

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT

The Group is led by committed Promoters, Directors and key management with extensive experience in the plastic injection moulding industry.

### 5.1 Promoters

The promoters of Luster and their respective shareholdings in Luster are set out as follows:-

Promoter	Designation	Nationality	After the Public Issue			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Lim See Chea	Managing Director	Malaysian	^ 11,000	0.02	*28,670,000	47.78
Chiang Chong Kooi	Executive Director	Malaysian	^ 11,000	0.02	# -	# -

\* Deemed interested by virtue of his interests of more than 15% in the Shares of LHSB.

^ Includes pink form allocation pursuant to the Public Issue.

# He has 11.12% shareholding in LHSB, which holds 47.78% of Luster.

### 5.2 Substantial Shareholders

The substantial shareholders (with 5% or more shareholding, directly and indirectly) of Luster after the Public Issue are as follows: -

Substantial Shareholder	Nationality	After the Public Issue			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
LHSB	Malaysian Company	28,670,000	47.78	-	-
Lim See Chea	Malaysian	^ 11,000	0.02	*28,670,000	47.78
Gey Ah Sang @ Lee Ah Sim	Malaysian	9,000	0.01	*28,670,000	47.78
Muthanna Bin Abdullah	Malaysian	12,179,060	20.30	-	-

\* Deemed interested by virtue of his interests of more than 15% in the Shares of LHSB.

^ Includes pink form allocation pursuant to the Public Issue.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 5.3 Changes in Shareholdings of Promoters/ Substantial Shareholders

Save as disclosed below and in Section 4.4 of this Prospectus, there is no change to the Promoters/substantial shareholders of Luster for the past three(3) years preceding the date of this Prospectus:-

	Date	Balance b/f	Acquisition/ (Disposal)	Balance c/f	%
<b>Substantial Shareholders of Luster</b>					
LHSB	19.09.2002	-	2,284,048	2,284,048	57.10
Muthanna Bin Abdullah	28.02.2001	290,920	* 872,760	1,163,680	29.09
<b>Promoter and/or Substantial Shareholder of LHSB</b>					
Lim See Chea	19.09.2002	917,712	(917,712)	-	-
Chiang Chong Kooi	19.09.2002	304,540	(304,540)	-	-
Gey Ah Sang @ Lee Ah Sim	19.09.2002	761,348	(761,348)	-	-

\* Bonus issue.

Save as disclosed below, none of the Promoters/substantial shareholders (individual) named above, hold other directorships and/or have substantial shareholdings in other public companies incorporated in Malaysia for the past two (2) years preceding the date of this Prospectus.

Name of Promoters/ Substantial Shareholder	Name of Company	Designation	Date Appointed/ Resigned	No. of Shares Held	
				Direct	Indirect
Muthanna Bin Abdullah	Ho Wah Genting Bhd	Director	20.12.2001	-	-
	John Master Industries Berhad	Director	20.07.1992/ 08.07.2002	-	-
	Malaysia Pacific Land Berhad	Director	10.07.2000/ 24.02.2003	-	-

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 5.4 Board of Directors

#### (i) Directors' Shareholdings

The Directors' shareholdings in the Company before and after the Public Issue are as follows:-

	Designation	Nationality	BEFORE THE PUBLIC ISSUE				AFTER THE PUBLIC ISSUE <sup>^</sup>			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Abdul Gafoor @ Abdul Gafoor Khan	Executive Chairman	Malaysian	-	-	-	-	59,000	0.10	-	-
Lim See Chea	Managing Director	Malaysian	-	-	*28,670,000	57.26	11,000	0.02	*28,670,000	47.78
Chiang Chong Kooi	Executive Director	Malaysian	-	-	-	-	11,000	0.02	#	#
Lim See Hua	Executive Director	Malaysian	688,536	1.38	-	-	699,536	1.17	-	-
Hang Kok Long	Executive Director	Malaysian	-	-	-	-	11,000	0.02	-	-
Fong Swee Hin	Executive Director	Malaysian	-	-	-	-	10,000	0.02	-	-
Chatar Singh a/l Santa Singh	Independent Non-Executive Director	Malaysian	-	-	-	-	9,000	0.01	-	-
Tengku Sepachendra	Independent Non-Executive Director	Malaysian	-	-	-	-	9,000	0.01	-	-
Tengku Abdul Rashid	Independent Non-Executive Director	Malaysian	-	-	-	-	9,000	0.01	-	-
Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa	Independent Non-Executive Director	Malaysian	-	-	-	-	9,000	0.01	-	-

<sup>^</sup> Includes Pink Form allocation pursuant to the Public Issue.

\* Deemed interested by virtue of his interests of more than 15% in the Shares of LHSB.

# He has 11.12% shareholding in LHSB.

Save as disclosed below, none of the Director has any directorship and/or substantial shareholding (5% or more of the issued and paid-up share capital) in other public companies for the past two(2) years.

Name of Directors	Name of Company	Designation	Date Appointed/ Resigned	No. of Shares Held	
				Direct	Indirect
Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa	P.I.E Industrial Berhad	Independent, Non-Executive Chairman	10.05.2000	10,001	-

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

---

**(ii) Profiles**

**Abdul Gafoor Khan**, aged 64, was appointed to the Board of Luster as the Executive Chairman on 23 April 2003. He is the Organisation Development Executive Committee Member of Luster. He is responsible for organisation development and human resource management. He obtained his Bachelor of Arts Degree from Singapore University in Singapore and a Certificate of Education from University of Birmingham in Birmingham, United Kingdom.

He brings with him more than 15 years of extensive experience in the areas of organisation development and human resource management. His involvement in the plastic injection moulding industry began in 1999 when he joined Luster Group as an Organization Development Consultant. He began his career in 1960 as a teacher and left the teaching profession in 1970. During his tenure as a teacher, he obtained his Bachelor of Arts Degree in Singapore. Thereafter, he joined the Malaysian Armed Forces as a Captain until 1973. He left the Armed Forces in 1973 to join Esso Sdn Bhd in Kuala Lumpur as a Coordinator / Operation Analyst. He was with Esso Sdn Bhd for 5 years before joining Beecham Sdn Bhd in Kuala Lumpur as a Human Resource Manager. In 1984 he left Beecham Sdn Bhd to join Bank Rakyat in Kuala Lumpur in the same capacity. In 1987 he joined R.J. Reynolds in Kuala Lumpur as Human Resource Manager. He was promoted to Human Resource Director in 1989. In 1992, he left R.J. Reynolds to take up the position as Human Resource Director in Titan Group in Kuala Lumpur and Johor. In 1994, he was involved in consultancy job and was at the same time, a General Manager with Islamic University Kuala Lumpur responsible in setting up the Management Centre. In 1997 he was a Human Resource Consultant with Habib Jewels Kuala Lumpur.

