
2. DETAILS OF THE IPO

This Prospectus is dated 8 August 2003.

A copy of this Prospectus has been registered with the SC. A copy of the prospectus together with the form of application has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC obtained vide its letter dated 7 April 2003 shall not be taken to indicate that the SC recommends the IPO, and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

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

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, KLSE has prescribed Naim as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Act and the Rules of the MCD.

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

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

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by Naim. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of Naim since the date hereof.

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

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

2. DETAILS OF THE IPO (cont'd)

2.1 Opening and closing of Application

The application period will remain open until 8:00 P.M. on 22 August 2003 or such future period or periods as the Directors and Promoters of Naim together with the Managing Underwriter in their absolute discretion may decide.

2.2 Critical Dates of the IPO

| Events | Tentative Date |
|---|-------------------|
| Date of Prospectus – Opening Date of Application for the IPO | 8 August 2003 |
| Closing of Application for the IPO | 22 August 2003 |
| Tentative date for the balloting of Applications | 27 August 2003 |
| Tentative listing date of the Company's entire issued and paid up share capital on the Main Board of the KLSE | 16 September 2003 |

2.3 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) To facilitate the listing of and quotation for Naim's entire issued and paid-up share capital on the Main Board of the KLSE and to comply with the listing requirements of the KLSE and SC in respect of the minimum spread requirements.
- (ii) To enable Naim Group to gain access to the capital markets for funds for its future expansion and growth;
- (iii) The listing of Naim Shares on the Main Board of the KLSE is expected to enhance the Group's corporate image; and
- (iv) To provide an opportunity for Malaysian investors and institutions and the employees, Directors of Naim Group to participate in the equity and continuing growth of Naim Group.

2.4 Share Capital

| | RM |
|---|-------------|
| Authorised Share Capital 500,000,000 Shares | 500,000,000 |
| Issued and Fully Paid-Up Share Capital - 203,425,000 Shares | 203,425,000 |
| To be issued pursuant to the Public Issue - 46,575,000 Shares | 46,575,000 |
| Enlarged share capital | 250,000,000 |
| TO BE OFFERED FOR SALE PURSUANT TO THE OFFER FOR SALE - 18,000,000 Shares | 18,000,000 |
| IPO PRICE PER SHARE (RM) | 1.30 |

2. DETAILS OF THE IPO (cont'd)

There is only one class of shares in the Company, namely Shares, all of which shall rank pari-passu with one another. The Public Issue Shares to be issued pursuant to this Prospectus will rank pari-passu in all respects with the other existing issued and fully paid up Shares of the Company including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and the whole of any surplus in the event of the liquidation of the Company.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representatives shall have one vote for each Share held.

2.5 Details of the IPO

The 46,575,000 Public Issue Shares and 18,000,000 Offer Shares at an IPO price of RM1.30 per Share is payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated in the following manner :-

| | Number of Shares | % |
|--|---------------------|---------------|
| (i) Private Placement | | |
| 30,275,000 Public Issue Shares and 18,000,000 Offer Shares are reserved for private placement to identified investors | 48,275,000 | 74.76 |
| (ii) Eligible Directors, employees and business associates of the Group | | |
| Public Issue reserved for eligible directors, employees and business associates of the Group (<i>further details and basis of allocation are set out in Section 2.5.1 of this Prospectus</i>), and | 12,500,000 | 19.36 |
| (iii) Malaysian Public | | |
| Public Issue 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 Bumiputra individuals, companies, societies, co-operatives and institutions | 3,800,000 | 5.88 |
| | 64,575,000 | 100.00 |

The Public Issue Shares of 46,575,000 Shares represents approximately 18.63% of the enlarged issued and paid-up share capital of the Company of 250,000,000 Shares.

The Shares in respect of paragraph (iii) above and the 5,712,000 Shares allocated for application by eligible employees of Naim Group under paragraph (ii) above have been fully underwritten. Any of the 5,712,000 Shares not subscribed for by the eligible employees of Naim Group will be reallocated to the other eligible employees and business associates of Naim Group. The Public Issue Shares in respect of paragraph (ii) above not taken up after the said reallocation, if any, will be made available for application by the Malaysian public and/ or placement to prospective investors. The Underwriters will take up any underwritten Shares not subscribed thereafter. There is no minimum level of subscription in respect of the Public Issue.

2. DETAILS OF THE IPO (cont'd)

2.5.1 Details on the Pink Forms Allocation

A brief description on the criteria of allocation of the pink forms as approved by the Board of Directors is as follows:-

| Category | Number of employees | Pink Form Allocation |
|--------------------------------------|---------------------|----------------------|
| Senior Management | 14 | 2,726,000 |
| Manager | 20 | 1,425,000 |
| Executives | 66 | 1,210,500 |
| Non-Executives | 119 | 328,400 |
| General workers | 60 | 22,100 |
| Total allocation to employees | 279 | 5,712,000 |
| Business associates | | 4,788,000 |
| Directors | 9 | 2,000,000 |
| Total | | 12,500,000 |

The details of the pink form allocation for Directors are as follows:-

| Name of Directors | Pink Form Allocation Number of Naim Shares (‘000) |
|------------------------------------|---|
| Datuk Abdul Hamed Sepawi | 350 |
| Datuk Hasmi Bin Hasnan | 250 |
| Ir. Suyanto Bin Osman | 250 |
| William Wei How Sieng | 300 |
| Kueh Hoi Chuang | 300 |
| Abang Hasni Bin Abang Hasnan | 250 |
| YB Tuan Haji Hamden Bin Haji Ahmad | 100 |
| Ir. Abang Jemat Bin Abang Bujang | 100 |
| Dr. Sharifuddin Bin Abdul Wahab | 100 |
| Total | 2,000 |

2.6 Proceeds of the IPO and their Utilisation

The aggregate gross proceeds of the Public Issue of approximately RM60.55 million shall accrue entirely to Naim. Naim will bear all expenses incidental to the listing and quotation of Naim's Shares on the Main Board of the KLSE which include underwriting commission, brokerage, registration fee, professional fees, SC fees, advertising, listing expenses and other fees the aggregate of which is estimated to be approximately RM4.60 million.

