

4. RISK FACTORS

4.1 Risks

Applicants for the Issue Shares and Offer Shares should carefully consider the following in addition to all the other relevant information contained elsewhere in this Prospectus, before applying for the Issue and Offer Shares:-

(a) Marketability of BPP Holding Shares

Prior to this Public Issue and Offer For Sale, there has been no public market for BPP Holding Shares and there can be no assurance regarding the future development of the market for the shares upon its listing on the Main Board of Bursa Securities. The Issue/Offer Price of RM1.20 per ordinary share has been determined after taking into consideration of a number of factors, including but not limited to, the Group's financial and operating history and standing, the future prospects of the Group and the industry in which the Group is involved, the NTA of the Group, the valuation of all properties of the Group, the market prices for shares of other companies engaged in businesses similar to that of the Group and the prevailing market condition prior to the signing of the Underwriting Agreement.

There is no assurance that the Issue/Offer Price will correspond to the price at which BPP Holding Shares will trade on the Main Board of Bursa Securities upon or subsequent to its Listing or that an active market for BPP Holding Shares will develop and continue upon or subsequent to its Listing.

(b) Ownership and Control of the Group

Upon completion of the Public Issue and Offer For Sale, LG Capital and the Promoters will be the controlling shareholders of BPP Holding, holding approximately 62.5% equity interest of the enlarged issued and paid-up share capital of BPP Holding upon Listing.

As a result, it is likely that the Promoters will be able to control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

(c) Business Risks

The Group is involved in the manufacturing and trading of plastic products, which is subject to certain risks inherent in the industry. Risks applicable to the plastic industry would include fluctuations in prices of raw material (various types of resins), fluctuations in foreign exchange rates or currency controls, changes in the general economic and business conditions and changes in the legal and regulatory framework.

Although BPP Holding continuously seeks to minimise and mitigate business risks, no assurance can be given that any change to these factors will not have a material adverse effect on the business of the BPP Holding Group.

(d) Key Management and Key Personnel

The Group believes that its continued success depends to a significant extent to the abilities and continued efforts of its existing Directors and competent senior management team. The loss of any of the key members of the Group's Directors and senior management could adversely affect the Group's continuing ability to compete in the industry.

4. RISK FACTORS (Cont'd)

Hence, the Group's future success is dependent upon its ability to attract and retain skilled personnel. The Group is committed to provide continuous training to its key management and personnel to enhance skills and knowledge for the benefit of its future growth and performance.

(e) Political, Social and Economic Considerations

Like other business entities, adverse development in political, social and economic conditions in Malaysia and other countries in which the Group has business operations or trading could have unfavourable impact on the financial prospects of the Group. Other political and economic uncertainties include risks of wars, expropriations, nationalization, renegotiation, and changes in exchange rates, interest rates and taxation policies. There can be no assurance that any changes to these factors will not have a material adverse effect on the business of the BPP Holding Group.

(f) Profit Forecast

This Prospectus contains the consolidated profit forecast for BPP Holding Group that has been prepared based on assumptions, which the Directors of BPP Holding believe to be reasonable, but which nevertheless, are subject to uncertainties and contingencies.

Due to the basis of assumptions and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecast contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecast that are contained herein.

(g) Foreign Exchange Fluctuations

Purchases of raw materials (resins) and export sales are affected by foreign exchange fluctuations, which are transacted directly or indirectly in United States and Singapore currencies. The imposition of currency controls via the pegging of the RM to United States currency at the fixed exchange rate of USD1.00 to RM3.80 by Bank Negara Malaysia on 1 September 1998 has stabilised the risks arising from foreign exchange fluctuation.

However, there can be no assurance that the currency controls will remain and that future exchange fluctuations arising from lifting of the currency controls or the adjustment of the RM to USD peg will not adversely affect the financial results of the BPP Holding Group.

(h) Domestic Borrowings

The BPP Holding Group's working capital and capital expenditure is financed partly by bank borrowings. As such, BPP Holding has interest commitments due to facilities granted by the domestic financial institutions such as overdrafts, term loans and USD loans. While every effort is taken to ensure that no adverse effects arise from the loans and interest commitment, no assurance can be given that these commitments in future will not have any material impact on the Group's financial performance.

4. RISK FACTORS *(Cont'd)*

As at 3 January 2005 (being the latest practicable date of which such amounts could be determined prior to the printing of this Prospectus), the Group's total borrowings amounted to approximately RM9.653 million.

Save as disclosed above, BPP Holding does not have any other bank borrowings, hire purchase or commitments on guarantees.

The Group, pursuant to facility/loan agreements entered into by the Group with banks or financiers, are bound by certain positive and negative covenants, which may limit the Group's operating and financial flexibility. The aforesaid covenants are of a nature which are commonly contained in credit facility agreements in Malaysia. Any act by the Group falling within the ambit or scope of such covenants will require consent of the relevant bank/financier. Breach of such covenants may give rise to a right by the bank/financier to terminate the relevant credit facility and/or enforce any security granted in relation to that facility. The Board is aware of such covenants and shall take precautions necessary to prevent any such breach.

(i) Cross Default Risks on Borrowings Agreements

BPP Holding, pursuant to credit facility agreements entered into by its Subsidiary Companies with banks or financiers, are bound by cross default clauses in such credit facility agreements whereby in the event BPP Holding or any of its Subsidiary Companies goes into default under, or commits a breach of, any instrument or agreement relating to any indebtedness or guarantee, that default or breach can also constitute an event of default on BPP Holding's credit facilities and/or its Subsidiary Companies' credit facilities.

As at 3 January 2005 (being the latest practicable date of which such amounts could be determined prior to the printing of this Prospectus), the Group's total bank borrowings, overdraft facilities and term loan facilities amounted to approximately RM9.653 million. Any increase in interest rates will increase the burden of the Group with respect to interest payments of the loans and hire purchase depending on the total outstanding at that point in time.

(j) Government Control and Regulation

Adverse developments in political, economic and regulatory conditions in Malaysia could materially affect the financial prospects of the Group. Political and economic uncertainties such as changes in both monetary and fiscal policies, risks of civil unrest, expropriation, methods of taxation and currency exchange controls may impact on the performance of the Group as a whole. Growth of the plastic manufacturing industry is correlated to the growth of the food and beverages, textiles and apparels, electrical and electronics, industrial and chemical, cosmetic and toiletries, agriculture and plantation, construction, transportation and wires and cable manufacturers industries. Hence, any Government control or regulation imposed on either the manufacturing or the retail sector could materially and adversely affect the growth and profitability of the Group in the long term.

4. RISK FACTORS (Cont'd)

(k) Insurance Coverage on the Group's assets

At present, the Group's factory and office premises, plant and machinery, inventory of raw materials and finished products are insured against unforeseen circumstances such as fire, loss, damage, robbery and theft.

Details of the insurance coverage are as set out in section 15.11 of this Prospectus.

Although all reasonable steps have been taken by the Group to ensure that all its assets are adequately covered by insurance, no assurance can be given that the insurance coverage would be adequate for the replacement cost of the assets of the Group in the future.

(l) Changes in Technology

The market for plastic packaging products is characterised by changing technology and continuing process development. It is therefore a challenge for plastic packaging players to have flexibility in the production process and strong backing from the research and development teams to cope with such changes. If a company is unable to respond to customers' requirement in time, it may face the risk of losing the account. The capability to cope with rapid changes in manufacturing technology is also an important success factor in securing new customers and to remain competitive.

BPP Holding is fully aware of the rapid changes in technology with the management constantly upgrading its equipment and keeping close contacts with all the resin, additive masterbatch and equipment suppliers to keep track of the latest trends and developments. Hence, the Group invests extensively in new technology and have installed the first 5-layer cast pallet stretch film machine in 2000 and an additional 4 meter 7-layer cast pallet stretch film in 2003, all of which are state-of-the-art equipment with specifications such as fully computerised Acurablend Gravimetric Feeding & Blending System, beta source scanning and automatic thickness profile die control.

(m) Competition

The plastic packaging industry is highly competitive and includes an estimated 455 manufacturers/converters of plastic bags, sheets and films. The high level of competition also results in the existence of 'price-squeezes' among players, whereby prices lack the flexibility needed to increase easily.

As such, there is no assurance that the Group's market share can be maintained at the current level, and it may be challenged by existing players or new entrants. The Group's competitive edge is in its in-house laboratory, testing facilities and capabilities to achieve quick customer requested sample portal type, strength of its relationship with customers and its ability to meet high and stringent standards set by its customers particularly in the areas of delivery and quality.

4. RISK FACTORS (Cont'd)

(n) Environmental Concerns and Pressure Groups

There are pressure groups such as environmental activists and health-care providers that call for plastic materials recycling and reduction of toxic emissions during the production process. Globally, new environmental regulations, societal concerns and a growing environmental awareness throughout the world has triggered a paradigm shift for manufacturers to develop products and processes that help preserve world resources and are environmental friendly. The BPP Holding Group's products are known to be environmentally friendly as its raw materials used are 100% recyclable. Clear scraps from production are reused in the production of plastic packaging products. Colour scraps are made into builder films, which are widely used in the construction industry.

However, the Group is unable to control the recycling of plastic packaging products when these products have reached the end-users used in various industries, such as garment & textile, furniture, food & beverages, construction & building materials, electrical, plastic injection moulding and others.

