 December 2000 (RM'000)	**Financial Year Ended 31 December 2001 (RM'000)**
Revenue	1,423	3,214
EBIDTA	252	575
Depreciation	(72)	(99)
Interest expense	-	(3)
Interest Income	-	-
PBT	180	473
Tax expense	(65)	(146)
PAT	115	327
No. of Shares in issue ('000)	500	500
Weighted average number of Shares in issue ('000)	300*	500
Gross EPS (RM)^	0.60	0.95
Net EPS (RM)^	0.38	0.65

* *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 99,998 Shares on 24 December 1999 and the issue of 400,000 Shares on 5 July 2000.*

^ *Based on weighted average number of ordinary shares.*

Notes :-

1. *There were no extraordinary or exceptional items during the financial years under review.*
2. *Domino commenced operations in April 2000.*
3. *Revenue consisted mainly of sales of small diameter cement-lined pipes fittings. The increase in revenue and pre-tax profit in 2001 were mainly due to the full twelve months results as compared to the eight months results in 2000. Sales to related companies contributed approximately 99% of the company's revenue.*
4. *Based on the accounting records as at 31 December 2000, included in revenue were sales to ESB of approximately RM1,243,000 and sales to related companies of about RM176,000.*
5. *The company's effective tax rate was higher than the statutory tax rate as certain expenses are not deductible for tax purposes.*

(v) Subsidiary and Associated Companies

Domino has no subsidiary companies or associated companies as at 31 May 2002.

4.4.15 Information on NBP

(i) History and Business Overview

NBP was incorporated on 8 July 1996 in Malaysia as a private limited company under the Companies Act, 1965 under the name of Nagasari Harmoni Sdn Bhd. It assumed its present name on 30 October 1998. NBP is a wholly owned subsidiary of Allpipes. It was acquired by Allpipes in 27 August 1997. It was later sold to ESB on 31 May 2000 and was acquired back by Allpipes on 25 September 2000. NBP is currently operating from its factory at Lot 3763, Jalan Ipoh-Kuala Lumpur, 48200 Serendah, Selangor.

It is principally involved in manufacturing bitumen products, such as pipe asphalt/coatings and bitumen products. Its products are sold to established cement lined mild steel pipes manufacturers such as Petro Pipes Industries (M) Sdn Bhd, Utama Steel Works Sdn Bhd and Pipeway Industry Sdn Bhd, including its sister companies, Allpipes and Domino.

NBP has 9 employees as at 31 May 2002.

(ii) Share Capital

NBP's authorised share capital is RM5,000,000 comprising 5,000,000 Shares. Its issued and paid-up share capital is RM2,000,000 comprising 2,000,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
8.07.1996	2	1.00	Subscribers' shares	2
21.09.1999	99,998	1.00	Cash	100,000
29. 09.2000	1,900,000	1.00	Cash	2,000,000

(iii) Substantial Shareholders

NBP is a wholly owned subsidiary of Allpipes.

(iv) Profit and Dividend

The financial record of NBP based on its audited accounts for the financial period from date of incorporation to 21 August 1997, the financial period from 1 September 1997 to 31 December 1998 and the financial year ended 31 December 1999 to 2001 are as follows:-

	Financial Period From		Financial Year Ended 31 December		
	8 July1996 to 21 August 1997 (RM'000)	1 September 1997 to 31 December 1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)
Revenue	-	-	534	3,565	2,458
EBIDTA	(2)	(2)	59	761	379
Depreciation	-	-	(6)	(299)	(299)
Interest expense	-	-	-	-	(21)
Interest Income	-	-	-	-	-
(LBT)/PBT	(2)	(2)	53	462	59
Tax expense	-	-	(17)	(131)	(20)
(LAT)/PAT	(2)	(2)	36	331	39
No. of Shares in issue ('000)	*	*	100	2,000	2,000
Weighted average number of Shares in issue ('000)	*	*	25**	575***	2,000
Gross (LPS)/EPS (RM)^	(1,000)#	(1,000)#	2.12	0.80	0.03
Net (LPS)/EPS (RM)^	(1,000)#	(1,000)#	1.44	0.58	0.02

* *The paid up capital and shareholder's funds comprised of 2 Shares issued at par value.*

** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 99,998 Shares on 21 September 1999.*

*** *Weighted average number of ordinary shares in issue has been adjusted for the new issue of 1,900,000 Shares on 29 September 2000.*

\# *Annualised*

^ *Based on weighted average number of ordinary shares.*

Notes:-

1. *There were no extraordinary or exceptional items during the financial years under review.*

2. *The company commenced its operations in July 1999. The revenue of the company increased significantly by 568% from 1999 to 2000 as the company was only in operation for five months in 1999. Also in 2000, the increase in profit was mainly due to higher profit margin earned through economies of scale.*

3. *The decrease in revenue and PBT in 2001 were mainly due to competitive market environment.*

4. *The significant increase in depreciation was mainly due to depreciation of plant and machinery, which was purchased in December 1999.*

(v) Subsidiary and Associated Companies

NBP has no subsidiary companies or associated companies as at 31 May 2002.

4.4.16 Information on ELHH

(i) History and Business Overview

ELHH was incorporated in Malaysia on 28 June 1999 as a private limited company. ELHH is principally involved in the distribution of steel products for the northern region of Peninsular Malaysia.

The company operates its business from Plot 13, Lorong Ringan, Juru Light Industrial Estate, Simpang Ampat, Penang.

ELHH has no employees under its payroll as at 31 May 2002, as the company is currently being managed by ELHT.

(ii) Share Capital

ELHH's authorised and issued and paid-up share capital are both RM100,000 comprising 100,000 Shares.

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

Date of Allotment	No. of Ordinary Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
28.06.1999	2	1.00	Subscribers' shares	2
18.04.2000	99,998	1.00	Cash	100,000

(iii) Substantial Shareholders

ELHH is a wholly owned subsidiary of ELHT.