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2. DETAILS OF THE IPO (cont'd)

The proceeds from the Public Issue of approximately RM60.55 million are expected to be utilised as follows:-

| | Note | Estimated timeframe of utilisation from receipt of listing proceeds | RM'000 |
|--|-------|---|---------------|
| Acquisition of land for property development and property investment | | Within 36 months | 25,000 |
| Purchase of machinery | (i) | within 36 months | 7,400 |
| Repayment of borrowings | (ii) | within 6 months | 7,430 |
| Payment of estimated listing expenses | (iii) | within 3 months | 4,600 |
| Purchase of information technology systems and office equipment | (iv) | within 48 months | 3,083 |
| Working capital | | | 13,035 |
| Total | | | 60,548 |

Notes:-

(i) **Purchase of machinery**

The Group proposes to utilise RM7.40 million to acquire machinery to increase its operational capacity and efficiency. Details of the proposed acquisition are set out below :-

| Particulars | Quantity | Estimated Cost (RM'000) |
|-----------------|----------|-------------------------|
| Excavator | 6 | 2,445 |
| Bulldozer | 2 | 860 |
| Vibrator Roller | 3 | 765 |
| Motor grader | 1 | 750 |
| Dump Truck | 10 | 2,200 |
| Water Tanker | 1 | 180 |
| Diesel Tanker | 1 | 200 |
| | | <u>7,400</u> |

(ii) **Repayments of borrowings**

The Group proposes to utilise approximately RM7.43 million to repay the following borrowings which is expected to result in interest saving of approximately RM0.96 million as set out below :-

| Company | Financial Institution | Type of Facility | Purpose of facility | Interest rate % | Balance as at 31 July 2003 RM'000 | Estimated balance to be repaid RM'000 | Interest saving RM'000 |
|---------|---------------------------|------------------|--|-----------------|-----------------------------------|---------------------------------------|------------------------|
| NCSB | Bank Utama (Malaysia) Bhd | Term Loan | Financing for the acquisition of property investment (Lot 889) | BLR +2% | 87 | 85 | 12 |
| NCSB | Malayan Banking Bhd | Term Loan | To part finance the acquisition of corporate office at 9th floor of Wisma Naim | BLR +1% | 1,018 | 1,010 | 329 |

2. DETAILS OF THE IPO (cont'd)

| Company | Financial Institution | Type of Facility | Purpose of facility | Interest rate % | Balance as at 31 July 2003 RM'000 | Estimated balance to be repaid RM'000 | Interest saving RM'000 |
|---------|---|------------------|---------------------|-----------------|-----------------------------------|---------------------------------------|------------------------|
| NCSB | • Mayban Finance Berhad | Hire | To part finance | 3.3% - | 1,237 | 1,155 | 88 |
| | • RHB Delta Finance Berhad | Purchase | purchase of | 6.0% | | | |
| | • AmFinance Berhad (formerly known as Arab-Malaysian Finance Berhad) | | vehicles | | | | |
| | • Hong Leong Finance Berhad | | | | | | |
| TRE | • AmFinance Berhad | Hire | To part finance | 4.15% - | 4,431 | 5,180 | 526 |
| | • Hong Leong Finance Berhad | Purchase | purchase of | 5.80% | | | |
| | • Mayban Finance Berhad | | machinery | | | | |
| | • Bumiputera-Commerce Leasing Bhd | | | | | | |
| | | | | | | 7,430 | 955 |

(iii) Payment of estimated listing expenses

The estimated listing expenses amounting to approximately RM4.60 million consist of the following:-

| Major cost items | RM'000 |
|--|--------------|
| Professional fees | 1,440 |
| Underwriting commission and Placement fee | 604 |
| Brokerage | 50 |
| Printing of Prospectus and Application forms and envelopes and advertisement | 345 |
| Issuing House fees | 200 |
| Authorities' fees | 395 |
| Registration of Prospectus | 5 |
| Miscellaneous | 1,561 |
| Total | 4,600 |

(iv) Purchase of information technology systems and office equipment

The Group proposes to utilise approximately RM3.08 million to acquire new information technology systems and office equipment to enhance the productivity and efficiency of its operations. Details of the proposed acquisitions are set out below :-

| Particulars | Estimated Cost (RM'000) |
|--------------------------------------|-------------------------|
| Hardware and Office equipment | 1,228 |
| Software | 1,242 |
| Operating Expenses and miscellaneous | 613 |
| | 3,083 |

2. DETAILS OF THE IPO (cont'd)**(v) Working capital**

The remaining balance of the proceeds amounting to approximately RM13.04 million will be mainly utilised for the funding requirements of the existing and future projects and may also be utilised to acquire quality land bank for future development and/or investment properties to ensure the long term profitability of the Group.

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

| | Without proceeds from Public Issue (RM'000) | With proceeds from Public Issue (RM'000) |
|---|--|---|
| Financial Year Ending 31 December 2003 | | |
| - Consolidated PBT | 65,601 | 65,773 |
| - Consolidated PAT after MI | 42,921 | 43,169 |
| - Cash (outflow)/ inflow for the year | 167 | 54,399 |

The Offer for Sale will raise gross proceeds of RM23.40 million and shall accrue to the Offerors and no part of the proceeds is receivable by Naim. The Offerors shall bear all expenses, such as placement fee, brokerage, registration fee and share transfer fee in relation to the Offer Shares.