**Lim See Chea**, aged 47, is the founder and Managing Director of Luster. He was appointed to the Board of Luster as an Executive Director on 19 September 1986. Subsequently, he was appointed as the Managing Director on the 18 October 2002. His involvement in the plastic injection moulding industry began in 1979 when he joined Sonico Industries as a Supervisor. He was with Sonico Industries from 1979 to 1984 before he left the company and went into a partnership to establish Unicorn Industries. In 1985, he left Unicorn Industries to form Malathaico Sdn Bhd where he was appointed as an Operations Director. The principal activity of Malathaico Sdn Bhd was in providing secondary finishing processes.

In 1986, he left Malathaico Sdn Bhd to establish Luster. As the founder, he has been the driving force behind the development, growth and expansion of the Luster Group. His extensive experience in the plastic injection moulding industry as a result of more than 20 years of experience in the industry has been instrumental in the success of Luster Group.

He is currently responsible for the overall strategic direction and management of Luster Group.

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

---

**Chiang Chong Kooi**, aged 48, is the co-founder of Luster Group. He was appointed to the Board of Luster as an Executive Director on the 19 September 1986. His involvement in the plastic injection moulding industry began in 1977 when he joined Man Yau Plastic Factory (M) Sdn Bhd (“**Man Yau**”) as Supervisor. He was with Man Yau until 1986.

In 1986, he left Man Yau to join Luster. He has accumulated vast technical expertise and experience in the business of the plastic injection moulding industry having worked in the industry for more than 20 years.

As the co-founder, he has been instrumental in ensuring that the technical aspects of the operations of Luster Group run efficiently and effectively.

His current responsibilities are mainly in overseeing and managing the technical operations of Luster Group.

**Lim See Hua**, aged 54, was appointed to the Board of Luster as an Executive Director on 15 May 1996. He was previously a teacher in Sekolah Sri Perhentian in Johor before he joined Luster to take up the position of Factory Manager in 1992 and subsequently assumed the role of a Director.

Currently, his main responsibilities include the overall management of the day-to-day operations of Luster Group.

**Hang Kok Long**, aged 44, was appointed to the Board of Luster as an Executive Director on 15 May 1996. His involvement with the plastic injection moulding industry began in 1986 when he joined Man Yau. In 1988, he left and joined Cherry Sweet Sdn Bhd as a Finance and Administration Manager. Subsequently in 1989, he left Cherry Sweet Sdn Bhd to take up the position of Accountant with Luster. He was later promoted to the position of General Manager in 1992 and was appointed as a Director in Luster in 1996.

His main responsibilities are in the procurement, sales and marketing of Luster Group including new business development. He also oversees the operations of PTLI and DP.

**Fong Swee Hin**, aged 37, was appointed to the Board of Luster as an Executive Director on 27 January 2003. Prior to his appointment as an Executive Director he was the Corporate Planner of Luster. He obtained his Bachelor of Commerce Degree majoring in Accounting from Newcastle University, Australia in 1988. In 1989, he went on further to obtain a Postgraduate Diploma in Taxation from Monash University, Australia. He brings with him a diverse range of experiences in the field of finance, accounting, taxation, corporate finance and corporate planning.

Upon graduation, he began his career in 1989 as Tax Officer in the Australian Taxation Office. In 1991, he left to join Pricewaterhouse, currently known as Pricewaterhouse Coopers, in the capacity of Associate Consultant. He left in 1994 to join Perdana Merchant Bank Berhad in the Corporate Finance Division as Assistant Vice-President. Subsequently in 1996, he left to join Mau Yau Holdings Bhd and assumed the role of Corporate Planning Manager before assuming his current position with Luster Industries Bhd. His main responsibilities are in corporate planning and finance. He is also a member of ASCPA (Australian Society of Certified Practising Accountants).

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT**  
**(Cont'd)**

---

**Chatar Singh**, aged 51, is appointed as Independent Non-Executive Director of Luster on 23 April 2003. He graduated with B.Sc (Hons) degree majoring in Physics and Chemistry from University Sains Malaysia, Penang in 1976 and has more than 25 years of experience in the electronics manufacturing industry.

He started his career in Sharp-Roxy Corporation (M) Sdn Bhd in Sungai Petani, Kedah and was with the company for 7 years before leaving for LH Research, an American switching power supply company based in Prai, Penang. He was with LH Research for a total of 9 years and was responsible for managing the factories in the Caribbean (Puerto Rico and Dominican Republic) for approximately 3 years. In 1992, he joined Dai-Ichi Industries Berhad ("**Dai-Ichi**") as General Manager and was later appointed as a Director when the company was listed on the Second Board of KLSE. He resigned from the board of Dai-Ichi in 1999. In 1994, he was the Managing Director of SMT Technologies Sdn Bhd, a company, involved in electronics contract manufacturing using surface mount technology. He left SMT Technologies Sdn Bhd in 1999. Thereafter, he was with PCA Mahlin Technology, a company involved in making actuators for the hard drive industry from 2000 to 2002 as the Managing Director. In 2001, he was also appointed as the Managing Director of QB Technology Sdn Bhd, a company involved in making precision coil windings for the electronics industry.

**Tengku Sepachendra Tengku Abdul Rashid**, aged 34, was appointed as Independent Non-Executive Director of Luster on 23 April 2003. She graduated with B.Sc (Hons) Accounting and Master of Business Administration (Financial Management) from University of Hull, United Kingdom in 1992 and 1993 respectively.

Upon graduation in 1993, she began her career as an Officer in the Corporate Finance Department of AmMerchant Bank Berhad and was subsequently promoted to Assistant Manager. In 1996, she left AmMerchant Bank Berhad to join Permodalan RISDA Berhad as the Corporate Planning Manager. From 1998 to 2002, she was the adviser to the Directors and management of Berkah Indah Sdn Bhd and its group of companies.

**Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa**, aged 65, was appointed to the Board of Luster as Independent Non-Executive Director on 23 April 2003. He obtained Post-Doctoral (PDSA) from Harvard University in 1984.

He began his career as a teacher from 1961 to 1968. Thereafter, he was the Senior Assistant of Sekolah Abdullah Munshi in Penang and became the Principal of the school from 1969 to 1973. Subsequently he became the Education Lecturer and Dean of the School of Educational Studies in University Sains Malaysia in 1973 and 1979 respectively. From 1988 to 1995, he was the Professor of Educational Administration of University Sains Malaysia. In 1995, he was appointed as the Chairman of Adorna-RMIT Sdn Bhd as well as the Director of Adorna Education Sdn Bhd and held the posts until April 2003. Currently, he is also the Executive Chairman of P.I.E. Industrial Berhad and the Independent Non-Executive Director of Oriental Holdings Berhad, both positions he has held since 2000 and 2001 respectively.