(o) Capital and Labour Intensiveness

Due to high levels of economic growth and a situation of full employment in Malaysia all sectors of the economy are experiencing difficulties in the retention and recruitment of human resources. Manufacturing, especially due to the low level of wages paid to low-skilled workers, is especially exposed to these problems.

Different sectors of the plastics packaging industry are capital intensive, while others are labour intensive, depending on the type of packaging process. However, as a whole the industry avoids being in competition with most manufacturing industries in the low-skilled market. Yet, problems occur over the availability of skilled and semi-skilled personnel required for quality control and machinery maintenance. As such, the plastic packaging industry is gearing towards a capital intensive environment and industry leaders invest in high-end operations and large production facilities.

Therefore, the Group acquired a 5-layer cast pallet stretch film machine in 2000 and an additional 4 meter 7-layer cast pallet stretch film in 2003, all of which are state-of-the-art equipment with specifications such as fully computerised Acurablend Gravimetric Feeding & Blending System, beta source scanning and automatic thickness profile die control. To produce better quality products, especially superior products components and to meet stringent customers' requirements, BPP Holding Group invests in advanced machineries that are usually imported from the United States, Germany, Taiwan or Japan.

Nevertheless, inspite of the above, the Group is backed by a group of dedicated and talented pool of staff most of whom have extensive industry skills ranging from manufacturing, technical, engineering, quality assurance/quality control, information technology, marketing and sales. The staff are rewarded based on performance and are motivated through participation in courses and programmes organised by the human resource division of the Group.

4. RISK FACTORS (Cont'd)

(p) Dependency on other Industries

The nature of the plastic packaging industry is such that it is intertwined with most, if not all industries. The growth of the plastic packaging sector is dependent on the well being of food and beverage, textiles and apparels, electrical and electronics, industrial and chemical, cosmetic and toiletries, agriculture and plantation, construction, transportation, and other manufacturers.

Similar to other plastic product producers, stretch and shrink packaging players are dependent on the plastic resins producing industry. Fortunately, the increase in raw materials prices are usually passed on to the users by way of increase in prices of the end products as the pricing of plastic resins is closely linked to the international market and is denominated in USD. The risk of insufficient supply of resins is currently minimised, since local productions are sufficient to supply large portion of the resins demand. In the event of shortage, there is currently an abundance of resin manufacturers within the ASEAN region to bridge this demand.

(q) Delay in the Listing

The Listing exercise is also exposed to the risk that it may be delayed should the following occur:-

- (i) the Bumiputera investors approved by MITI fail to take up the portion of the Offer Shares;
- (ii) the Underwriters fail to honour their obligations under the Underwriting Agreement; and/or
- (iii) the Company is unable to meet the public spread requirement i.e. at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 ordinary shares of RM0.50 each in BPP Holding at the point of Listing.

(r) Forward-Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by the Board of Directors of the Company, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the BPP Holding Group and the industry, changes in interest rates and changes in foreign exchange rates.

4. RISK FACTORS (Cont'd)

Save as disclosed above and elsewhere in this Prospectus, and as far as the Directors are aware, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during normal course of business.

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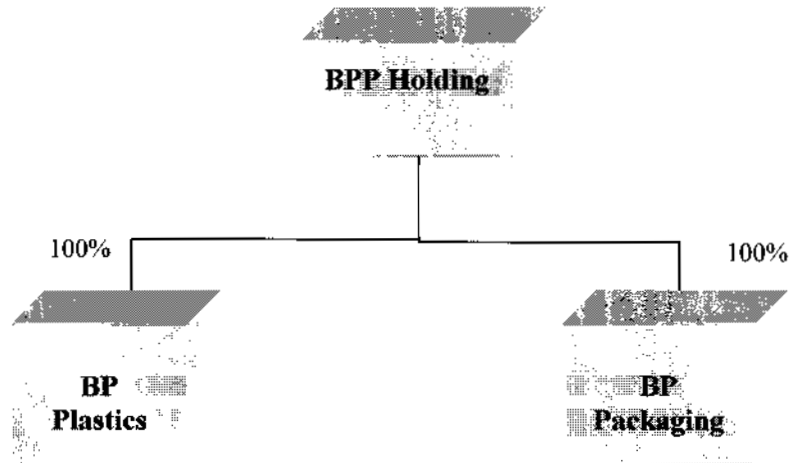
5. INFORMATION ON BPP HOLDING GROUP

5.1 Incorporation, Principal Activities And Group Structure

BPP Holding, an investment holding company, was incorporated in Malaysia under the Act on 9 March 2004 to undertake the Listing.

Its subsidiary companies, BP Plastics and BP Packaging, are involved in manufacturing and trading of plastic products respectively.

The corporate structure of the BPP Holding Group after the Acquisitions is illustrated below:-



As at the date of this Prospectus, BPP Holding has no associated company and no other subsidiary company.

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5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

5.2 Changes In Share Capital

The current authorised share capital of BPP Holding is RM100,000,000 divided into 200,000,000 ordinary shares of RM0.50 each of which RM56,000,000 comprising 112,000,000 BPP Holding Shares have been issued and fully paid-up. Upon completion of the Public Issue, the issued and fully paid-up share capital will be RM60,000,000 divided into 120,000,000 BPP Holding Shares.

Date of Allotment	No. of BPP Holding Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
9 March 2004	1,000,000	0.50	Subscribers' shares	500,000
7 August 2004	75,658,000	0.50	Shares issued at an issue price of approximately RM0.50 per share in consideration for the Acquisition of BP Plastics	38,329,000
7 August 2004	898,000	0.50	Shares issued at an issue price of approximately RM0.50 per share in consideration for the Acquisition of BP Packaging	38,778,000
21 September 2004	34,444,000	0.50	Rights Issue	56,000,000

As at 3 January 2005, BPP Holding does not have any outstanding warrants, options, convertibles or capital.

5.3 Listing Scheme

In conjunction with and as an integral part of the listing and quotation of BPP Holding's entire issued and paid-up share capital on the Main Board of Bursa Securities, the Company undertook the following corporate exercises which was approved by SC and SC (on behalf of FIC) on 16 July 2004 and MITI on 29 May 2004. The details of the corporate exercises are as follows:-

5.3.1 Dividend Payment

On 3 August 2004, BP Plastics made a dividend payment to its existing shareholders amounting to RM6,500,000 from the company's audited profit after tax for the financial year ended 31 December 2004.

5.3.2 Revaluation Of Landed Properties

Prior to the Acquisitions, on 26 January 2004, the landed properties of BP Plastics had been valued by Messrs Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, using the comparison, cost and income method of valuation to determine the market value of the landed properties. The details of the landed properties and the market values are set out in the ensuing page:

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

Reference no.	Location / Description	Existing Use	Audited Net Book Value as at 31/12/2003 (RM)	Market Value (RM)	Valuation Date	Revaluation surplus/(deficit) based on Market Value (RM)
HS(D) 32035 PTD 30911 PLO 222	Mukim of Simpang Kanan Batu Pahat District	A parcel of Industrial land improved upon with a Single-Storey Detached Factory (Warehouse) together with a TNB sub-station and other ancillary buildings.	934,214	1,710,000	26 January 2004	775,786
HS(D) 32034 PTD 31030 PLO 254	Mukim of Simpang Kanan Batu Pahat District	A parcel of Industrial land improved upon with a Single-Storey Detached Factory (Cutting) an annex with a Double-Storey Office Block, a Single-Storey Detached Factory (Extruding A) and other ancillary buildings.	1,240,423	1,910,000	26 January 2004	669,577
HS(D) 32031 PTD 31039 PLO 255	Mukim of Simpang Kanan Batu Pahat District	A parcel of Industrial land improved upon with three units of Single-Storey Detached Factory Building identified as: i) Printing /Office/ Canteen; ii) Maintenance/ Store Building; iii) Recycle Building	1,419,936	1,610,000	26 January 2004	190,064
HS(D) 32033 PTD 31031 PLO 258	Mukim of Simpang Kanan Batu Pahat District	A parcel of Industrial land improved upon with a Single-Storey Detached Factory (Extruding B) – approx. 70 ft height.	1,668,944	2,100,000	26 January 2004	431,056
HS(D) 38296 PTD 35099 PLO 268	Mukim of Simpang Kanan Batu Pahat District	A parcel of Industrial land improved upon with a Single-Storey Detached Factory (Cast Line)	2,046,026	2,980,000	26 January 2004	933,974
GM 1359 Lot No. 2408	Mukim of Linau Batu Pahat District	A parcel of Agricultural land	136,245	340,000	26 January 2004	203,755
TOTAL			7,445,788	10,650,000		3,204,212

The revaluation surplus after deducting deferred tax of RM2,353,896 was incorporated into the financial statements of BP Plastics in July 2004.

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

5.3.3 Acquisition Of Shares By LG Capital

LG Capital entered into an SPA on 26 March 2004 for the acquisition of 1,427,477 ordinary shares of RM1.00 each representing approximately 71.38% of the equity interest in BP Plastics from the Vendors for a total purchase consideration of RM1,427,477 satisfied by the issuance of 1,427,477 new ordinary shares of RM1.00 each in LG Capital at RM1.00 per share to the Vendors. The acquisition was completed on 4 August 2004.

The share acquisition by LG Capital is intended to consolidate a substantial portion of the three (3) shareholders' shareholdings in BP Plastics to be held under an investment holding company. LG Capital will eventually hold 45% of the enlarged issued and paid-up capital of BPP Holding after the Public Issue and Offer For Sale.