2.7 Underwriting Commission and Brokerage Fees

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 3,800,000 public issue Shares to be offered to the Malaysian public and 5,712,000 public issue Shares to be offered to, eligible employees of Naim Group. Underwriting commission is payable by the Company to the Underwriters at the rate of 2% and 0.5% respectively for the 3,800,00 Public Issue and 5,712,000 public issue Shares respectively at RM1.30 per Share. There are clauses in the underwriting agreement dated 28 July 2003 that allow the underwriters to withdraw from the underwriting arrangements under certain circumstances as set out in Section 2.8 of this Prospectus.

Brokerage fee is payable in respect of the 3,800,000 Shares made available for application by Malaysian public by the Company at the rate of 1% of the Public Issue Price of RM1.30 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

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2. DETAILS OF THE IPO (cont'd)

2.8 Salient Terms of the Underwriting Agreement

The following are the salient terms as extracted from the Underwriting Agreement dated 28 July 2003 between the Company and the Underwriters as set out under the "Corporate Information" section of this Prospectus ("Agreement") :-

2. AGREEMENT TO UNDERWRITE

2.1 *In consideration of the payment by the Company of the Underwriting Commission to the Underwriters and the management fee to the Managing Underwriter referred to in **Clauses 7 and 8.1** hereof and relying upon each of the representations, warranties and undertakings by the Company set out in **Clause 3**:-*

- (i) *the Managing Underwriter agrees to act as the Managing Underwriter; and*
- (ii) *the Underwriters severally agree to underwrite such number of the Underwritten Shares as set out opposite their respective names in the **Second and Fifth Columns of the FIRST SCHEDULE** upon the terms and conditions hereinafter contained.*

2.2 *The obligation of each Underwriter hereunder is several and no Underwriter shall be responsible for any failure by any other Underwriters to meet their respective obligations hereunder nor shall such failure relieve the Company or the remaining Underwriters of their respective obligations hereunder and nothing in this Agreement shall be construed as constituting or evidencing a partnership between any of the Underwriters.*

2.3 CONDITIONS PRECEDENT

2.3.1 *The obligations of each Underwriter hereunder and the obligations of the Company under this Agreement are conditional at the date hereof and at the Closing Date upon:-*

- (i) *the listing of and quotation for the enlarged issued and paid-up capital of the Company on the Main Board having been approved in principle by KLSE and if the approval of the KLSE is subject to fulfilment of certain conditions, such conditions are acceptable to the Managing Underwriter and the other Underwriters;*
- (ii) *the registration with the SC and the lodgement with the CCM of the Prospectus in its final form in accordance with the requirements of the Act;*
- (iii) *the offering of the Underwritten Shares pursuant to the Issue in accordance with the provisions of the Prospectus not being prohibited by statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including SC and KLSE);*
- (iv) *all necessary approvals and consents required from the relevant authorities in relation to the offering of the Underwritten Shares pursuant to the Issue having been obtained and all conditions of approvals required to be fulfilled or obtained (as may be applicable) before the listing of and quotation for the entire issued and paid up capital of the Company have been fulfilled or obtained (as may be applicable);*
- (v) *there have not been on or prior to Closing Date, any adverse changes or adverse change nor any development reasonably likely to result in any prospective adverse change in the condition (financial or otherwise) of the Company, which is material in the context of the Issue from that set forth in the Prospectus, nor the occurrence of any event which makes any of the warranties and undertaking contained in **Clause 3** in the opinion of the*

2. DETAILS OF THE IPO (cont'd)

Underwriters (which opinion is final and binding) untrue and incorrect in any material respect as they have been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of undertaking and covenants contained in Clause 3.

- 2.4 *If any of the conditions set forth in sub-clause 2.3.1 are not satisfied within four (4) months from the date of this Agreement or any further period as the Majority Underwriters may otherwise determine, any party to this Agreement shall, subject to sub-clause 2.5 below, be entitled to terminate this Agreement.*
- 2.5 *In relation to sub-clause 2.4 above:-*
- 2.5.1 *an Underwriter (other than the Managing Underwriter) may only terminate this Agreement following prior consultation with the Company and the Managing Underwriter and by giving notice to the Company and the Managing Underwriter not later than the Closing Date;*
- 2.5.2 *the Company may only terminate this Agreement following prior consultation with the Managing Underwriter and by giving notice to the Managing Underwriter and the Underwriters not later than the Closing Date;*
- 2.5.3 *the Managing Underwriter may only terminate this Agreement following prior consultation with the Company and by giving notice to the Company and the Underwriters not later than the Closing Date;*

and in that any of the said events (except for the liability of the Company for the payment of the expenses as provided in Clause 16.1 and any rights and liabilities of the Company and/or the Underwriters under Clauses 3 or 4) the parties hereto shall be released and discharged from their respective obligations hereunder save and except for antecedent breaches provided that any Underwriter may at its discretion waive compliance with any provision of this Clause 2 and any condition so waived shall be deemed to have been satisfied in relation to it.

3. WARRANTIES AND UNDERTAKINGS OF THE COMPANY

- 3.1 *In consideration of the Underwriters agreeing to underwrite the Underwritten Shares, the Company hereby represents, warrants and undertakes as follows:-*
- 3.1.1 *the Directors have made all reasonable enquiries to ensure all facts material for the Prospectus have been disclosed, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, no material fact has been omitted therefrom;*
- 3.1.2 *the Prospectus:-*
- (i) *will comply in all material respects with the Companies Act 1965, the Act and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to the SC, and all other relevant authorities;*
 - (ii) *will contain all information which is material in the context of the Issue, and such information as contained therein will be true, complete, and accurate in all material respects;*
 - (iii) *will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the Issue and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;*