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT**  
**(Cont'd)**


---

**(iii) Directors Remuneration and Benefits**

The range of aggregate remuneration and benefits paid to the Directors of Luster Group for services rendered in all capacities within the Group and the number of Directors within the specified range are as set out below:-

Range of remuneration and benefits paid/payable per annum	Year Ended/ Ending 31 December	
	2002	2003
	No. of Directors	No. of Directors
More than RM150,000	4	5
Less than RM150,000	-	4

The remuneration and benefit-in-kind paid to the Directors of the Group for services rendered in all capacities to the Company and its subsidiary companies for the financial year ended 31 December 2002 amounted to RM1,474,102. The proposed directors' remuneration and benefit-in-kind for the financial years ending 31 December 2003 is expected to amount to RM1,507,000.

<b>THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK</b>
--

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

---

**5.5 Key Management****Profiles**

**Tan Tang Chai**, aged 46, is a Director of LPI. He began his career in 1978 as Production Manager with Precico Sdn Bhd, a contract manufacturer specialising in plastic injection moulding systems, secondary processes and mixed technology assemblies.

In 1990, he left the company to join Davex Engineering (M) Sdn Bhd, a company involved in fluorescent light fittings, holding the position of Operations Manager. In 1993, he left Davex Engineering (M) Sdn Bhd to establish his own plastic injection moulding company, Tai Ca Industries Sdn Bhd. He was the founder and Managing Director of the company until 1996 when Tai Ca Industries Sdn Bhd merged with LPI. He was appointed a Director upon the merger of the two companies.

His current responsibilities include the day-to-day operation and management of LPI.

**Chia Teng Seng**, aged 46, is a Director of PTLI. He brings with him more than 20 years of experience in production process engineering and management.

He began his career in 1982 when he joined Hitachi Electronic Device in Singapore as a Process Engineer. Subsequently in 1984, he left the company to join Singamip Industry Sdn Bhd, a company that manufactures radio cassette mechanisms and polyfoam packaging, as a Production Manager. He was later promoted to General Manager of the Singamip Industry Sdn Bhd in 1988. In 1996, he was assigned to Indonesia and assumed the position of General Manager of PT Singamip Manufacturing Indonesia.

In 2000, he left the company to join Luster Group as General Manager of PTLI. His main responsibilities include day-to-day operations and management of the company. He was later appointed a Director of PTLI in 2001.

**Yu Fujihara**, aged 60, is a Director of LN. He began his career in 1964 when he joined Sankyo Seiki Manufacturing Co Ltd in Japan, a company involved in the manufacture of precision parts as Chief Engineer. He left the company in 1985 to join Tokyo Pigeon Co Ltd as a Production Technology Chief. Subsequently in 1994, he left the company to take up the position of Vice Managing Director at Nakazawa Kogyo Co Ltd. In 1997, he left the company and returned to Tokyo Pigeon Co Ltd as Factory Manager for Tokyo Pigeon Manufacturing Pte Ltd in Singapore and subsequently took up the position of Vice Managing Director of PT Tokyo Pigeon Indonesia.

In 1999, he left the company to join Luster Group as a Director of LN. His main responsibilities are in the management of research and development activities and day-to-day operations of LN.



---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

---

**Loh Soo Fung**, aged 44, is the Director-cum-General Manager of DP. She obtained a Diploma in Management from the Malaysian Institute of Management in Penang in 1990 and a Masters of Business Administration from the University of Portsmouth in United Kingdom in 2002.

She began her career in 1983 as Marketing Executive with Supreme Finance Bhd in Penang. Her main responsibility was in providing lease-financing facilities. She was one of the pioneers in the development of lease financing and industrial hire purchase facilities for the company. Subsequently she left the company in 1988 to join MBF Finance Berhad as Branch Executive in Penang. She basically implemented the leasing system and policies for the branch and was instrumental in developing the leasing business for the finance company. In 1990, she joined AmMerchant Bank Berhad as a Marketing Executive. She was responsible for the start up of the factoring business in Penang. In 1991, she left to join PB International Factors Sdn Bhd, part of the Public Bank group of companies where she assumed the role of a Branch Manager. She was entrusted with the setting-up of the branch office in Penang. Subsequently in 1993, she left to join ISS Sdn Bhd, a world renowned service maintenance company in Penang. Her responsibilities included establishing the branch office in Penang. In 1996, she left to take up the position of an Investment Director with Transcapital Holdings Bhd, a contract manufacturing company. Her role was mainly focused on business development.

In 1998, she joined Luster Group in the capacity of Director-cum-General Manager responsible for the overall management of DP, Luster Group's marketing arm.

**Chan Boon Kong**, aged 44, is the General Manager of Luster. He obtained his Masters of Business Administration from the University of Honolulu, United States in 2002.

He began his career with Sharp Roxy (M) Sdn Bhd, a consumer electronics company as a Purchasing Officer in 1980. He left the company in 1982 to join Atlas Electronics Sdn Bhd, a company involved in audio manufacturing as a buyer. Subsequently he left in 1983 to join the General Electric Company, Malaysia, an audio manufacturing company in the same capacity before joining Toyo Audio (M) Sdn Bhd, also an audio manufacturing company as Senior Officer in 1984. In 1988, he left to join Sony Electronics (M) Sdn Bhd as Senior Manager. In 1999, he joined Merit Process Sdn Bhd, a company involved in plastic injection moulding industry, as Operations Manager before leaving to assume the role of Senior Manager at Print Vision Sdn Bhd, a silk-screening operation company in 2000. In the same year, he joined LGP Industries Sdn Bhd, a PVC leather manufacturing company as the Assistant General Manager before assuming the role of General Manager of Luster in 2002.

His main responsibilities include managing the day-to-day manufacturing and operation process of the Company.

**Hooi Chew Yoon**, aged 49, is the Assistant General Manager of Luster. In 1976, he obtained a Diploma in Engineering from Ungku Omar Polytechnic.

His career started in 1976 when he joined Malaysia International Shipping Corporation Berhad as Chief Engineer. He left the company to join Q.C.D (M) Sdn Bhd, a plastic injection moulding company as Engineer in 1986. In 1989, he joined Sony Electronics (M) Sdn Bhd in the capacity of Senior Manager before assuming the role of Assistant General Manager of Luster in 2002. His main responsibilities include monitoring and controlling the operation process of the Company.

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

---

**Kam Teik Lim**, aged 50, is the Assistant General Manager of Luster. In 1976, he obtained a Diploma in Electrical Engineering from RAF Technical Institution Halton, London.

He began his career in 1973 working with Royal Malaysian Air Force. In 1985, he left to join Toyo Audio (M) Sdn Bhd, an electronic manufacturing company, as Assistant Engineer. In 1988 he was promoted to Section Head of Parts Quality Control Department and assigned to Sony Electronics (M) Sdn Bhd, the parent company of Toyo Audio (M) Sdn Bhd. In 1992 he left Sony Electronics to join Grundig (M) Sdn Bhd, an audio manufacturing company, as Section Manager of Quality Control Department.

His involvement with Luster Group started in 1992 when he assumed the position of Factory Manager in LPE. In 1995, he was promoted to Assistant General Manager of Luster and responsible for the day-to-day operations of the company mainly on the quality assurance and control.