Details of the Acquisition of Shares by LG Capital are as follows:

Vendors	No. of ordinary shares of RM1.00 each held in BP Plastics acquired	%	Purchase Consideration (RM)	No. of Shares in LG Capital Issued
Lim Chun Yow	475,826	23.79	475,826	475,826
Tan See Khim	475,826	23.79	475,826	475,826
Hey Shiow Hoe	475,825	23.79	475,825	475,825
TOTAL	1,427,477	71.38	1,427,477	1,427,477

5.3.4 Acquisition Of BP Plastics

(a) Terms of the acquisition

BPP Holding had on 26 March 2004 entered into an SPA with the vendors of BP Plastics for the acquisition by BPP Holding of 2,000,000 ordinary shares of RM1.00 each, representing the entire issued and fully paid-up share capital of BP Plastics for a total consideration of RM37,829,955. The purchase consideration was satisfied by the issuance of 75,658,000 new BPP Holding Shares at an issue price of approximately RM0.50 per BPP Holding Share.

The Acquisition of BP Plastics was completed on 7 August 2004.

Details of the Vendors of BP Plastics and the Acquisition of BP Plastics are as follows:

Shareholders	No. of ordinary shares of RM1.00 each held in BP Plastics acquired	%	Purchase consideration (RM)	No. of BPP Holding Shares issued
LG Capital	1,427,477	71.38	27,003,023	54,000,000
Lim Chun Yow	190,841	9.54	3,608,978	7,219,334
Tan See Khim	190,841	9.54	3,608,977	7,219,333
Hey Shiow Hoe	190,841	9.54	3,608,977	7,219,333
TOTAL	2,000,000	100.0	37,829,955	75,658,000

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

(b) Basis for the purchase consideration

The purchase consideration of RM37,829,955 for the Acquisition of BP Plastics was arrived at on a willing-buyer-willing-seller basis after taking into account the adjusted audited NTA of BP Plastics of RM37,829,955 as at 31 December 2003 as follows:-

	RM
Audited NTA as at 31 December 2003	35,476,059
Revaluation surplus ⁽¹⁾	2,353,896
	<u>37,829,955</u>

⁽¹⁾ Based on valuation of properties carried out on 26 January 2004 by Messrs Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd

	RM
Open Market Value	10,650,000
Less : Net book value as at 31 December 2003	7,445,788
Revaluation surplus	3,204,212
Less : Deferred tax	850,316
Net Revaluation surplus	<u>2,353,896</u>

5.3.5 Acquisition Of BP Packaging

(a) Terms of the acquisition

BPP Holding had on 26 March 2004 entered into an SPA with the Vendors for the acquisition by BPP Holding of 3 ordinary shares of RM1.00 each, representing the entire issued and fully paid-up share capital of BP Packaging for a total consideration of RM449,214. The purchase consideration was satisfied by the issuance of 898,000 new BPP Holding Shares at an issue price of approximately RM0.50 per BPP Holding Share.

The Acquisition of BP Packaging was completed on 7 August 2004.

Details of the Vendors of BP Packaging and the Acquisition of BP Packaging are as follows:

Vendors	No. of ordinary shares of RM1.00 each held in BP Packaging acquired	%	Purchase consideration RM	No. of BPP Holding Shares issued
Lim Chun Yow	1	33.33	149,738	299,334
Tan See Khim	1	33.33	149,738	299,333
Hey Shioh Hoe	1	33.33	149,738	299,333
TOTAL	3	100.0	449,214	898,000

(b) Basis for the purchase consideration

The purchase consideration of RM449,214 for the Acquisition of BP Packaging was arrived at on a willing-buyer-willing-seller basis after taking into account the audited NTA of BP Packaging of RM449,214 as at 31 December 2003.

5. INFORMATION ON BPP HOLDING GROUP *(Cont'd)*

The 76,556,000 new BPP Holding Shares issued pursuant to the Acquisitions rank *pari passu* in all respects with the existing issued and fully paid-up share capital of BPP Holding Shares.

The shares in BP Plastics and BP Packaging acquired by BPP Holding are free from any encumbrances, liens and charges and with all rights attaching thereto.

Upon completion of the Acquisitions, the issued and fully paid-up share capital of BPP Holding increased from RM500,000 to RM38,778,000 comprising 77,556,000 BPP Holding Shares of RM0.50 each.

5.3.6 Rights Issue

Following the completion of the Acquisitions, BPP Holding undertook a renounceable rights issue of 34,444,000 new Shares on the basis of approximately 444 new Shares for every 1,000 existing Shares held after the Acquisitions at the issue price of RM0.50 each. LG Capital and the subscriber shareholders of BPP Holding namely, Mr. Tay Khiang Puang and Mr. Lim Hoi Seng renounced their entitlements to the rights shares to the other three (3) shareholders namely, Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shioh Hoe in equal proportion.

The Rights Issue was completed on 21 September 2004.

Upon completion of the Rights Issue, the issued and fully paid-up share capital of BPP Holding increased from 77,556,000 to 112,000,000 BPP Holding Shares.

5.3.7 Public Issue

To facilitate the listing of and quotation for the entire issued and fully paid-up share capital of BPP Holding on the Main Board of Bursa Securities and to comply with the Listing Requirements with regards to shareholding spread, the Company will undertake a public issue of 8,000,000 new BPP Holding Shares at the Issue Price. Upon completion of the Public Issue, the issued and fully paid-up share capital of BPP Holding will be further increased to 120,000,000 BPP Holding Shares.

5.3.8 Offer For Sale

In conjunction with the Public Issue, the Offerors will make an offer for sale of 36,000,000 ordinary shares of RM0.50 each at the Offer Price to Bumiputera investors approved by MITI.

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5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

5.4 ESOS

In conjunction with the listing of the Company on the Main Board of Bursa Securities, the Company proposes to establish an ESOS involving up to 15% of the Company's issued and paid-up share capital at any time during the existence of the ESOS.

The Company proposes to grant up to 10,000,000 Options to the Eligible Employees and Directors of the Group ("Initial Grant"). The exercise price of the Options under the Initial Grant is RM1.20 per share, which is equivalent to the Issue/Offer Price as the Options are granted before the Company is listed on Bursa Securities.

In addition to the Initial Grant, the ESOS committee of the Company shall, within the duration of the ESOS, make offers to grant ESOS Options to the Eligible Employees and Directors of the Group in accordance with the By-Laws adopted by the shareholders of the Company. Each such ESOS Option which is not part of the Initial Grant shall be exercisable at a price which is at a discount to the weighted average market price of BPP Holding Shares for the five (5) Market Days immediately preceding the price-fixing date (to be determined by the ESOS committee) prior to the granting of the ESOS Options.

The ESOS shall be in force for a duration of five (5) years. However, the ESOS may be extended for up to five (5) years after the expiry of the initial five (5) year period at the discretion of the Board of Directors of the Company upon the recommendation of the ESOS committee.

The new Shares to be issued upon the exercise of the ESOS Options will, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Shares, except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions declared, the entitlement date of which is prior to the date of allotment and issuance of the said Shares. The new Shares will be subject to all provisions of the Articles of Association of the Company.

As at the date of this Prospectus, the ESOS and the listing of and quotation for the new Shares of up to 15% of the Company's issued and paid-up share capital at any time during the existence of the ESOS are subject to Bursa Securities' approval. Application to Bursa Securities to obtain its approval will be made in due course. The ESOS is conditional upon the Listing.

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5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

5.5 Information On Subsidiary Companies

(i) BP Plastics

BP Plastics, a wholly-owned subsidiary of BPP Holding, was incorporated as a private limited company in Malaysia under the Act on 18 July 1991 and commenced operations in October 1991. The business activity of the company is primarily in manufacturing of plastic products. The company has a total of 282 employees as at 3 January 2005.

The existing authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each has been issued and fully paid-up.

The changes in the issued and fully paid-up share capital of BP Plastics since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Fully Paid-up Share Capital RM
18.7.1991	2	1.00	Subscribers' shares	2
3.10.1991	59,998	1.00	Cash	60,000
22.10.1993	140,000	1.00	Cash	200,000
24.11.1995	300,000	1.00	Cash	500,000
15.7.2000	1,500,000	1.00	Otherwise than Cash*	2,000,000

Note:

* Bonus issue by way of capitalisation of the unappropriated profit of RM1.5 million.

As at the date of this Prospectus, BP Plastics does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, BP Plastics has no equity interest in any subsidiary company as at the date of this Prospectus.

(ii) BP Packaging

BP Packaging, a wholly-owned subsidiary of BPP Holding, was incorporated as a private limited company in Malaysia under the Act on 23 February 2001 and commenced operations in 2001. The business activity of the company is primarily in trading of plastic products.

The existing authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM3.00 comprising 3 ordinary shares of RM1.00 each has been issued and fully paid-up.

The changes in the issued and fully paid-up share capital of BP Packaging since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Fully Paid-up Share Capital RM
23.2.2001	3	1.00	Subscribers' shares	3

5. INFORMATION ON BPP HOLDING GROUP *(Cont'd)*

As at the date of this Prospectus, BP Packaging does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, BP Packaging has no equity interest in any subsidiary company as at the date of this Prospectus.

5.6 Industry Overview

5.6.1 Global Economy

Global economic activity remained firm in the third quarter, underpinned by strong growth in the United States ("US"), continued economic revival in Japan and Europe, while growth in the Asian region remained strong.