2. DETAILS OF THE IPO (cont'd)

- 3.1.3 *the Issue and compliance by the Company with the terms of this Agreement:-*
- (i) *do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or its subsidiary or any existing law, regulation or listing requirements applicable to or affecting the Company or its subsidiary or the Issue; and*
 - (ii) *do not and will not infringe the terms of, or constitute a default under, any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or its subsidiary is a party or by which the Company or any of its subsidiary or any part of the undertakings, assets, properties or revenues of the Company or its subsidiary is bound or affected;*
- 3.1.4 *save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Managing Underwriter prior to the date hereof:-*
- (i) *there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by the KLSE and the SC), criminal charge or investigation current or pending, or to the knowledge of the Company (after due and careful enquiry), threatened against the Company or its subsidiary the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto; and*
 - (ii) *neither the Company nor its subsidiary is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, directive, legislation or regulation of any relevant authority (including the KLSE and the SC) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole;*
- 3.1.5 *no circumstances or situations have arisen and/or are existing, which will or are likely to materially and adversely affect the financial condition or business of the Company or its subsidiary, or the success of the Issue;*
- 3.1.6 *each of the Company and its subsidiary will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;*
- 3.1.7 *save as disclosed in the Prospectus and the documents (if any) attached thereto, neither the Company nor its subsidiary has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Issue, might be material for disclosure;*
- 3.1.8 *all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the Issue and any other matters contemplated hereby:-*
- (i) *have been or will be unconditionally obtained by the due date;*
 - (ii) *if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Managing Underwriter by the due date;*
 - (iii) *and are or will remain in full force and effect;*

2. DETAILS OF THE IPO (cont'd)

- 3.1.9 *all information furnished or supplied or to be furnished or supplied to the Underwriters for the purpose of or in connection with the Issue is true, complete and accurate in all respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information untrue, incomplete, inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriters to underwrite the Underwritten Shares;*
- 3.1.10 *each statement of opinion, intention and expectation (including the profit forecast) made in the Prospectus and the documents (if any) attached thereto are truly, fairly, reasonably, and honestly held by the Directors of the Company and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions those assumptions are reasonable;*
- 3.1.11 *the Issue or as the case may be, the execution and delivery by the Company, of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate action of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent it is required) and upon due execution of this Agreement, the obligations assumed hereunder will constitute the legally valid, binding and enforceable obligations of the Company in accordance with their terms;*
- 3.1.12 *the Company and its subsidiary are duly incorporated under the laws of their place of incorporation and validly existing with full power and authority to conduct their business in the jurisdiction where they carry on business and are not in liquidation and no steps have been taken by any person for or with a view to appoint a liquidator, receiver and/or manager or judicial manager of the Company or its subsidiary or of any of their respective assets or undertakings;*
- 3.1.13 *the relevant audited financial statements have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and its subsidiary for the financial year ended **31 December 2002** and financial period ending **31 March 2003** and the Company and its subsidiary have made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent, of the Company and its subsidiary as at such dates and have complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since **1 April 2003** there has been no material adverse change in the financial position of the Company or its subsidiary taken as a whole, save as may be disclosed in the Prospectus and the documents (if any) attached thereto, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Managing Underwriter prior to the date of this Agreement;*
- 3.1.14 *other than indebtedness contested in good faith by the Company or its subsidiary as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or its subsidiary has become or is likely to become payable by reason of default by the Company or any such subsidiary and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time, or the fulfilment of any*

2. DETAILS OF THE IPO (cont'd)

condition, or the giving of any notice, may result in any such indebtedness becoming so payable;

- 3.1.15 *all taxes (whether income tax, property tax or otherwise) of the Company and its subsidiary in particular but not limited to all taxes which are material in the context of the Issue, for which the Company and/or its subsidiary are liable or which ought to have been paid, have been duly paid or adequately provided for in the Accounts; all the returns, notices or information which are required to be made or given by the Company or its subsidiary for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably be aware) which are likely to give rise to any such dispute;*
- 3.1.16 *the records, statutory books and books of accounts of the Company and its subsidiary are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or other relevant authorities have been duly and correctly delivered or made;*
- 3.1.17 *the material business assets of the Company and its subsidiary which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured part;*
- 3.1.18 *there will be no material variation between the Prospectus in the form attached hereto and the Prospectus in the form registered by the SC without the prior written consent of the Managing Underwriter.*
- 3.2 *The Company irrevocably and unconditionally, covenants and undertakes with the Underwriters to do the following:-*
- 3.2.1 *to pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution of the Issue and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;*
- 3.2.2 *to apply for and obtain the approval in principle of the KLSE and SC for admission of the Company to the Official List of the KLSE and for permission to deal in and quotation for the entire issued and paid-up share capital of the Company) including the Issue Shares, before the Closing Date and to comply with all requirements and provisions of the Companies Act 1965, the Act, the Listing Requirements of the KLSE and all other applicable laws, rules and regulations and the requirements of all other relevant authorities;*
- 3.2.3 *to comply with all the conditions, if any, imposed by the SC and KLSE for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE;*
- 3.2.4 *to promptly and without any delay whatsoever notify the Underwriters of any breach of any of the representations, warranties or agreements or of any facts, information,*