**Ratnarajah S/O Sivapragasam**, aged 52, is the Assistant General Manager of LCW. In 1985, he obtained a Diploma in Business Administration from Institute of Business Administration, India.

He started his career in 1973 when he joined Matsushita Electronics Components (M) Sdn Bhd. He was responsible for the jigs and dies repair and maintenance.

In 1981, he joined ITT Transelectronics (M) Sdn Bhd, a company involved in electronics manufacturing as a Tooling Engineer before leaving in 1989 to join Bensons Metal Products Sdn Bhd, a company which produces metal ring for the ring file as Technical Manager. He joined Grundig (M) Sdn Bhd, which is an audio manufacturing company, as a Senior Engineer in the R&D department between 1990 and 1993. Later, he joined Solectron Malaysia Sdn Bhd in 1993 as a Tooling Manager. In 1994, he left the company to join Luster as a Engineering Manager. He was then promoted to Assistant General Manager of LCW in 1997. His main responsibilities include managing the tooling and moulding aspects of Luster Group.

**Ch'ng Paed Koon**, aged 37, is the Assistant General Manager of LM and also overseas LPI and LPE in the role of an Assistant General Manager. He graduated from Universiti Sains Malaysia with an Honours Degree in Bachelor of Arts in 1989.

He joined Sony Electronics (M) Sdn Bhd as Senior Purchasing Officer in 1990. Subsequently he left the company in 1994 to join Luster as Marketing Manager and later assumed the role of Logistics Manager in 1995. He was promoted to Factory Manager of LM in 1999. In 2001 he was promoted to Assistant General Manager and was also in-charge of LPE and LPI. His main responsibilities include managing the day-to-day manufacturing and operations of the companies.

---

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT  
(Cont'd)**

---

**5.6 Declaration by the Directors and Key Management**

None of the Director and key management is or was involved in the following events:-

- (a) A petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key management;
- (b) Conviction in a criminal proceedings or is a named subject of pending criminal proceeding(s); and
- (c) The subject of any order, judgment or ruling or any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

None of the Director and key management has entered or proposed to enter into any service agreement with the Company and/or its subsidiary companies.

Save as disclosed in this Prospectus, including the Pink Form allocation and the ESOS, none of the Director and employee of the Group are involved in any capital scheme of the Group.

**5.7 Employees**

As at 30 June 2003 (being the latest practicable date prior to printing of this Prospectus), Luster Group employed a total workforce of 2,259 employees in Malaysia comprising of 1,187 Malaysian employees and 1,072 foreign employees. While the Group's operation in Indonesia has a total number of 189 employees. Its employees are not part of any union.

All the employees enjoy a cordial relationship with the management. There has been no major industrial dispute in the past between the management and the employees of the Group.

**5.8 Family Relationship**

None of the Director and key management of Luster Group are related except for Lim See Chea and Lim See Hua who are brothers.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 5.9 Audit Committee

Luster has set up an Audit Committee on 01 July 2003 which comprises the following Board members:-

Name	Designation	Directorship
Tengku Sepachendra Tengku Abdul Rashid	Chairman	Independent Non-Executive Director
Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa	Member	Independent Non-Executive Director
Chatar Singh a/l Santa Singh	Member	Independent Non-Executive Director
Fong Swee Hin	Member	Executive Director

The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal accounting controls, review of the scope of internal audit procedures, review of balance sheets and profit and loss accounts and nomination of Auditors.

### 5.10 Continuity in Management

As in any other business, the Board of Directors believe that the continued success of Luster Group will depend on the ability and dedication of its Directors and key management. The loss of any key member of the Group could adversely affect the Group's continued ability to compete. However, the Group has made efforts to train its staff and has the support of long-term management staff. The Group's future success will also depend on its ability to attract and retain skilled personnel.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**6. LANDED PROPERTIES OF THE LUSTER GROUP****Summary of Landed Properties**

The landed properties owned by the Luster Group are set out below:-

No.	Registered Owner/Beneficial Owner /Registered Leasee Location	Approximate Land Area (m <sup>2</sup> )	Description and Existing Use	Approximate Built-up area (m <sup>2</sup> )	Tenure From / To	Approximate Age of Building	Net Book Value as at 31.03.2003 RM
<b>Luster</b>							
1)	HS(M) 205/1982, Plot 49 Mukim Sungai Pasir Daerah Kuala Muda	12,140	Land and building	3,403	1982-2042	9 years	1,404,322
2)	HS(M) 209/1982, Plot 50 Mukim Sungai Pasir Daerah Kuala Muda, Kedah	9,308	Land and building	7,591	1982-2042	18 years	4,874,886
3)	HS(M) 155/90, PT 8549 Lot 58, Bakar Arang Industrial Estate Mukim Sungai Pasir, Daerah Kuala Muda, Kedah	11,331	Land and building	6,386	1989-2049	11 years	1,750,616
4)	HS(M) 156/90, PT 8550 Lot 59, Bakar Arang Industrial Estate Mukim Sungai Pasir, Daerah Kuala Muda, Kedah	13,368	Land and building	4,413	1990-2050	9 years	3,144,651
5)	Lot 5, Jalan MIEL 4/1 Fasa 1 Kawasan Perusahaan Bakar Arang 08000 Sungai Petani, Kedah (Title No. H S (M), 1355/1977, Tempat Bakar Arang, Mukim Sungai Pasir, Kedah)	773	Land and building	651	1993-2053	22 years	336,837
6)	Lot 6, Jalan MIEL 4/1 Fasa 1 Kawasan Perusahaan Bakar Arang 08000 Sungai Petani, Kedah (Title No. H S (M), 1356/1977, Tempat Bakar Arang, Mukim Sungai Pasir, Kedah)	773	Land and building	942	1993-2053	22 years	336,837

## 6. LANDED PROPERTIES OF THE LUSTER GROUP (Cont'd)

No.	Registered Owner/Beneficial Owner /Registered Lessee Location	Approximate Land Area (m <sup>2</sup> )	Description and Existing Use	Approximate Built-up area (m <sup>2</sup> )	Tenure From / To	Approximate Age of Building	Net Book Value as at 31.03.2003 RM
<b><u>LPE</u></b>							
1)	No.36, Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani, Kedah (Title No. H S (D) 83/92 PT 18861, Mukim Sungai Pasir, Daerah Kuala Muda, Kedah)	7,426	Land and building	4,120.95	1992- 2052	7 years	2,170,936
2)	No.37, Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani, Kedah (Title No. H S (D) 84/92 PT 18861, Mukim Sungai Pasir, Daerah Kuala Muda, Kedah)	6,475	Land and building	2,543	1992- 2052	6 years	3,732,873
3)	No. 38, Kawasan MIEL, Bakar Arang Industrial Estate 08000 Sungai Petani, Kedah (Title No. H S (M) 95/1983, Mukim of Sungai Pasir, Daerah Kuala Muda, Kedah)	693	Land and building	2,329	1983- 2083	18 years	385,032
<b><u>LM</u></b>							
1)	Title No. H S (D) 155/92, Lot P I 18933 140-B & 141-A, Mukim Sungai Petani Kuala Muda, Kedah	7,854	Land and building	4,050	1992- 2052	10 years	2,616,762
<b><u>LPI</u></b>							
1)	No. H S (D) 112/92 PT 18890 Mukim Sungai Petani, District of Kuala Muda, Kedah	1,870	Land and building	801.54	1992- 2052	6 years	63,208
2)	No. H S (D) 113/92 PT 18891 Mukim Sungai Petani, District of Kuala Muda, Kedah	1,946	Land and building	801.54	1992- 2052	6 years	63,208