The US GDP growth strengthened to 3.7% in the third quarter, driven by investment and a stronger-than-expected growth in consumption (4.6%). Despite some easing in US consumer confidence due to high oil prices, major indicators such as home sales, retail sales and personal income remained strong. As inflation remained low, the Federal Reserve continued on its measured tightening of monetary policy, raising interest rates for the third time this year on 21 September by 25 basis points to 1.75%. In the Euro zone, the 1.9% GDP growth (2Q 2004: 2%) continued to be sustained by the external sector as domestic demand remained weak. The United Kingdom economy remained strong, but growth has moderated following a slowdown in the industrial sector and the impact of the recent monetary tightening. Meanwhile, in Japan, economic growth slowed to 0.3%, supported by private consumption while exports and capital expenditure weakened.

In the Asian region, growth remained on track albeit at a slightly more moderate pace. Growth was broad based, supported by continued expansion in export and domestic demand. Nevertheless, export growth started to show signs of easing during the 3Q, reflecting largely the gradual slowdown in the global electronics cycle. Growth was led by P.R. China, although its momentum has moderated somewhat as a result of the Government's tightening measures.

Prospects are for global growth to trend to more sustainable levels in an environment of high oil prices and rising interest rates. In the US, although the third quarter growth picked up further on account of increased investment and stronger-than-expected consumption, the economy is expected to moderate to a more sustainable pace of expansion as the monetary stimulus is gradually removed. While the growth momentum in Europe and Japan has been supported by strong external demand, nevertheless, signs of slower export-led growth are emerging. In the Japanese economy however, this would likely be offset by stronger domestic demand amidst stable labour market conditions. Meanwhile, export demand in the Asian region still remains strong despite some modest easing, notably for electronics, towards the end of the quarter. The growth prospect for the Asian region is assessed to remain strong, supported mainly by strong underlying domestic demand in most regional economies amidst stable labour market conditions.

(Source: BNM Report: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2004)

5.6.2 Malaysian Economy

Following two consecutive quarters of strong growth averaging 8%, real GDP growth for Malaysia continued to remain favourable at 6.8% in the third quarter of 2004. Growth was driven mainly by the private sector as the public sector remained committed to fiscal consolidation. The expansion in domestic demand was due largely to stronger household consumption and sustained private investment activities. Nonetheless, the modest expansion in public consumption during the quarter contributed marginally to overall growth.

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

The key economic sectors, namely, manufacturing, services and the primary commodity sectors, continued to drive growth. The manufacturing sector continued to record a strong growth supported by both domestic and external demand. Meanwhile, growth in the services sector was sustained by strong consumption and tourism- and trade-related activities, while the primary commodity sector posted stronger growth on account of higher production, especially for major commodities. The weaker performance in the construction sector was mainly on account of slower activity in the civil-engineering sub-sector.

Growth in the Malaysian economy was achieved amid low inflation, with consumer prices edging up slightly to 1.5% during the quarter (2Q 2004: 1.2%). On the other hand, the Producer Price Index trended upwards during the quarter, largely reflecting firmer commodity prices. Meanwhile, labour market conditions remained stable, supported by sustained productivity, as reflected in the manufacturing sector's real sales per employee growth of 18.3%, far exceeding the 2% increase in real wage per employee.

During the quarter, Malaysia's balance of payments position remained strong, with the trade surplus increasing to RM22.7 billion (2Q: RM18.1 billion), with strong gross exports and gross imports growth of 26.9% and 29.9% respectively (2Q: 22% and 32.1% respectively). Growth in exports was attributable to stronger growth from manufactured goods and minerals, while the increase in agriculture revenue moderated. Overall, export volume increased by 21.1% and prices by 6.5%. However, export prices of a number of major primary commodities, including crude oil, LNG and rubber, were significantly higher during the quarter. The market share of exports to the region remained strong at 43.6%, while the share to the US was 19.5% and to the EU, 11.7%.

Despite some moderation in global growth trend, the Malaysian economy is expected to sustain growth, driven largely by the private sector as the public sector consolidates its fiscal position. Several leading indicators point to continued favourable growth. The improvement in the growth rate of the Leading Index for August suggests continuing favourable growth into early 2005, while the Consumer Sentiment Index is higher in the third quarter, reflecting continued consumer optimism.

Sustained high global oil prices can be expected to have implications on the Malaysian economy. As an open economy and as a small net exporter of oil, Malaysia however, has stronger resilience to such developments. The direct impact of high oil prices had and would in fact benefit Malaysia in terms of a higher trade surplus and higher gross government revenue. Inflationary pressures are expected to be minimal as oil accounts for only a minor share of the consumption basket for the average consumer while the pass-through effect would also be minimal with improved efficiency in the use of oil. The indirect risk, emanates from its implications on external demand from Malaysia's trading partners should the high oil prices persist into 2005. The trade data for the first nine months has nonetheless remained in Malaysia's favour, with mineral exports, including oil, generating significantly higher export receipts. It is thus expected that on balance, Malaysia would likely continue to be affected positively as a result of the high oil prices in the near term.

(Source: BNM Report: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2004)

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

5.6.3 Manufacturing Sector

Manufacturing production continued to record a double-digit growth of 11.5% in the third quarter of 2004 (2Q 2004: 15.7%). The manufacturing sector continued to be the main driver of growth with value added expanding by 9.9%. Activity in the export-oriented industries was largely influenced by the global electronics trends as well as the knock-on effects on the chemical industry while growth in the domestic-oriented industries was slightly higher during the quarter, supported by strong domestic demand and higher exports. The overall capacity utilisation rate for the sector continued to remain high at 80%, with the export- and domestic-oriented industries operating at 83% and 75% respectively (2Q 2004: 85% and 74% respectively).

Production of the export-oriented industries grew by 12.3% (2Q 2004: 18.2%), influenced by the global electronics cycle, which showed signs of having peaked in the second quarter of 2004, as well as the spill-over effects on related industries in the chemical cluster. Besides plastics and resins, which are related to the electronics industry, production of industrial gases in the chemical industry was in line with the performance in the production of natural gas. Meanwhile, the resource-based industries continued to perform favourably, particularly the wood and wood products industry, supported by demand from the regional countries.

Production growth for the domestic-oriented industries was slightly higher at 8.8%, supported by strong growth in the fabricated metal products industry (46.2%), a turnaround in the beverage industry (9.5%) as well as continued expansion in the transport equipment industry (6.3%). Manufacturers in the fabricated metal products industry, particularly those producing bolts and nuts, gas and water pipes as well as steel structures for buildings and containers increased their production, responding to the strong external demand from the regional countries as well as the higher prices. Meanwhile, the transport equipment industry was supported by sustained consumer demand for passenger cars as evidenced by higher car sales and higher exports of motorcycles and scooters to the regional countries.

(Source: BNM Report: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2004)

5.6.4 Background Of The Plastic Packaging Industry

The rapid industrialisation in Malaysia, in line with Government specified directions, necessarily translates to an increase in demand for plastic packaging products. Today's plastics packaging is up to 80% lighter than it was 20 years ago. Advances in materials and processing technology have seen the weight of items decrease substantially over the years. Minimisation brings added advantages, such as reduced fuel consumption and associated airborne emissions during the distribution of packed products. Plastics allow packaging producers, packaging specifiers and packaging users to optimise their resources by cost-efficiently delivering products to consumers with minimal wastage.

New plastic packaging products and new applications are constantly being introduced to the market. While most plastic packaging materials are produced from commodity polymers, an increasing number are now being made with sophisticated multiple-layer structures and combinations of substrates. In line with policies to promote the use of biodegradable materials and to enhance the use of agriculture waste, product development is geared towards higher value-added biodegradable disposable packaging household ware from pulp and palm fibre.

5. INFORMATION ON BPP HOLDING GROUP *(Cont'd)*

The versatility of plastic packaging materials means the range of technology and ongoing technical and commercial developments in plastic packaging is growing at the expense of a number of other packaging materials especially paper. The qualities of plastic packaging materials allow converters/ manufacturers to satisfy the requirements of flexible and rigid packaging users. Plastic continues to be an attractive packaging option for a wide range of applications and end-uses because of its superior formability and versatility, i.e. its ability to be produced in a number of intricate shapes and colours. Its also light in weight, durable and recyclable.

Specifically the Bags, Sacks and Films ("BSF") packaging industry is made up of products such as pre-formed, supermarket, and garbage bags, shrink film, stretch film, and snack food packaging. Generally these products are manufactured from Polyethylene ("PE") and Polypropylene ("PP") plastics. The raw materials used in production are mainly resins and additives.

The consumption of locally produced raw materials has increased tremendously over the years and this ratio is expected to continue its upward trend. One of the main reasons is that more local petrochemical projects are now on-stream and have the capacity to increase local production of plastic raw materials supplying to both the local and export markets. A large proportion of this increase has resulted from the establishment of projects and companies such as Idemitsu Group, Titan Group, Polyethylene (Malaysia) Sdn Bhd and Polypropylene (Malaysia) Sdn Bhd. The establishment of this local petrochemical industry will help spur the growth of the plastic packaging industry, as Malaysia is already a producer of all the major resins such as PE, PP, Polystyrene ("PS"), Polyvinyl Chloride ("PVC").

Real GDP expanded by 5.3% in 2003 (2002: 4.1%), exceeding the official forecast of 4.5%. The resilient GDP growth, which recorded an annual average growth of 5.1% coupled with the strong growth of the manufacturing sector created a large base of demand for plastic packaging products – which is a supporting industry for manufacturers, especially the other plastic products sector (comprising a large proportion of plastic packaging products) has contributed greatly to the plastic packaging industry.