2. DETAILS OF THE IPO (cont'd)

- situations or circumstances which the Company in its reasonable opinion believes may materially and adversely affect the business of the Company and/or the Group as a whole, or the success of the Issue and without prejudice to the generality of the foregoing, to take such steps as may be reasonably requested by the Underwriters to remedy and/or publicise the same, at any time prior to the Closing Date;*
- 3.2.5 *to give to the Underwriters any or all information which the Underwriters may require in respect of the accounts or affairs of the Company or the Group or in connection with the Issue or the other proposals contained in the Prospectus and the documents (if any) attached thereto;*
- 3.2.6 *to fix the Closing Date together with the Managing Underwriter;*
- 3.2.7 *to do all other things and sign or execute such other documents as may reasonably be required by the Underwriters.*
- 3.3 *The commitment of the Underwriters to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Clause 3 and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite, the Company irrevocably and unconditionally undertakes with the Underwriters that it shall:-*
- 3.3.1 *hold and keep the Underwriters fully and effectively indemnified and shall hold them harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, and legal fees, paid or incurred in disputing or defending any such claim or action) which the Underwriters may incur or suffer or which may be brought against the Underwriters as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to deposit the Underwritten Shares allotted to the Underwriters or its nominees pursuant to **sub-clause 6.3** into the Securities Accounts of the Underwriters (unless the Underwriters shall have been advised in writing of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to **sub-clause 3.3.2** below and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations herein which entitles the Underwriters to terminate this Agreement pursuant to the provisions of **Clause 15** herein;*
- 3.3.2 *forthwith notify the Underwriters of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;*
- 3.3.3 *not publish any amendment or supplement to the Prospectus which the Underwriters have not previously been notified in writing of or to which the Underwriters or their legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;*
- 3.3.4 *to notify in writing and discuss with the Underwriters any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriters hereunder;*

2. DETAILS OF THE IPO (cont'd)

3.3.5 to the extent permitted by law, not make public any information which will or is likely to affect the market price of the Issue Shares without prior written notice to and the prior written consent of the Underwriters unless required to do so by law.

4. WARRANTIES AND UNDERTAKINGS OF THE UNDERWRITERS

4.1 Each Underwriter severally warrants to and for the benefit of the Company that:-

4.1.1 it has the power to enter into, exercise its rights and perform and comply with its obligations under this Agreement;

4.1.2 all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) in order (1) to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under this Agreement and (2) to ensure that those obligations are legally binding and enforceable have been taken, fulfilled and done;

4.1.3 its entry into, exercise of its rights and/or performance of or compliance with its obligations under this Agreement do not and will not violate (1) any law to which it is subject, (2) the documents constituting it or (3) any agreement to which it is a party to; and

4.1.4 its obligations under this Agreement are valid, binding and enforceable in accordance with its terms.

4.2 Each Underwriter further severally represents and warrants and undertakes that it is not authorised to give any information or make any representation in connection with the issue, offer and subscription of the Issue other than those contained in the Prospectus and it undertakes with the Company to indemnify the Company against any losses, liabilities, claims, charges, expenses, actions and demands which the Company may incur or which may be made against the Company arising out of or in connection with (1) the giving by it of any information or the making by it of any unauthorised representation, which is not contained in the Prospectus, or (2) any failure by it to observe any of the restrictions or agreements contained in this sub-clause 4.2.

11. EVENTS AFFECTING ISSUE

11.1 Subject to prior consultation, any of the Underwriters shall be entitled to terminate this Agreement by notice in writing delivered to the Company prior to the Closing Date if the success of the Issue would in the opinion of the Underwriter(s) giving the aforesaid notice seriously jeopardised by:-

11.1.1 the coming into force of any laws or Governmental regulations or directives which seriously affects or will seriously affect the business of the Group;

11.1.2 any material breach by the Company of any of their representations, warranties, obligations or undertakings under this Agreement;

11.1.3 any material and adverse change in the condition (financial or otherwise) of the Group from that described in the Prospectus; or

11.1.4 any failure on the part of the Company to perform any of its obligations herein contained;

PROVIDED THAT failure to terminate in any one of the above circumstances shall be without prejudice to the right of the Underwriter(s) to treat any further or other breach, failure or charge as releasing and discharging the Underwriter(s) from its obligations hereon.

2. DETAILS OF THE IPO (cont'd)

- 11.2 *On delivery of such a notice this Agreement shall become void and each party's rights and obligations hereunder shall cease and none of the parties hereto (except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 13 incurred prior to or in connection with such termination) shall have any claim against each other.*
- 12. WITHDRAWAL OR NON-PROCUREMENT OF APPROVAL FOR LISTING BY THE KLSE**
- 12.1 *Subject to sub-clauses 2.5 and 16.1, the Underwriters shall have the right to terminate this Agreement by notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company in the event that the approval in principle of the KLSE for the admission of the Company to the Official List of the KLSE or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE is withdrawn or not procured and upon such termination the liabilities hereto of the Company and the Underwriters shall become null and void and none of the parties shall have a claim against each other save that each party shall return any moneys paid to the other or others under this Agreement within **seventy-two (72) hours** of the receipt of such notice.*
- 13. CHANGE IN CIRCUMSTANCES**
- 13.1 *Notwithstanding anything herein contained the Underwriters or any of them acting through the Managing Underwriter may at any time before the Closing Date, by notice in writing to the Company, terminate its obligations under this Agreement if in its reasonable opinion there shall have been such a material change in national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God as would in its reasonable opinion materially prejudice the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or in the event of national disorder, outbreak of war or the declaration of a state of national emergency and thereupon the Underwriter concerned and the Company shall (except for the liability of the Company in the payment of costs and expenses referred to in sub-clause 16.1 incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.*
- 15. TERMINATION**
- 15.1 *Notwithstanding anything contained in this Agreement, if in the reasonable opinion of the Majority Underwriters:-*
- 15.1.1 *there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters or the Company by reason of Force Majeure (as defined in sub-clause 1.1 above) which would have or can reasonably be expected to have, a material adverse effect on the financials, business or the operations of The Company or the success of the offering of the Underwritten Shares pursuant to the Issue or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms;*
- 15.1.2 *there is any breach by the Company of any of its covenants, representations, warranties, undertakings or material obligations under this Agreement or which is contained in any certificate, statement or notice provided under or in connection with this Agreement which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;*
- 15.1.3 *the Company has withheld any information from the Underwriters, or any statement given or representation made to the Underwriters is inaccurate or untrue which would have or can reasonably be expected to have, a material and adverse effect on*

2. DETAILS OF THE IPO (cont'd)

the business, operations or prospect of the Company or the success of the offering of the Underwritten Shares pursuant to the Issue;