**6. LANDED PROPERTIES OF THE LUSTER GROUP (Cont'd)**

No.	Registered Owner/Beneficial Owner/Registered Leasee Location	Approximate Land Area (m <sup>2</sup> )	Description and Existing Use	Approximate Built-up area (m <sup>2</sup> )	Tenure From / To	Approximate Age of Building	Net Book Value as at 31.03.2003 RM
<b><u>LCW</u></b>							
1)	Lot 7, Kawasan MIEL Bakar Arang Phase V Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah	1,470	Land and building	637	1987-2047	11 years	638,981
2)	Lot 8, Kawasan MIEL Bakar Arang Phase V Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah	1,319	Land and building	637	1987-2047	11 years	638,981
<b><u>LPR</u></b>							
	Plot 5 & 6 (No H S(D) 2104/92, H S(D) 2110/92 and H S(D) 2111/62), Kawasan Perusahaan Sungai Petani (LPK), 08000 Sungai Petani, Kedah	5,977	Land and building	3,964.97	1992-2052	7 years	2,053,400
<b><u>PTLI</u></b>							
	Komp. Industri Sarana Terpadu Jl. Industri Km.2, Desa Pasir Gombong Kec. Lemah Abang Citarang – Bekasi 17530, Indonesia	29,245	Land and building	3,168	1995-2014	20 years	4,070,639
<b>TOTAL</b>							<b>28,282,169</b>
<b>TOTAL</b>							<b>111,968</b>

## 7. FINANCIAL INFORMATION

### 7.1 Proforma Consolidated Profit and Dividend Record

A summary of the proforma consolidated results of the Luster Group for the fourteen(14) months period ended 31 December 1998, four(4) financial years ended 31 December 1999 to 2002 and the three(3) months period ended 31 March 2003 has been prepared for illustrative purposes only based on the audited financial statements of Luster Group and the assumption that the current structure of the Group has been in existence throughout the period under review, and after making such adjustments considered necessary:-

	Financial Year Ended 31 December					3 Months Ended 31.03.2003 RM'000
	14 Months Ended 31.12.1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Revenue	138,511	110,092	169,858	170,880	130,619	23,129
Profit before depreciation and interest	16,809	15,683	19,664	24,668	23,952	3,221
Depreciation	(5,404)	(4,730)	(5,236)	(8,273)	(9,443)	(2,372)
Interest expense	(1,353)	(1,083)	(2,352)	(2,860)	(2,004)	(472)
PBT	10,052	9,870	12,076	13,535	12,505	377
Taxation	1,297	272	(3,162)	(4,469)	(2,586)	253
PAT	11,349	10,142	8,914	9,066	9,919	630
Extraordinary items	-	-	-	-	-	-
MI	-	110	21	235	160	144
PAT after MI	11,349	10,252	8,935	9,301	10,079	774
Proforma no. of Shares in issue ('000)	50,080	50,080	50,080	50,080	50,080	50,080
EPS (sen)						
- Gross	*17.20	19.93	24.16	27.50	25.29	*4.16
- Net	*19.42	20.47	17.84	18.57	20.13	*6.18
Gross dividend rate (%)	12.0	24.0	-	270.0	187.5	-
NTA	34,079	47,422	57,276	54,179	56,437	55,522

\* Annualised.

Notes:-

- i) The proforma consolidated results of Luster Group are prepared for illustrative purposes only and are based on the audited financial statements of Luster, LPI, LPE, LM, DP, LN, LCW, LPR, LE and PTLI respectively.
- ii) There were no extraordinary or exceptional items in the financial years/periods under review.
- iii) Revenue decreased in financial year ended 31 December 1999 was mainly attributed to the change of customers base where sales volume was low at the initial stage.

In the financial years ended 31 December 2000 to 2001, the Group's revenue improved with all the companies in the Group enjoyed continuing growth in demand for their products partly due to the recovery of the Asian financial crisis and multinationals awarding more contracts to local companies as part of their cost-containing measures.

Revenue decreased in financial year ended 31 December 2002 was mainly due to slow down in world economy and geopolitical uncertainty.



## 7. FINANCIAL INFORMATION (Cont'd)

The Group recorded lower revenue for the first quarter of 2003 in tandem with cyclical trend of the industry.

- iv) PBT decreased in 1999 was mainly due to the lower revenue as explained in (iii)

The Group's PBT increased in 2002 despite the reduction in revenue due to the practice of cost reduction measurement.

- v) The low tax charge in 1999 was due to tax waiver on business income earned during the year.

The disproportionate tax charge for the Group for the financial years ended 2000, 2001 and 2002 were mainly due to tax incentives available to the subsidiary companies.

There was a tax credit due to the reversal of deferred taxation. These tax credit will be set off against the tax expense when revenue increases in the second quarter of 2003.

- vi) An interim tax-exempt dividend of RM4.62 million and a gross dividend of RM2.88 million totaling RM7.5 million was declared for the financial year ended 31 December 2002 to the existing shareholders of Luster.

- vii) The gross EPS has been calculated based on the PBT after MI and on the assumption that the issued and paid-up share capital of the Company of 50,080,000 (after Acquisitions and Bonus Issue) had been in issue throughout the years/periods under review.

- viii) The net EPS has been calculated based on the PAT after MI and on the assumption that the issued and paid-up share capital of the Company of 50,080,000 (after Acquisitions and Bonus Issue) had been in issue throughout the years/periods under review.