(Source: Extracted from the Independent Market Researchers' Report dated 17 January 2005 prepared by Infocredit D&B (Malaysia) Sdn Bhd for inclusion in this Prospectus)

In 2003, there were a total of 82 investment applications received for the plastic products manufacturing industry. The value of applications was RM846.3 million. The majority of applications came from foreign investments and these accounted for 60.4% of the total investment value applied for the year 2003.

(Source: Malaysian Industrial Development Authority)

5.6.5 Business Overview

BPP Holding was incorporated in Malaysia under the Act as a public company on 9 March 2004. The present authorised share capital of the Company is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each. The Company was formed in line with the Group's continuous efforts for expansion and as an integral part of its Listing exercise. The principal activity of the Company is investment holding and its Subsidiary Companies are involved in manufacturing, marketing, and sale of plastic packaging products. The Group has two subsidiaries namely BP Plastics and BP Packaging.

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

BPP Holding Group was first established as a partnership business known as Lam Guan Plastic Industries that supplied polyethylene bags to the garment and textile industries in Batu Pahat in 1990. In 1991, Lam Guan Plastic Industries expanded its operation by tapping into various government incentives such as the Reinvestment Allowance, which led to the incorporation of BP Plastic. In 1994, the Group shifted to its own factory located in Sri Gading Industrial Estate. This premise occupies a land area of 22,258 square meters with built-up facilities of 12,209 square meters. The business expansion of the Group went in line with the strong local economy during the early 1990's, which has created a huge demand for packaging materials as a result of the government's industrialisation policy and the promotion of export oriented business.

BP Plastics started expanding and investing in technical and knowledge based plastic film processing equipment in year 2000. The Group began by investing in a 5-layer, 2.5 meter net width film production facility with state-of-the-art high-tech cast process technological equipment from the United States. The equipment includes fully computerised controls, Beta Source Scanning, Automatic Die and Gravimetric Dosing, as well as Blending & Feeding System to produce high quality, pallet stretch film. This decision was made to take advantage of the improved global business environment through the implementation of World Trade Organisation and AFTA and to capture the fast growing demand in the Asia Pacific regions.

The decision to invest in the highly specialised machine paid-off as besides strengthening the Group's long-term competitiveness through economies of scale, it also allowed the Group to penetrate other markets such as Japan and other Far East countries, including Australasia, Asean and India subcontinents. In addition, the technical knowledge gathered from raw material application, machine setup, processing conditions and market knowledge have enhanced the Group's competitiveness in the industry. The higher demand received by the Group from both the overseas and domestic market have encouraged the Group to invest in an additional 7-layer cast stretch film machine with 4-meter net width production in 2003.

With an objective to improve internal processes within the enlarged Group structure, the Company invested on an Enterprise Resource Planning ("ERP") software. The ERP software attempts to integrate all departments and functions within the Group and to provide these departments with "business intelligence" on specific data. It also functions as an integrated software program to improve the information flow and communication within departments.

The Group has grown in leaps and bounds from a cottage plastic bag manufacturer, to become one of the largest ISO 9001:2000 certified manufacturer of industrial plastic packaging bags and stretch film. As at 3 January 2005, the Group has a combined workforce of 282 staff and well over 86 units of packaging machinery. The Group has a combined capacity of 36,000 metric tonnes and is currently operating at approximately 80% capacity.

Principal activities and products:

BPP Holding is an investment holding company. The principal activities of the Group are manufacturing, marketing and sale of plastic packaging products. The Group's manufacturing activities can be classified into two major categories:

- (a) Cast Stretch Film Division
- (b) Industrial Blown Film Division

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

Stretch film is a 100% Linear Low Density Polyethylene (“LLDPE”)-based film used to unitise loads, to protect products during storage and shipment (secondary packaging) and also for wrapping agricultural silage. This film, often with high elongation properties can be wrapped around goods either by hand (manual stretch or hand wrap film) or by means of a wrapping machine (automatic or machine stretch).

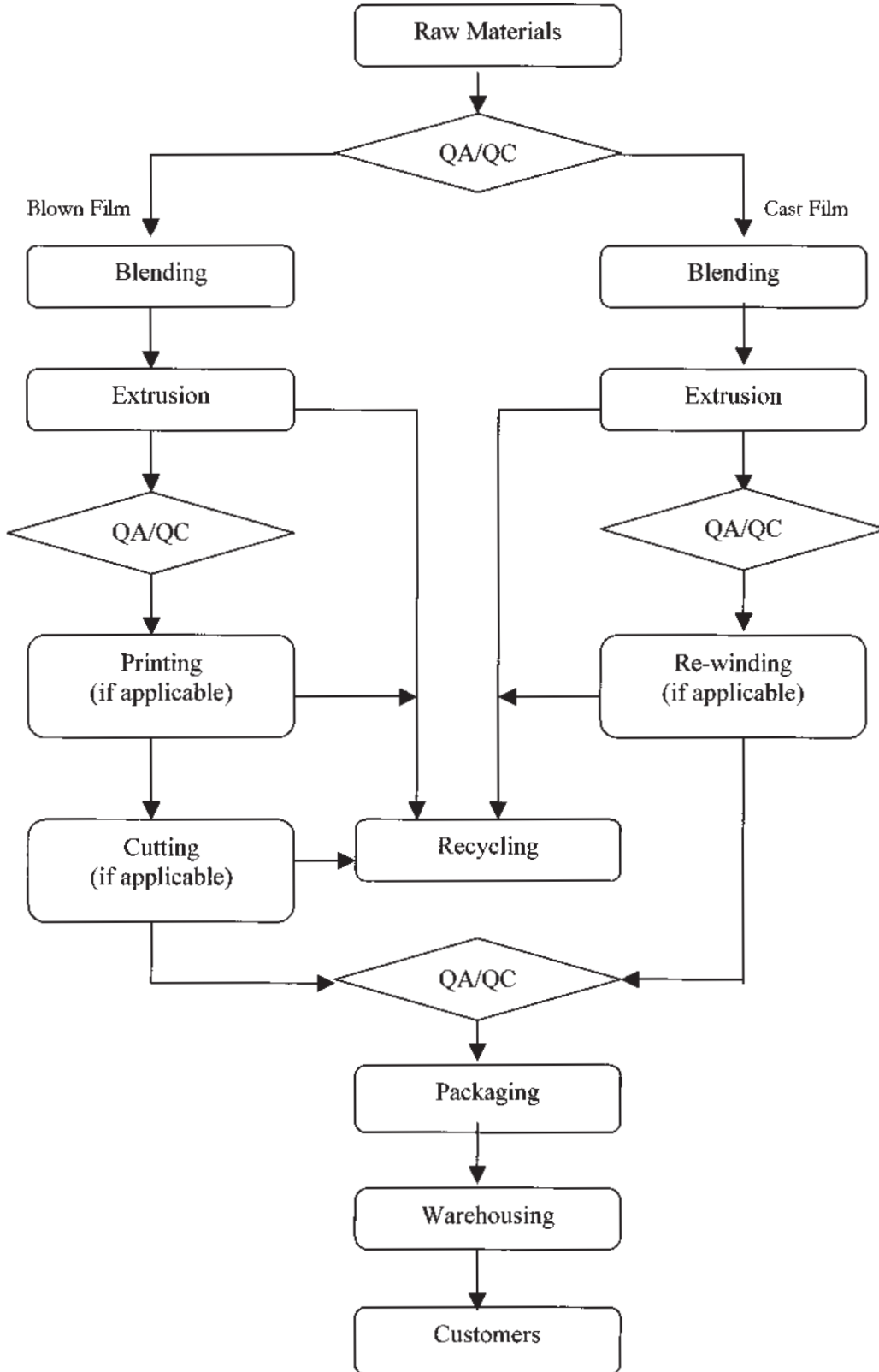
Stretch film is not the only way to unitise and protect products during storage and shipment. Also used are Low Density Polyethylene (“LDPE”)-based heat shrinkable film and Ethylene Vinyl Alcohol (“EVA”)-based stretch hoods. But the main advantage of stretch film is that it can be used to wrap irregular loads (in contrast with shrink/stretch hoods) with a minimum of effort (even by hand). Also the investment in machinery to apply the stretch film is much lower than for shrink and stretch hood.

Stretch film can be produced either by blown or the cast film process. Cast film is widely use in the market due to processing advantages such as higher output and better optical properties. Blown film lines are mainly used to produce silage stretch wrap film due to the better balanced mechanical film properties in machines and the transverse direction of blown film.

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5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

Production Process:



5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

Remarks:

1. Procurement of raw materials such as PE and PP as per purchasing procedure.
2. The Group's QA/QC personnel will go through quality check over the raw materials supplied to ensure raw materials procured are correct and in right quantity.
3. Blending of raw materials as per production requirements, i.e. cast film & blown film.
4. Plain & printed tubing plastic films are manufactured in extruder, according to clients' specification of extruder parameters for film width and thickness, and productivity according to client's manufacturing schedules.
5. In-process QA/QC to check for defects. Defective items are rejected and sent for recycling.
6. Blown Film – printing of plastic bags
Stretch Film – Rewinding to reduce the thickness of the film or rewinding from jumbo rolls into smaller rolls.
7. Heat sealing of blown films, either by bottom or side seal, then cutting to produce plastic bags of desired forms and measurements.
8. QA/QC personnel will conduct final inspection on end-products.
9. Packing of end-products in rolls or bags.
10. Storing of end-products in the warehouse.
11. Delivery of end-products to customers by means of sea, road or air transport.