- 15.1.4 there shall have been any government requisition or other occurrence of any nature whatsoever which would have or can reasonably be expected to have, a material and adverse effect on the business, operations, financial condition or prospect of the Company or the success of the offering of the Underwritten Shares pursuant to the Issue;*
- 15.1.5 there shall have been any change in law, regulation, directive, policy or ruling in any jurisdiction which would have or can reasonably be expected to have, a material and adverse effect on the success of the offering of the Underwritten Shares pursuant to the Issue or which has or likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms; or*
- 15.1.6 then the Majority Underwriters may by notice in writing to the Managing Underwriter require the Managing Underwriter to terminate this Agreement and terminate, cancel and withdraw their commitment to underwrite the Underwritten Shares by giving written notice to the Company before 8.00 p.m. on the Closing Date and thereupon the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in sub-clause 16.1 hereof incurred prior to or in connection with such termination and/or any antecedent breaches) be released and discharged from their respective obligations hereunder.*

2.9 Moratorium on Shares

Under the *Policies and Guidelines on Issue/Offer of Securities* issued by the SC ("SC Guidelines"), the Substantial Shareholders and/or Promoters of Naim will not be allowed to sell, transfer, or assign their shareholdings amounting to 45% of the enlarged issued and paid-up capital of Naim for one (1) year from the date of admission of Naim to the Official List of the Main Board of KLSE.

The following existing shareholders of Naim who are subjected to the moratorium as imposed by the SC are as follows:-

| Name | Shareholding After IPO | % of enlarged issued and paid-up capital | No. of shares under Moratorium | % of enlarged issued and paid-up capital |
|--------------------------|-------------------------------|---|---------------------------------------|---|
| Datuk Abdul Hamed Sepawi | 18,881,900 | 7.55 | 11,250,000 | 4.50 |
| Datuk Hasmi Bin Hasnan | 28,047,850 | 11.22 | 16,875,000 | 6.75 |
| Lembah | 37,063,800 | 14.83 | 22,500,000 | 9.00 |
| Island Harvests | 37,063,800 | 14.83 | 22,500,000 | 9.00 |
| Lambaian | 27,797,850 | 11.12 | 16,875,000 | 6.75 |
| Tapak | 18,531,900 | 7.42 | 11,250,000 | 4.50 |
| HWS | 9,265,950 | 3.71 | 5,625,000 | 2.25 |
| HAM | 9,265,950 | 3.71 | 5,625,000 | 2.25 |
| Total | 185,919,000 | 74.39 | 112,500,000 | 45.00 |

The restriction, which is fully accepted by the Substantial Shareholders and Promoters, is specifically endorsed on the share certificates representing the respective shareholdings of the Substantial Shareholders and Promoters which are under moratorium to ensure that Naim's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The shareholders of Lembah, Island Harvests, Lambaian, Tapak, HWS and HAM have also provided an undertaking that they shall not sell, transfer or assign their respective shareholdings in the aforesaid companies during the moratorium period.

2. DETAILS OF THE IPO (cont'd)

The endorsement affixed on the share certificates are as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the Securities Commission ("Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction".

2.10 Approvals and Conditions from Authorities

The Restructuring and Listing Exercise was approved by the following authorities as follows:-

| <u>Authorities</u> | <u>Date</u> |
|--------------------|---------------------------------|
| SC | 7 April 2003 and 25 July 2003 |
| MITI | 30 October 2002 and 20 May 2003 |
| FIC | 18 November 2002 |

The conditions imposed by the above authorities and the status of compliance are as follows:-

| Authority | Details of Conditions Imposed | Status of Compliance |
|-----------|---|--|
| SC | (i) The promoters and directors who are involved full-time in Naim Group are not allowed to be involved full-time in their other own businesses; (ii) The promoters, directors and substantial shareholders of Naim are not allowed to operate any other businesses which will compete directly or indirectly that will give rise to conflict of interest with the business of Naim Group in the future. In view of this, the promoters and substantial shareholders of Naim are required to furnish undertaking letters to the SC that they will not be involved in the future, in any new businesses which are similar/competing with the existing business of Naim Group; (iii) Datuk Abdul Hamed Sepawi and Datuk Hasmi bin Hasnan must not make use of any information obtained through their positions as directors/ substantial shareholders of Naim to the detriment of Naim Group or for the benefits of their own businesses; | Complied. An undertaking letter dated 29 July 2003 was furnished to the SC on 30 July 2003. Complied. An undertaking letter dated 29 July 2003 was furnished to the SC on 30 July 2003. Complied. An undertaking letter dated 29 July 2003 was furnished to the SC on 30 July 2003. |