### 7.2 Segmental Analysis of Revenue and Profits

#### Analysis of Luster Group Revenue

	14 Months Ended		Financial Year Ended			3 Months Ended
	31.12.1998	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.03.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LUSTER	92,955	74,619	79,399	105,617	70,127	15,417
DP	562	10,631	12,924	9,760	5,218	1,212
LE	-	-	-	-	-	-
LM	29,553	19,942	29,113	29,339	17,161	2,677
LN	-	367	2,000	663	318	126
LPE	25,545	21,145	31,633	22,479	20,159	3,354
LPI	14,324	12,326	27,720	23,954	20,111	1,754
PTLI	-	-	-	4,189	4,257	1,032
LCW	-	318	12,084	7,963	6,092	902
LPR	180	180	180	240	240	60
	163,119	139,528	195,053	204,204	143,683	26,534
Consolidation adjustments	(24,608)	(29,436)	(25,195)	(33,324)	(13,064)	(3,405)
	138,511	110,092	169,858	170,880	130,619	23,129

**7. FINANCIAL INFORMATION (Cont'd)*****Analysis of Luster Group PBT***

	14 Months Ended		Financial Year Ended		3 Months Ended	
	31.12.1998	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.03.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LUSTER	3,151	3,782	4,833	17,636	6,767	1,280
DP	(66)	359	379	300	16	(38)
LE	-	-	-	(7)	(3)	(1)
LM	2,536	1,205	2,135	3,832	1,253	(394)
LN	-	(181)	(191)	(205)	(84)	1
LPE	4,747	4,802	4,911	1,304	1,492	(294)
LPI	104	127	1,535	3,831	3,432	(17)
PTLI	-	-	-	634	844	(45)
LCW	-	(43)	339	(452)	(327)	(161)
LPR	(4)	27	(65)	8	22	13
	10,468	10,078	13,876	26,881	13,412	344
Consolidation adjustments	(416)	(208)	(1,800)	(13,346)	(907)	33
	10,052	9,870	12,076	13,535	12,505	377

**7.3 Directors' Declaration on Financial Performance**

As at 30 June 2003 (being the latest practicable date prior to the printing of this Prospectus), the financial conditions and operations of the Luster Group are not affected by any of the following:-

- i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Luster Group;
- ii) Material commitment for capital expenditure;
- iii) Unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Luster Group; and
- iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

---

**7. FINANCIAL INFORMATION (Cont'd)**

---

**7.4 Working Capital, Borrowings, Contingent Liabilities and Capital Commitments****■ Working Capital**

The Directors of Luster are of the opinion that, barring any unforeseen circumstances and after taking into account the proforma cashflow forecast, banking facilities available and gross proceeds from the Public Issue, the Group will have adequate working capital for its present and foreseeable future requirements.

**■ Borrowings**

As at 30 June 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group's total interest bearing bank borrowings amounted to approximately RM32.4 million comprising term loan, hire-purchase and trade bills of which RM19.6 million is short term borrowings.

**■ Contingent Liabilities and Capital Commitments**

Save as disclosed in Section 12.5 and Section 12.6 of this Prospectus, as at 30 June 2003 (being the latest practicable date prior to printing of this Prospectus), the Group does not have any other contingent liability or capital commitment.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**7. FINANCIAL INFORMATION (Cont'd)****7.5 Reporting Accountants' Letter on the Consolidated Profit Forecast**  
(Prepared for inclusion in this Prospectus)

KPMG (Firm No. AF 0758)  
Chartered Accountants  
1st Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang, Malaysia.

P.O. Box 349  
10740 Penang  
Malaysia

Tel + (604) 227 2288  
Fax + (604) 227 1888

[www.kpmg.com.my](http://www.kpmg.com.my)

The Board of Directors  
Luster Industries Bhd  
Suite 2-1, 2<sup>nd</sup> Floor  
Menara Penang Garden  
42-A Jalan Sultan Ahmad Shah  
10050 Penang

1 August 2003

Gentlemen

**LUSTER INDUSTRIES BHD ("LUSTER")  
REPORTING ACCOUNTANTS' LETTER ON CONSOLIDATED PROFIT FORECAST FOR  
THE YEAR ENDING 31 DECEMBER 2003**

We have reviewed the consolidated profit forecast of Luster Industries Berhad ("Luster") and its subsidiaries (hereinafter referred to as the "Luster Group") for the year ending 31 December 2003 in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for the purpose of inclusion in the Prospectus to be dated 11 August 2003 in connection with the public issue/private placement of 9,920,000 new ordinary shares of RM1.00 each at RM1.40 per share and the listing of and quotation for the entire issued and paid-up share capital of Luster on the Main Board of the Kuala Lumpur Stock Exchange and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Luster Group in its audited financial statements for the period ended 31 March 2003. The Directors of Luster Industries Berhad are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expect to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.



KPMG, KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.



**7. FINANCIAL INFORMATION (Cont'd)**



Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Luster Group in its audited financial statements for the period ended 31 March 2003.

Yours faithfully

A handwritten signature in black ink, appearing to be 'J' followed by a flourish.

KPMG  
Firm No : AF 0758  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ng Swee Weng'.

Ng Swee Weng  
Partner  
Approval Number : 1414/03/04 (J/PH)

**7. FINANCIAL INFORMATION (Cont'd)****7.6 Consolidated Profit Forecast and Assumptions**  
*(Prepared for inclusion in the Prospectus)***LUSTER INDUSTRIES BHD****CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2003**

Barring unforeseen circumstances, the directors forecast that the results for the year ending 31 December 2003 will be as follows: -

	RM'000
Consolidated profit before taxation	14,641
Taxation	(3,275)
Consolidated profit after taxation	<u>11,366</u>
Pre-acquisition profit *	(513)
Minority interests	24
Profit attributable to shareholders	<u>10,877</u>
Weighted average number of ordinary shares of RM1.00 each ('000)	48,026
Enlarged issued and paid-up share capital ('000)	60,000
Based on the weighted average number of shares in issued	
- Gross EPS (sen) #	29.47
- Net EPS (sen)	22.65
Based on the enlarged number of shares in issued	
- Gross EPS (sen) #	23.59
- Net EPS (sen)	18.13

\* Pre-acquisition profit represents profit attributed to minority interest before the date of acquisition.

# This has been calculated based on profit before taxation after pre-acquisition profit and minority interests.

**7. FINANCIAL INFORMATION (Cont'd)****BASES AND ASSUMPTIONS**

The principal bases and assumptions upon which the consolidated profit forecast has been arrived at are as set out below :

1. There will be no significant changes in the principal activities, management structure, accounting and business policies adopted by the Group.
2. The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
3. There will be no changes to the legislation and government regulations, rates and basis of duties, levies and taxes which will adversely affect the operations of the Group.
4. There will be no material setback in the growth of the economy which will adversely affect the operations of the Group.
5. There will be no significant change to the trend of availability of materials for the manufacturing of the Group's products.
6. There will be no major industrial disputes or any abnormal circumstances which will adversely affect the operations of the Group.
7. There will be no significant changes in the prices of raw materials and finished products of the Group.
8. The forecast revenue and related costs are based on forecast of the directors after taking into consideration the present conditions of selling prices and related costs of the Group. There will be no material changes to the forecast selling price, sales mix, sales volume and profit margins.
9. Production/processing costs will not be adversely affected by any abnormal circumstances or events.
10. There will be no significant changes in current demand and in the prevailing market conditions which will adversely affect the performance of the Group.
11. The rates and bases of taxation including the tax incentives available to the Group will not change significantly.
12. There will be no significant changes in the customer base of the Group which will adversely affect the performance of the Group.
13. Interest rates for deposits and borrowings will not fluctuate significantly from the prevailing rates.
14. The Group will continue to enjoy the existing credit facilities at current rates and conditions. Credit facilities with licensed banks are subject to annual review and it is assumed that these will be renewed with no change to the existing terms and conditions.