5.6.6 Market Share

The market share of the BPP Holding Group based on production is illustrated as follows:-

Year	Bags, Sacks and Films ("BSF") Production Malaysia RM million	BPP Holding Group Revenue RM million	BPP Holding Group - Market Share %
2002	1,200.00	47.7	4.0%
2003	1,258.40	64.9	5.2%

Based on the audited results of BPP Holding Group for the years ended 31 December 2002 and 2003, the Group recorded revenue of RM47.7 million and RM64.9 million respectively. Based on the total BSF production value of Malaysia, the Group's market share is estimated at 4.0% and 5.2% in 2002 and 2003 respectively.

(Source: Extracted from the Independent Market Researchers' Report dated 17 January 2005 prepared by Infocredit D&B (Malaysia) Sdn Bhd for inclusion in this Prospectus)

5.7 Key Players And Competition

There is increasing competition in the plastic packaging market both locally and abroad, where larger manufacturers have capacities for high-quality extrusion and printing at a lower cost. An additional pressure is that the packaging market is characterised by growing overcapacity, which is placing even more pressure on prices. Nevertheless, demand for packaging will continue to increase. The intensified competition in the industry is the effect of a broad range of existing and potential plastic producers servicing various industries. According to Malaysian Plastics Manufacturer Association ("MPMA"), there are currently about 1,300 plastic products manufacturing companies in Malaysia. An estimated 35% of the plastic manufacturers are involved in the value chain of the packaging industry, as converters, primarily involved in the manufacturing of plastic BSF and other packaging materials. As such, the growth of the packaging industry is correlated greatly with the growth in the plastic industry.

5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

In terms of facing foreign competition, tariff deregulations amongst ASEAN members will push local companies to be more vigilant in trying to remain competitive within the region. Industry players in South East Asia are also facing stiff competitions from China as the country has the competitive advantage of producing plastic packaging products of similar quality but lower production costs due to its low labour cost.

5.8 Major Customers

One of the factors that determine the Group's impressive performance is its wide customer base. The Group's major customers comprise local and foreign companies operating in Malaysia.

Over the years, the Group has built-up a large customer base. Based on FYE 2004, the Group has supplied its products to approximately 682 customers. Hence, the Group is not dependent on any single or major customer. Therefore, the Group has minimised the risk of being over-dependent on any single or certain customers.

There are no major customer that individually contributes more than 10% of BPP Holding's total sales for the FYE 2004.

	Name	Country of Origin	Sales Contribution (%)	Length of Relationship (Year)
1	Mitsubishi Shoji Plastics Corp.	Japan	9.3	4
2	Lee Rubber Co. Ltd.	Malaysia	3.0	14
3	JMP Holdings Pty. Ltd.	Australia	2.6	4
4	MMP Packaging Group Co. Ltd.	Thailand	2.2	4
5	MK Packaging Industries Pte. Ltd.	Singapore	2.1	3
6	Parnassian Trading Co. Ltd.	Taiwan	2.0	4
7	CV Weekson	Indonesia	1.9	3
8	Signode Hong Kong Ltd.	Hong Kong	1.7	3
9	AT Packaging Sdn. Bhd.	Malaysia	1.5	3
10	Ramatex Group	Malaysia	1.1	14
	Total		27.4	

5.9 Major Suppliers

The Group purchase resin from 7 resin producers locally and overseas. To date, the Group has not encountered any major problems in sourcing its raw materials from suppliers as it buys from 7 different resin producers and suppliers. There are a sufficient number of suppliers to ensure the continuity in supply of resin. In the event where there is disruption in supply of resin by existing suppliers, the Group would not face difficulty in sourcing for new suppliers as resin is a common raw material that is used in a number of industries.

The Group sources approximately 35% its raw materials locally and imports the balance of 65% of its raw materials from Singapore. The Group imports raw materials only when the materials are not available locally or when there is a shortage from their present suppliers.

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5. INFORMATION ON BPP HOLDING GROUP (Cont'd)

Name	HQ Country	Purchase Contribution (%)	Length of Relationship (Year)	Products Purchased
1 Exxonmobil Chemical Asia Pacific	Singapore	63.3%	5	Resin
2 Polyethylene (M) Sdn Bhd	Malaysia	17.8%	11	Resin
3 Malaysia International Trading Corporation Sdn Bhd	Malaysia	6.6%	11	Resin
4 Sonoco (M) Sdn Bhd	Malaysia	3.4%	4	Packing materials
5 Titan Polyethylene (M) Sdn Bhd	Malaysia	3.0%	11	Resin
6 Dow Chemical Pacific (Singapore) Pte Ltd	Singapore	1.7%	5	Resin
7 Titan PP Polymers (M) Sdn Bhd	Malaysia	1.1%	11	Resin
8 Sabic Asia Pacific Pte. Ltd.	Singapore	0.4%	1	Resin
9 Ormapaper Industry (BP) Sdn. Bhd.	Malaysia	0.4%	2	Packing materials
10 North South Malaya Packing Industries Sdn Bhd	Malaysia	0.4%	4	Packing materials
Total		98.1%		

5.10 Employees

As at 3 January 2005, the Group has a workforce of 282 employees. The average number of years of service of the Group's employees is approximately three (3) years. The Group recruits foreigners from Indonesia, Myanmar and Nepal as contractual staff for a usual tenure of 3-years. All foreign workers are employed legally. None of the employees of the Group belongs to any labour union and the Group enjoys a cordial relationship with the employees. There has not been any industrial dispute in the past between the employees and management. Its employees can be generally segregated into the following categories:-

Category	Bumiputera	Chinese	Indian	Other Malaysian	Foreigner	Total
1. Management and Professional	-	15	-	-	-	15
2. Executives	3	18	-	-	-	21
3. Technical, R&D and other professionals	23	10	-	-	-	33
4. Clerical and Administrative	9	5	1	-	-	15
5. Operational / General						
-Skilled workers	29	2	-	-	-	31
-General workers	60	-	1	-	106	167
Total	124	50	2	-	106	282

BPP Holding Group provides constant training and development programmes for its employees which includes in-house workshops to empower its employees on new developments of the plastic packaging industry. The main objective of the Group's training and development programmes is to encourage overall productivity and efficiency.

5. INFORMATION ON BPP HOLDING GROUP *(Cont'd)*

In addition, the Group engages external training consultants for seminars and workshops to identify, evaluate and manage risks, enhance management quality, staff benefits and to increase the competency level of its employees. Types of external programmes that the staff have participated are management courses, IT training and planning and control courses.

5.11 Prospects, Strategies And Future Plans

The Group operates in a highly competitive, consumer driven and rapidly changing BSF packaging industry that are dependent on economic, political and social conditions, customer demand for its products and services, and technological developments. In order to remain competitive, the Group will leverage on its existing technology and manufacturing capability, with an aim to achieve the following:-

1) *Geographical Market Expansion*

The Group strives to expand its current customer base in the regional market. Besides focusing on its existing network of customers in countries such as Thailand, Japan, Singapore and Australia, the Group also plans to diversify its customer base to other ASEAN countries. The Group's export revenue contributed 55% of its total revenue in the FYE 2004. As such, the implementation of AFTA (reduction in import duties to between 0% and 5%) will provide further growth impetus for the Group in the ASEAN market and make its products more competitive.

2) *Expand Production/Operation Base*

The Group intends to expand its manufacturing facilities locally to increase production capacity. The capital expenditure plan of the Group includes the expansion of factory, plant and investment in new machinery. The Group intends to invest approximately RM7.5 million for the purchase of land and the construction of a new factory. The Group has also allocated approximately RM15.52 million for the purchase of plant and machinery including equipment for its multi-layer blown film. In addition, the Group also intends to hire and train new people under its human resource development plan.

3) *Maintaining Existing Customers and Expanding Line of Services*

The Company has also invested in an ERP which attempts to integrate all departments and functions within the Group and to provide these departments with "business intelligence" on specific data. It also functions as an integrated software program to improve the information flow and communication within departments, which helps greatly in management decision-making. Besides being able to shorten the production lead time for its customers, the Group is also able to serve better its customers. Through improvisation and improvement in product quality and customer service, the Group hopes to maintain its existing customers and expand its line of services by cross-selling other packaging services to them.

4) *Continuous Technology Upgrading*

The Group also intends to upgrade and implement efficient manufacturing process through its continuous process of technology upgrading. The Group also plans to enhance its process efficiency and cost effectiveness through the implementation of a centralise warehouse facility to improve efficiency and cost effectiveness in terms of logistics. The Group's objective to upgrade the machinery, factory and industrial automation is to improve its manufacturing process/time to market which will lead to cost efficiency.

6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT**6.1 Substantial Shareholders/Promoters****6.1.1 Particulars And Shareholdings**

The details of the Substantial Shareholders/Promoters shareholdings of the Company before and after the Public Issue, Offer For Sale and assuming full exercise of ESOS Options are as follows:-

Name	Nationality / Place of Incorporation	Designation	No. of BPP Holding Shares Held Before Public Issue and OFS		No. of BPP Holding Shares Held After Public Issue and OFS		No. of BPP Holding Shares Held After Public Issue, OFS And Full Exercise of ESOS Options			
			Direct	%	Direct	%	Direct	%	Indirect	%
LG Capital	Malaysia	-	54,000,000	48.21	-	-	54,000,000	41.54	-	-
Lim Chunn Yow	Malaysian	Group Managing Director	19,000,002	16.97	54,000,000*	48.21	7,000,002	5.84	54,000,000*	45.00
Tan See Khim	Malaysian	Executive Director	18,999,999	16.96	54,000,000*	48.21	6,999,999	5.83	54,000,000*	45.00
Hey Shiew Hoe	Malaysian	Executive Director	18,999,999	16.96	54,000,000*	48.21	6,999,999	5.83	54,000,000*	45.00

Note:

* Deemed interest by virtue of his shareholding of more than 15% in LG Capital pursuant to Section 6A of the Act.