2. DETAILS OF THE IPO (cont'd)

| Authority | Details of Conditions Imposed | Status of Compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|---|---|---|--|--------------------------------|--|------------------------|------------|-------|------------|------|--------------------------|------------|------|------------|------|----------|------------|-------|------------|------|-----------------|------------|-------|------------|------|--------|------------|-------|------------|------|-------|------------|------|------------|------|-----|-----------|------|-----------|------|-----|-----------|------|-----------|------|--------------|--------------------|--------------|--------------------|--------------|--|
| | <p>(iv) Any future transactions between Naim Group and companies related to the promoters and directors of Naim, if any, has to be transacted at arm's length and not based on terms which are more favourable than the normal commercial terms which are detrimental to the Naim Group. In view of this, the Audit Committee of Naim has to monitor, and the directors are required to report, any such transactions, if any, in the annual report of Naim.</p> <p>(v) As stated in the SC's Policies and Guidelines on Issue/Offer of Securities ("SC Guidelines"), a moratorium is imposed on the Shares of Naim held by the following shareholders, whereby they are not allowed to sell, transfer or assign their shareholdings amounting to 112,500,000 Shares, representing 45% of the enlarged issued and paid-up capital of Naim, within one year from the date of admission to the Main Board of the KLSE:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Shareholdings after Proposed Listing (No. of Shares)</th> <th>% of enlarged issued and paid-up capital</th> <th>No. of Shares under Moratorium</th> <th>% of enlarged issued and paid-up capital</th> </tr> </thead> <tbody> <tr> <td>Datuk Hasmi bin Hasnan</td> <td>28,047,850</td> <td>11.22</td> <td>16,875,000</td> <td>6.75</td> </tr> <tr> <td>Datuk Abdul Hamed Sepawi</td> <td>18,881,900</td> <td>7.55</td> <td>11,250,000</td> <td>4.50</td> </tr> <tr> <td>Lambaian</td> <td>27,797,850</td> <td>11.12</td> <td>16,875,000</td> <td>6.75</td> </tr> <tr> <td>Island Harvests</td> <td>37,063,800</td> <td>14.83</td> <td>22,500,000</td> <td>9.00</td> </tr> <tr> <td>Lembah</td> <td>37,063,800</td> <td>14.83</td> <td>22,500,000</td> <td>9.00</td> </tr> <tr> <td>Tapak</td> <td>18,531,900</td> <td>7.42</td> <td>11,250,000</td> <td>4.50</td> </tr> <tr> <td>HWS</td> <td>9,265,950</td> <td>3.71</td> <td>5,625,000</td> <td>2.25</td> </tr> <tr> <td>HAM</td> <td>9,265,950</td> <td>3.71</td> <td>5,625,000</td> <td>2.25</td> </tr> <tr> <td>Total</td> <td>185,919,000</td> <td>74.39</td> <td>112,500,000</td> <td>45.00</td> </tr> </tbody> </table> | Name | Shareholdings after Proposed Listing (No. of Shares) | % of enlarged issued and paid-up capital | No. of Shares under Moratorium | % of enlarged issued and paid-up capital | Datuk Hasmi bin Hasnan | 28,047,850 | 11.22 | 16,875,000 | 6.75 | Datuk Abdul Hamed Sepawi | 18,881,900 | 7.55 | 11,250,000 | 4.50 | Lambaian | 27,797,850 | 11.12 | 16,875,000 | 6.75 | Island Harvests | 37,063,800 | 14.83 | 22,500,000 | 9.00 | Lembah | 37,063,800 | 14.83 | 22,500,000 | 9.00 | Tapak | 18,531,900 | 7.42 | 11,250,000 | 4.50 | HWS | 9,265,950 | 3.71 | 5,625,000 | 2.25 | HAM | 9,265,950 | 3.71 | 5,625,000 | 2.25 | Total | 185,919,000 | 74.39 | 112,500,000 | 45.00 | <p>Complied. An undertaking letter dated 29 July 2003 was furnished to the SC on 30 July 2003.</p> <p>Will comply.</p> |
| Name | Shareholdings after Proposed Listing (No. of Shares) | % of enlarged issued and paid-up capital | No. of Shares under Moratorium | % of enlarged issued and paid-up capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Datuk Hasmi bin Hasnan | 28,047,850 | 11.22 | 16,875,000 | 6.75 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Datuk Abdul Hamed Sepawi | 18,881,900 | 7.55 | 11,250,000 | 4.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lambaian | 27,797,850 | 11.12 | 16,875,000 | 6.75 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Island Harvests | 37,063,800 | 14.83 | 22,500,000 | 9.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lembah | 37,063,800 | 14.83 | 22,500,000 | 9.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tapak | 18,531,900 | 7.42 | 11,250,000 | 4.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HWS | 9,265,950 | 3.71 | 5,625,000 | 2.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HAM | 9,265,950 | 3.71 | 5,625,000 | 2.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 185,919,000 | 74.39 | 112,500,000 | 45.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>In this regard, every shareholder of Lembah, Tapak, Lambaian, Island Harvests, HWS and HAM if an individual or ultimate individual shareholder, if the shareholder is another company, must give an undertaking that they will not sell, transfer or assign their shareholdings in these companies during the period of restriction. The undertaking letters must be furnished to the SC before the registration and the issuance of Naim's listing prospectus;</p> <p>(vi) In regards to the trade debtors, Naim must comply with the following conditions:-</p> <p>(a) Naim must provide full disclosure in the listing prospectus on the status of the debts, ageing analysis on the debts and for debts that exceeds the allowable credit period, the comments/statement from the directors on the recoverability of the trade debts that exceed the allowable credit period;</p> | <p>Complied. Undertaking letters dated 29 July 2003 were furnished to the SC on 30 July 2003.</p> <p>Complied Disclosed in Section 11.3 of the Prospectus</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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2. DETAILS OF THE IPO (cont'd)