**7. FINANCIAL INFORMATION (Cont'd)**

---

**BASES AND ASSUMPTIONS (Cont'd)**

15. There will be no major breakdown or disruption in the manufacturing facilities nor will there be any disruption in the sourcing of suppliers and materials by the Group.
16. There will be no material fluctuations in manufacturing costs (including labour, cost of materials and other production overheads). In general, there will be no significant increase in labour rate assumed and production overheads other than as forecast for.
17. There will be no major variation in the cost of capital and revenue items that are beyond the control of the Group.
18. There will be no major changes in the existing key personnel and management of the Group that will adversely affect the performance of the Group.
19. Inflation rates will remain at present levels.
20. There will be no significant incidence of bad debts other than those that have been forecast for.
21. The Group will declare net dividend at an amount of RM2.16 million for the year ending 31 December 2003.
22. There will be no significant changes in the prevailing economic, social and political conditions that will adversely affect the operations of the Group or the market in which it operates.
23. There will be no adverse movements in the foreign currency exchange rates which will materially affect the Group's operations. The Group assumes the exchange rates of US\$1.00 : RM3.80 in the profit forecast.
24. Forecast projected operating expenditure is expected to be sufficient for the deployment of the Group and the projected growth in revenue will be achieved as planned.
25. There will be no changes in the Group structure for the year ending 31 December 2003 other than those included in the restructuring scheme.
26. Related party transactions are entered in the normal course of business and are established on a negotiated basis which are no less favourable than those arranged with independent third parties.
27. Negative goodwill of RM1,572,387 arising from the acquisitions which were an integral part of the listing exercise will be recognised in the income statement during the year ending 31 December 2003.
28. The listing expenses of RM1,700,000 will be set off against the Share Premium Account.
29. The listing of and quotation for its entire enlarged issued and paid-up share capital of Luster comprising 60,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE which is expected to be completed by September 2003.



## 7. FINANCIAL INFORMATION (Cont'd)

### 7.7 Directors' Commentary on Achievability of Profit Forecast

The Board of Luster confirms that the consolidated profit forecast of Luster for the financial year ending 31 December 2003 have been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements. The Board also confirms that the consolidated profit forecast, and the principal bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans and strategies to be adopted by the Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the consolidated profit forecast is achievable and the assumptions made are reasonable, barring unforeseen circumstances.

Nevertheless, in the light of the current economic environment in Malaysia, certain assumptions, including interest and exchange rates, may differ significantly from the actual should the economic situation differ significantly from the date of this Prospectus and this may have a material impact on the Group's profit forecast.

### 7.8 Sensitivity Analysis

The analysis below shows only the direct impact on the turnover, PBT and cost of production with the variation of one (1) single factor in isolation without any qualification of measures which the Group will invariably institute to arrest any perceived deviation from the forecast figures to ensure that the forecast turnover, PBT and cost of production would be achieved.

The sensitivity analysis is prepared on the assumptions as set out in Section 7.6 above and that all other factors remain unchanged except for the 5% upward or downward variations in the selling price and cost of production.

#### a) Deviation of 5% in selling prices

Financial Year Ending 31 December 2003	Assumption on Selling Price				
	As Forecasted	Increase By 5%	Percentage Change	Reduce By 5%	Percentage Change
	(RM'000)	(RM'000)	%	(RM'000)	%
Turnover	132,917	139,563	5.0	126,271	(5.0)
PBT	14,641	18,559	26.8	10,724	(26.8)

#### b) Deviation of 5% in cost of production

Financial Year Ending 31 December 2003	Assumption on Cost of Production				
	As Forecasted	Increase By 5%	Percentage Change	Reduce By 5%	Percentage Change
	(RM'000)	(RM'000)	%	(RM'000)	%
Cost of Production	48,251	50,664	5.0	45,839	(5.0)
PBT	14,641	12,229	(16.5)	17,054	16.5

\* Excludes raw materials and sub-contractors' fee.

Note: Raw materials and sub-contractors' fee move in direct proportion to the selling price.

**7. FINANCIAL INFORMATION (Cont'd)****7.9 Dividend Forecast**

On the basis of the consolidated profit forecast, and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of the Luster Group anticipate that they will be in a position to propose, based on the enlarged issued share capital of 60,000,000 Shares, a 5% dividend less tax for the financial year ending 31 December 2003.

It will be the policy of the Board of Directors of Luster to recommend dividends to allow shareholders to benefit from the profits to be generated by the Group after maintaining adequate reserves for the future growth of Luster Group.

The intended appropriation of the forecast consolidated profit for the financial year ending 31 December 2003 will be as follows:-

<b>Financial Year Ending</b>	<b>Forecast 31.12.2003 RM'000</b>
Consolidated PBT	14,641
Taxation	(3,275)
Consolidated PAT	11,366
Pre-acquisition profit	(513)
MI	24
Profit attributable to shareholders	10,877
Enlarged issued and paid-up share capital ('000)	60,000
Fully diluted net EPS (sen)	^ 18.98
Dividend per Share (sen)	5.00
Dividend yield based on the Public Issue price of RM1.40 per Share (%)	2.57
Net dividend cover (times)	# 5.27

^ Computed based on consolidate PAT after MI before pre-acquisition profit and on enlarged share capital of 60,000,000 Shares.

# Based on fully diluted net EPS before pre-acquisition profit.

Investors should note that future dividends might be waived in the event that the Company's future financials resulted in a loss. Notwithstanding this, investors should note that future dividends might be varied if:-

- (a) the results of the Group differ from that of forecast; or
- (b) the payment of the dividends would adversely affect the Group's cash flows and operations.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**7. FINANCIAL INFORMATION (Cont'd)**

**7.10 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets**  
*(Prepared for inclusion in this Prospectus)*



KPMG (Firm No. AF 0758)  
Chartered Accountants  
1st Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang, Malaysia.

P.O. Box 349  
10740 Penang  
Malaysia

Tel + (604) 227 2288  
Fax + (604) 227 1888

www.kpmg.com.my

The Board of Directors  
Luster Industries Bhd  
Suite 2-1, 2<sup>nd</sup> Floor  
Menara Penang Garden  
42-A Jalan Sultan Ahmad Shah  
10050 Penang

1 August 2003

Gentlemen

**LUSTER INDUSTRIES BHD ("LUSTER")  
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE  
SHEETS AS AT 31 MARCH 2003**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Luster Industries Berhad ("Luster") and its subsidiaries (hereinafter referred to as the "Luster Group") as at 31 March 2003 for which the Directors are solely responsible, together with the notes thereon as set out in the Prospectus to be dated 11 August 2003 in connection with the public issue/private placement of 9,920,000 new ordinary shares of RM1.00 each at RM1.40 per share and the listing of and quotation for the entire issued and paid-up share capital of Luster on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion,

- i) the proforma consolidated balance sheets together with the accompanying notes thereon have been prepared for illustrative purposes only, have been properly compiled on a basis consistent with the accounting policies normally adopted by the Luster Group; and
- ii) the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

KPMG  
Firm No : AF 0758  
Chartered Accountants

Ng Swee Weng  
Partner

Approval Number : 1414/03/04 (J/PH)



KPMG, KPMG, a partnership established under Malaysian Law, is a member of KPMG International, a Swiss association.