^ Assuming full exercise of the initial grant of up to 10,000,000 ESOS Options to the Eligible Employees and Directors of the Company.

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6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.1.2 Directorships And Substantial Shareholdings Of Substantial Shareholders/Promoters In All Other Public Corporations For The Past Two Years

Save for the directorships and substantial shareholdings in BPP Holding, none of the Substantial Shareholders/Promoters of BPP Holding hold directorship nor substantial shareholding in all other public corporations for the past two (2) years preceding 3 January 2005.

6.1.3 Profile Of Substantial Shareholders / Promoters

LG Capital was incorporated in Malaysia on 16 March 2004 under the Companies Act 1965 as a private limited company. It is a company proposed to hold approximately 45% of the Vendors' total shareholdings in BPP Holding after the Public Issue and Offer For Sale. The authorised share capital of LG Capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM1,427,479 comprising 1,427,479 ordinary shares of RM1.00 each.

The details of the Directors and Substantial Shareholders of LG Capital and their respective shareholdings in LG Capital as at 3 January 2005 are as follows:

Directors/ Substantial Shareholders	←----- Direct -----→		←----- Indirect -----→	
	No. of ordinary shares	Percentage of share capital %	No of ordinary shares	Percentage of share capital %
Lim Chun Yow	475,827	33.34	-	-
Tan See Khim	475,826	33.33	-	-
Hey Shioh Hoe	475,826	33.33	-	-

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6. **INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Lim Chun Yow, aged 42, is the Managing Director and co-founder of BP Plastics. He graduated from The Ohio State University, USA in 1985 with a degree in Bachelor of Science in Business Administration. He started his career with Union Plastics Sdn. Bhd. as a Marketing Executive in 1986. With extensive experience in sales and marketing of polybags, he resigned from Union Plastics Sdn. Bhd. in 1990 and set up a business with the other shareholders of BP Plastics. He assumed the position of Director since the incorporation of BP Plastics in 1991.

Tan See Khim, aged 41, is the Marketing Director and co-founder of BP Plastics. He graduated from Chung Hwa high school in Muar with a Certificate in Senior Middle Three in 1982. He was involved in sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics in 1991. His experience and knowledge in sales have been very instrumental towards the growth of BP Plastics. He is currently overseeing the marketing operations in BP Plastics both for the local and export market.

Hey Shiow Hoe, aged 42, is the Plant Manager and co-founder of BP Plastics. He holds a Bachelor of Science degree in Industrial and Systems Engineering from The Ohio State University, USA. He started his career as a Production Engineer in Union Plastics Sdn. Bhd. upon his graduation in 1986. Currently, his main responsibilities include strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team. He has also been appointed as the Management Representative in maintaining the ISO 9001:2000 Quality Management System of BP Plastics.

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6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.1.4 Changes In Substantial Shareholders/Promoters And Their Respective Shareholdings In BPP Holding For The Past Three (3) Years

The changes in the shareholdings of the Substantial Shareholders/Promoters for the past three (3) years are as follows:

Name	As at 9 March 2004 [^]		After the Acquisitions	
	No. of shares of RM0.50 each	%	No. of shares of RM0.50 each	%
	Direct	Indirect	Direct	Indirect
Tay Khiang Puang	500,000	50.00	500,000	0.64
Lim Hoi Seng	500,000	50.00	500,000	0.64
LG Capital	-	-	54,000,000	69.63
Lim Chun Yow	-	-	7,518,668	9.69
Tan See Khim	-	-	7,518,666	9.69
Hey Shioh Hoe	-	-	7,518,666	9.69
				69.63
				69.63
				69.63

Name	After the Rights Issue		After the Public Issue and Offer For Sale	
	No. of shares of RM0.50 each	%	No. of shares of RM0.50 each	%
	Direct	Indirect	Direct	Indirect
Tay Khiang Puang	500,000	0.45	500,000	0.42
Lim Hoi Seng	500,000	0.45	500,000	0.42
LG Capital	54,000,000	48.21	54,000,000	45.00
Lim Chun Yow	19,000,002	16.97	7,000,002	5.84
Tan See Khim	18,999,999	16.96	6,999,999	5.83
Hey Shioh Hoe	18,999,999	16.96	6,999,999	5.83
				45.00
				45.00
				45.00

Note:

[^] Date of incorporation.

* Deemed interest by virtue of his shareholding of more than 15% in LG Capital pursuant to Section 6A of the Act.

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6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.2 Directors

6.2.1 Particulars And Shareholdings

The details of the Directors' shareholdings of the Company before and after the Public Issue, Offer For Sale and assuming full exercise of ESOS Options are as follows:

Name	Designation	Nationality	No. of BPP Holding Shares Held Before Public Issue and OFS		No. of BPP Holding Shares Held After Public Issue and OFS		No. of BPP Holding Shares Held After Public Issue, OFS And Full Exercise of ESOS Options							
			Direct	Indirect	Direct	Indirect	Direct	Indirect						
Lim Chun Yow	Group Managing Director	Malaysian	19,000,002	16.97	54,000,000*	48.21	7,000,002	5.84	54,000,000*	45.00	7,980,002**	6.14	54,000,000*	41.54
Tan See Khim	Executive Director	Malaysian	18,999,999	16.96	54,000,000*	48.21	6,999,999	5.83	54,000,000*	45.00	7,979,999**	6.13	54,000,000*	41.54
Hey Shioh Hoe	Executive Director	Malaysian	18,999,999	16.96	54,000,000*	48.21	6,999,999	5.83	54,000,000*	45.00	7,979,999**	6.13	54,000,000*	41.54
Boo Chin Liong	Independent Non-Executive Director	Malaysian	-	-	-	-	18,000*	- [^]	-	-	118,000**	0.09	-	-
Koh Chin Koon	Independent Non-Executive Director	Malaysian	-	-	-	-	18,000*	- [^]	-	-	118,000**	0.09	-	-

Note:

* Deemed interest by virtue of his shareholding of more than 15% in LG Capital pursuant to Section 6A of the Act.

Assuming full subscription of his entitlement for the pink form allocation pursuant to the Public Issue.

[^] Less than 0.01 %.

** Assuming full exercise of the initial grant of up to 10,000,000 ESOS Options to the Eligible Employees and Directors of the Company.

6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.2.2 Directorships And Substantial Shareholdings Of Directors In All Other Public Corporations For The Past Two (2) Years

Save as disclosed below, none of the Directors of BPP Holding hold other directorship and had substantial shareholdings in all other public corporations for the past two (2) years preceding 3 January 2005 (other than directorship and substantial shareholdings in BPP Holding).

Name	Company	Date appointed	Date resigned	Shareholdings as at 3 January 2005			
				Direct		Indirect	
				No. of ordinary shares	Percentage of share capital (%)	No. of ordinary shares	Percentage of share capital (%)
Boo Chin Liong	Ramatex Berhad	8 August 1996	-	13,000	- [^]	-	-
	Poh Huat Resources Holdings Bhd	9 December 1999	-	15,000	- [^]	-	-
	Changhuat Corporation Bhd	23 May 2001	-	-	-	-	-
Koh Chin Koon	Impressive Edge Group Berhad	10 September 2004	-	-	-	-	-

Note:

[^] Less than 0.01%.

6.2.3 Profile Of Directors

Lim Chun Yow, please refer to section 6.1.3 of this Prospectus.

Tan See Khim, please refer to section 6.1.3 of this Prospectus.

Hey Shiow Hoe, please refer to section 6.1.3 of this Prospectus.

Boo Chin Liong, aged 44, is the Independent Non-Executive Director of BP Plastics Holding. He is an advocate and solicitor and has been in active legal practice since 1986. He is the founding partner of Messrs. C. L. Boo & Associates. He graduated with a Bachelor of Law (Honours) from the University of Malaya in 1985 and was called to the Bar in 1986. He sits on the board of Ramatex Berhad, Changhuat Corporation Bhd and Poh Huat Resources Holdings Bhd, companies listed on Bursa Securities. He also sits on the board of several other private limited companies.

Koh Chin Koon, aged 35, is the Independent Non-Executive Director of BP Plastics Holding. He obtained his Bachelor Degree of Accounting (Hon) in University of Malaya in year 1995 and joined Malaysian Institute of Accountants (MIA) and Malaysian Institute of Taxation (MIT) in July 1999 and September 2000 respectively. He becomes an approved tax agent under Section 153(3)(b) pursuant to Income Tax Act, 1967 by Ministry of Finance in April 2001. He was employed by Arthur Andersen & Co (Malacca Branch) as a Tax Assistant after he completed his Bachelor Degree and promoted as a Tax Experience Senior during the employment. He left Arthur Anderson & Co and joined Chin & Co (Malacca Branch) as a Tax Manager in February 2000. Chin & Co is a long established Chartered Accountancy firm and its headquarter is based in Ipoh, Perak. After obtained a wide range of experience from his past employment involved in advising clients including private companies, public listed companies and quasi government organization, he set up Koh & Siow Management Services in May 2001. He also sits on the board of Impressive Edge Group Berhad and the board of several other private limited companies.