| Authority | Details of Conditions Imposed | Status of Compliance |
|-----------|--|---|
| | <p>(b) Full provision must be made for all trade debts which are under disputes or for which legal action has been taken or which exceeded six months except for :-</p> <p>(1) Trade debts with Federal and State Governments and / or agencies except where these debts are in dispute or contested; and</p> <p>(2) For other trade debts which have been collected by 25 July 2003.</p> <p>AmMerchant Bank must furnish to the SC, written confirmation from the directors of Naim that this conditions has been complied with before the issuance of the listing prospectus;</p> <p>(c) The directors of Naim must furnish written confirmation to the SC, before the issuance of the listing prospectus, that those trade debts exceeding the credit period are recoverable and provision for doubtful and bad debts has been made in the financial accounts including the financial forecasts.</p> <p>(vii) Naim must fully disclose in its listing prospectus the followings:-</p> <p>(a) The involvement/interests of the directors and substantial shareholders of Naim Group in similar businesses which will give rise to conflict of interest with the business of Naim Group and the steps taken/to be taken to mitigate/managed the conflict of interest;</p> <p>(b) Risk management plan to mitigate the risks associated with the nature of the business, including, risks relating to fire, shortage of electricity and other risks which will disrupt the operation and financial position of Naim Group;</p> <p>(c) Management succession plan Naim Group;</p> <p>(d) Basis for the revaluation of properties to be developed in the long term;</p> <p>(viii) AmMerchant Bank/ Naim must ensure that the proposed dividend payment by NCSB for the financial year ended 31.12.2002 will be funded via internally generated funds and not through bank borrowings. AmMerchant Bank must confirm to the SC on the source of funds for the payment of the dividends;</p> <p>(ix) The external auditors of Naim must confirm to the SC that the payment of dividend as proposed by NCSB for the financial year ended 31.12.2002 will not impair the net tangible assets of NCSB to below the audited net tangible assets as at 31.12.2001; and</p> <p>(x) Naim must fully comply with the requirements in relation to the listing of the company as stated in the SC Guidelines, including the requirement stated under paragraph 10.17, whereby Naim Group should not be involved in any business that is not related to its current core business within 3 years from the date of listing on the KLSE.</p> | <p>Complied. Confirmation letters dated 29 July 2003 were furnished to the SC on 30 July 2003.</p> <p>Complied. Confirmation letters dated 29 July 2003 were furnished to the SC on 30 July 2003.</p> <p>Complied.</p> <p>Disclosed in Section 10.2 of this Prospectus.</p> <p>Disclosed in Section 5.12 of this Prospectus.</p> <p>Disclosed in Section 5.11 of this Prospectus.</p> <p>Disclosed in Section 8.1.2 [Note (iii)] of this Prospectus.</p> <p>Complied. Confirmation letters dated 25 June 2003 and 27 June 2003 were furnished to the SC on 27 June 2003</p> <p>Complied. A confirmation letter dated 25 June 2003 was furnished to the SC on 27 June 2003</p> <p>Will comply. An undertaking letter dated 29 July 2003 was furnished to the SC on 30 July 2003.</p> |

2. DETAILS OF THE IPO (cont'd)

| Authority | Details of Conditions Imposed | Status of Compliance | | | | | | | | | | | | | | | | |
|--|---|----------------------|--------|--|--------|-----------------------|-------|-------------------------|-------|----------------------------|-------|--|-------|-----------------|--------|-------|--------|---|
| | <p>(xi) Based on the disclosure contained in AmMerchant Bank's application, the proceeds from the public issue, will be utilized for the core business activities of Naim, as follows:-</p> <table border="1" data-bbox="531 412 1179 808"> <thead> <tr> <th data-bbox="531 412 1038 472">Utilisation</th> <th data-bbox="1038 412 1179 472">RM'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="531 472 1038 577">Acquisition of land for property development and property investment</td> <td data-bbox="1038 472 1179 577">25,000</td> </tr> <tr> <td data-bbox="531 577 1038 611">Purchase of machinery</td> <td data-bbox="1038 577 1179 611">7,400</td> </tr> <tr> <td data-bbox="531 611 1038 645">Repayment of bank loans</td> <td data-bbox="1038 611 1179 645">7,430</td> </tr> <tr> <td data-bbox="531 645 1038 678">Estimated listing expenses</td> <td data-bbox="1038 645 1179 678">4,600</td> </tr> <tr> <td data-bbox="531 678 1038 712">Purchase of information technology systems</td> <td data-bbox="1038 678 1179 712">3,083</td> </tr> <tr> <td data-bbox="531 712 1038 745">Working capital</td> <td data-bbox="1038 712 1179 745">13,035</td> </tr> <tr> <td data-bbox="531 745 1038 779">Total</td> <td data-bbox="1038 745 1179 779">60,548</td> </tr> </tbody> </table> <p>Nevertheless, the conditions that need to be complied in relation to the above proceeds are as follows:-</p> <p>(i) Approval from the SC must be obtained for any variation to the original proceeds if the variation involves utilization other than for the core business of Naim;</p> <p>(ii) Approval from the shareholders of Naim must be obtained for the utilization of proceeds as mentioned above for any variation involving 25% or more on the original utilization as mentioned above. For any variation less than 25% that need to be implemented, proper disclosure must be made to the shareholders of Naim;</p> <p>(iii) The period for utilisation of proceeds must be disclosed in the listing prospectus of Naim. Any extension of time as indicated by Naim for the utilization of proceeds must be approved through an ultimate resolution by the Board of Directors of Naim and must be fully disclosed to the KLSE; and</p> <p>(iv) Proper disclosure on the status of the utilization of proceeds from the private placement and public issue must be made in the quarterly report and annual report of Naim until the whole proceeds are fully utilized.</p> | Utilisation | RM'000 | Acquisition of land for property development and property investment | 25,000 | Purchase of machinery | 7,400 | Repayment of bank loans | 7,430 | Estimated listing expenses | 4,600 | Purchase of information technology systems | 3,083 | Working capital | 13,035 | Total | 60,548 | <p>Will comply, if applicable</p> <p>Will comply, if applicable</p> <p>Disclosed in Section 2.6 of this Prospectus.</p> <p>Will comply.</p> |
| Utilisation | RM'000 | | | | | | | | | | | | | | | | | |
| Acquisition of land for property development and property investment | 25,000 | | | | | | | | | | | | | | | | | |
| Purchase of machinery | 7,400 | | | | | | | | | | | | | | | | | |
| Repayment of bank loans | 7,430 | | | | | | | | | | | | | | | | | |
| Estimated listing expenses | 4,600 | | | | | | | | | | | | | | | | | |
| Purchase of information technology systems | 3,083 | | | | | | | | | | | | | | | | | |
| Working capital | 13,035 | | | | | | | | | | | | | | | | | |
| Total | 60,548 | | | | | | | | | | | | | | | | | |
| MITI | No condition imposed. | Not applicable. | | | | | | | | | | | | | | | | |
| FIC | No condition imposed. | Not applicable. | | | | | | | | | | | | | | | | |

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