## 7. FINANCIAL INFORMATION (Cont'd)

7.11 Proforma Consolidated Balance Sheets of Luster Group  
(Prepared for inclusion in this Prospectus)

**LUSTER INDUSTRIES BHD  
AND ITS SUBSIDIARIES  
PROFORMA CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2003**

	(I)	(II)	(III)	
	Per audited financial statements of Luster Group RM'000	Bonus Issue RM'000	After (I) Public Issue and utilisation of proceeds RM'000	After (I), (II) and ESOS RM'000
PROPERTY, PLANT AND EQUIPMENT	73,746	73,746	78,596	78,596
<b>CURRENT ASSETS</b>				
Inventories	15,522	15,522	15,522	15,522
Trade and other receivables	20,061	20,061	20,061	20,061
Tax refundable	1,447	1,447	1,447	1,447
Cash and cash equivalents	4,314	4,314	8,128	16,528
	<u>41,344</u>	<u>41,344</u>	<u>45,158</u>	<u>53,558</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	24,810	24,810	26,510	26,510
Bank borrowings	15,645	15,645	10,421	10,421
Taxation	14	14	14	14
	<u>40,469</u>	<u>40,469</u>	<u>36,945</u>	<u>36,945</u>
NET CURRENT ASSETS	875	875	8,213	16,613
	<u>74,621</u>	<u>74,621</u>	<u>86,809</u>	<u>95,209</u>
<i>Financed by</i>				
SHARE CAPITAL	4,785	50,080	60,000	66,000
RETAINED PROFITS	42,904	5,577	5,577	5,577
SHARE PREMIUM	7,968	-	2,268	4,668
EXCHANGE FLUCTUATION RESERVE	(135)	(135)	(135)	(135)
SHAREHOLDERS' FUNDS	<u>55,522</u>	<u>55,522</u>	<u>67,710</u>	<u>76,110</u>
<b>LONG TERM AND DEFERRED LIABILITIES</b>				
Negative Goodwill	1,572	1,572	1,572	1,572
Borrowings	12,791	12,791	12,791	12,791
Minority interests	741	741	741	741
Deferred taxation	3,995	3,995	3,995	3,995
	<u>74,621</u>	<u>74,621</u>	<u>86,809</u>	<u>95,209</u>
Number of ordinary shares in issue	4,785	50,080	60,000	66,000
Net tangible assets ("NTA")	55,522	55,522	67,710	76,110
NTA per ordinary share (RM)	11.60	1.11	1.13	1.15

**7. FINANCIAL INFORMATION (Cont'd)**

**LUSTER INDUSTRIES BHD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MARCH 2003**

The Proforma Consolidated Balance Sheets of Luster have been prepared based on the proposals as set out below and are provided for illustrative purposes only to show the effects of the Proposals of Luster on the assumption that these were effected on 31 March 2003.

The Consolidated Balance Sheets of Luster have been prepared based on the audited financial statements of Luster Industries Berhad, Luster Manufacturing Sdn Bhd, Luster Precision Engineering Sdn Bhd, Luster Plastic Industries Sdn Bhd, Linpower Resources Sdn Bhd, Luster Chi Wo Sdn Bhd, Demand Portfolio Sdn Bhd, Luster-Nakazawa R&D Sdn Bhd, PT Luster Indonesia and Luster Electronics Sdn Bhd as at 31 March 2003.

***Proforma I***

Proforma I incorporates

**Bonus Issue**

A bonus issue of 45,294,976 new ordinary shares of RM1.00 each on the basis of approximately 9,466 new ordinary shares of RM1.00 each for every 1,000 existing ordinary shares of RM1.00 each. The Bonus Issue was made on 1 April 2003.

***Proforma II***

Proforma II consists of the following:

**(a) Public Issue/Private Placement**

A Public Issue/Private Placement of 9,920,000 new ordinary shares of RM1.00 each at an issue price of RM1.40 per share, payable in full on application. The Public Issue/Private Placement will be allocated in the following manner:-

**(i) Malaysian Public**

2,167,000 new ordinary shares of RM1.00 each available for application by Malaysian public;

**(ii) Eligible Directors and Employees**

2,113,000 new ordinary shares of RM1.00 each available for application by eligible Directors and employees of the Luster Group who are Malaysians;

**7. FINANCIAL INFORMATION (Cont'd)****(iii) Bumiputera Investors**

1,640,000 new ordinary shares of RM1.00 each to Bumiputera Investors approved by MITI.

**(iv) Private Placement**

4,000,000 new ordinary shares of RM1.00 each by way of Private Placement.

The details of the utilisation of the total gross proceeds arising from the Public Issue/Private Placement of RM13,888,000 are set out below:

	RM'000
Repayment of borrowings	4,047
Acquisition of subsidiaries	2,114
Capital expenditure	5,827
Investment in new Robotic Arms	200
Listing expenses	1,700
	13,888

Pending the receipt of proceeds from the Public Issue/Private Placement, Luster has incurred additional borrowings of RM3.00 million to finance part of capital expenditure and RM2.11 million for acquisition of companies. As such, in addition to the RM4.04 million specifically earmarked for repayment of bank borrowings, the Company will utilise a further RM5.11 million to repay the abovementioned additional borrowings.

The estimated listing expenses of RM1,700,000 will be set off against the Share Premium Account.

**(b) Listing**

Luster application for the listing of and quotation for its entire enlarged issued and paid-up share capital of Luster comprising 60,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE which is expected to be completed by September 2003.

***Proforma III***

Proforma III is stated after incorporating the effect of Proforma I and II and the exercise of 6,000,000 options under the Employees' Share Option Scheme ("ESOS"), being the 10% of the enlarged share capital, at an assumed exercise price of RM1.40 each.

**7. FINANCIAL INFORMATION (Cont'd)**

The movements of the issued and paid up share capital and the share premium account of Luster after taking into account the above transactions are as follows:

	Share Capital RM'000	Share Premium RM'000
Balance as at 31 March 2003	4,785	7,968
Bonus Issue	45,295	(7,968)
After Bonus Issue	50,080	-
Public Issue/Private Placement	9,920	3,968
Estimated Listing Expense	-	(1,700)
After Bonus Issue and Public Issue/Private Placement	60,000	2,268
ESOS	6,000	2,400
After Bonus Issue, Public Issue/Private Placement and ESOS	66,000	4,668