6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.2.4 Directors' Remuneration And Benefits

The aggregate remuneration and benefits of the Directors of the BPP Holding Group for services rendered in all capacities to the Group for the financial year ended 31 December 2004 and the current financial year ending 31 December 2005 are as follows:

Range (RM'000)	Financial Year Ended 31 December 2004		Financial Year Ending 31 December 2005	
	Aggregate Remuneration (RM'000)	Number of Directors	Aggregate Remuneration (RM'000)	Number of Directors
10 - 100	-	-	-	-
101 - 250	-	-	-	-
251 - 500	1,285	3	1,440	3

6.3 Audit Committee

The composition of the Audit Committee is as follows:-

Name	Responsibility	Directorship
Boo Chin Liong	Chairman	Independent Non-Executive Director
Koh Chin Koon	Member	Independent Non-Executive Director
Lim Chun Yow	Member	Group Managing Director

The Audit Committee of the Company is appointed by the Board and is responsible for reviewing issues of accounting policies and presentation for external financial reporting, monitoring the work of the internal audit function and ensuring that an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both internal and external auditors who in turn have access at all times to the Chairman of the Audit Committee.

The Audit Committee reviews, amongst others, any related party transactions and potential and current conflict of interest within the Group. The Audit Committee periodically reviews the procedures set by the Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related parties than those generally available to the third parties dealing at arm's length and are not to the detriment of the Company's minority shareholders. All reviews by the Audit Committee are reported to the Board for its further action.

The current composition of the Audit Committee conforms to Paragraph 15.10 of the Listing Requirements and comprises of three (3) members, the majority of whom are Independent Non-Executive Directors.

Please refer to section 6.2.3 of this Prospectus for profiles of the Audit Committee members.

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6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.4 Key Management

6.4.1 Profile Of The Key Management Personnel

Lim Chun Yow, please refer to section 6.1.3 of this Prospectus.

Tan See Khim, please refer to section 6.1.3 of this Prospectus.

Hey Shiow Hoe, please refer to section 6.1.3 of this Prospectus.

Lee Kuan Hock, aged 35, joined BP Plastics in March 2003 and is the Accountant of BP Plastics. He graduated with a Bachelor of Economics Degree from La Trobe University, Australia in 1993 and is a member of the Certified Practising Accountants of Australia. Prior to joining BP Plastics, he was the Accountant for Berjaya Knitex Sdn. Bhd. and Berjaya Soutex Sdn. Bhd. (both subsidiaries of Berjaya Group Bhd.) from 1997 to 2003. He is responsible for the accounting and finance.

Kaw (Foo) See Boon, aged 34, is the Production Manager of BP Plastics. He has a Diploma in Electrical Engineering from Institute Teknologi Pertama in 1992. He joined BP Plastics in year 2000 and was then given the responsibility to oversee the operations of the Cast Film Division. Prior to joining BP Plastics, he was the Operations Manager in GN Packaging Sdn. Bhd. which is a manufacturer of stretch/cast films. With his strong background in electrical and electronic engineering and extensive experience in the industry, he has led to the successful installations of the 5 and 7 layer Cast Film Machines of Battenfeld Gloucester of USA back in 2000 and 2003 respectively.

Yue Ah Huay, aged 44, is the Production Manager of BP Plastics. She joined BP Plastics in 1990 as a Production Executive and was promoted to her present position in year 2004. She has more than 20 years of experience in the production of plastics bags. Currently, she is responsible for all the day-to-day blown film production operations, planning, scheduling and supervision of delivery control.

Hey Siew Yong, aged 40, is the Administration Manager of BP Plastics. She graduated with a Bachelor of Arts Degree from Universiti Kebangsaan Malaysia in 1989 and joined BP Plastics in 1991. She is currently overseeing the administrative matters of BP Plastics that includes managing purchases, customs matters and government affairs. She was also actively involved in the development and implementation of the ISO Quality Management System of BP Plastics.

Hey Sio Tong, aged 39, joined BP Plastics in 1991 and is the Finance and Accounts Manager of BP Plastics. She holds a diploma in Accounting from the London Chamber of Commerce and Industry and started her career as a sales executive in a consumer product company in 1986. She is currently involved in BP Plastics accounts management, costing analysis aside from the financial administration.

Kelly Tan Eng Seng, aged 31, joined BP Plastics in July 2002 and is the Human Resource Manager of BP Plastics. He graduated from National University of Singapore with a Bachelor of Science Degree in 1997. Upon graduation in 1997, he joined Swiss-based Société Générale de Surveillance (SGS) as a Trade Executive in the Economic Affairs Division. He is currently handling the payroll and human resource management, training and development and general affairs of BP Plastics. He also oversees the running of the IT Department.

6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Lim Chin Hwee, aged 34, is the Assistant Maintenance Manager of BP Plastics. He holds a Diploma in Electrical and Electronics Engineering from Institut Teknologi Pertama and has more than 11 years experience in machine maintenance of plastic manufacturing. He started his career as an electrician in Kian Joo Group of Companies before he joined BP Plastics in 1999. He currently oversees the production machinery support, preventive maintenance and engineering projects of BP Plastics.

Ha Tian Cheen, aged 30, is the Assistant Quality Assurance Manager of BP Plastics. He graduated with a degree in Bachelor of Chemical Engineering (Hons.) from Universiti Teknologi Malaysia in 1999. He joined BP Plastics in May 1999 as a Production Executive before being transferred to the QA Department. Well-trained in production processes and quality management, he is currently overseeing the quality assurance activities of both the Blown and Cast Film Division. His main functions include quality control system implementation, laboratory testing for research and development, calibration of measuring instruments, aside from providing product's technical supports to customers.

Save as disclosed above, none of the executive Directors and key management of the Group is involved full time in any other private businesses of their own, or other businesses or corporations.

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6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.4.2 Shareholdings Of The Key Management

Name	Designation	No. of BPP Holding Shares Held Before Public Issue and OFS		No. of BPP Holding Shares Held After Public Issue and OFS		No. of BPP Holding Shares Held After Public Issue, OFS And Full Exercise of ESOS Options			
		Direct	%	Direct	%	Direct	%		
Lim Chun Yow	Group Managing Director	19,000,002	16.97	54,000,000*	48.21	7,980,002 [^]	6.14	54,000,000*	41.54
Tan See Khim	Executive Director	18,999,999	16.96	54,000,000*	48.21	6,999,999	5.83	54,000,000*	41.54
Hey Shiuw Hoe	Executive Director	18,999,999	16.96	54,000,000*	48.21	6,999,999	5.83	54,000,000*	41.54
Lee Kuan Hock	Accountant	-	-	-	-	58,000 [#]	0.05	-	-
Kaw (Foo) See Boon	Production Manager	-	-	-	-	76,000 [#]	0.06	-	-
Yue Ah Huay	Production Manager	-	-	-	-	110,000 [#]	0.09	-	-
Hey Siew Yong	Administration Manager	-	-	-	-	110,000 [#]	0.09	-	-
Hey Sio Tong	Finance and Accounts Manager	-	-	-	-	110,000 [#]	0.09	-	-
Kelly Tan Eng Seng	Human Resource Manager	-	-	-	-	58,000 [#]	0.05	195,000 [^]	0.15
Lim Chin Hwee	Assistant Maintenance Manager	-	-	-	-	65,000 [#]	0.05	180,000 [^]	0.14
Ha Tian Cheen	Assistant Quality Assurance Manager	-	-	-	-	65,000 [#]	0.05	180,000 [^]	0.14

Notes:

* Deemed interest by virtue of his shareholding of more than 15% in LG Capital pursuant to Section 6A of the Act.

Assuming full subscription of the pink form allocation pursuant to the Public Issue.

^ Assuming full exercise of the initial grant of up to 10,000,000 ESOS Options to the Eligible Employees and Directors of the Company.

6. INFORMATION ON SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.5 Involvement Of Executive Directors And Key Management In Other Business / Corporations

None of the Executive Directors or key management is involved in other businesses or corporations.

6.6 Declaration Of Directors And Key Management

None of the Directors or key management or person nominated to become a Director or key management, is or has been involved in any of the following events (whether in or outside Malaysia):-

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was or is a partner or any corporation of which he was or is a Director or key personnel;
- (b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) being the subject of any order, judgement or ruling of any court, tribunal or government body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

6.7 Relationships

Save as disclosed below, as at the date of this Prospectus, none of the Substantial Shareholders, Promoters, Directors and key management or members of the management team are related to each other:-

- (a) Hey Shiow Hoe, Hey Siew Yong and Hey Sio Tong are siblings;
- (b) Lim Chun Yow is the husband of Hey Siew Yong;
- (c) Hey Sio Tong is the wife of Tan Sec Khim;
- (d) Yue Ah Huay is the wife of Hey Shiow Hoe;
- (e) Ha Tian Cheen is cousin to Hey Shiow Hoe; and
- (f) Kelly Tan Eng Seng and Lim Chin Hwee are nephews of Lim Chun Yow.

6.8 Service Agreements

None of the Directors of the Company have any current or proposed service contracts with the Company or any of its Subsidiary Companies. None of the key management of the Company has any current or proposed service contracts with the Company or any of its Subsidiary Companies which are not terminable by notice without payment of compensation other than the usual or statutory compensation.

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