



POH HUAT RESOURCES HOLDINGS BERHAD
(Company No. 443169-X)
(Incorporated in Malaysia under the Companies Act 1965)

1.0 CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Dato' Hj Zakariya bin Mohamed <i>(Chairman)</i>	33 Jalan Paus Taman Indah Jaya 86000 Kluang Johor Darul Takzim	Company Director	Malaysian
Tay Kim Huat <i>(Managing Director)</i>	18-2, Jalan Bentayan 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Tay Kim Hau <i>(Executive Director)</i>	18-2, Jalan Bentayan 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Ng Ah Poh <i>(Non-Executive Director)</i>	30, Jalan Sayang 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Madzinah binti Mansor <i>(Independent Non-Executive Director)</i>	18-0-3, Block J Graceville Sembulan 88100 Kota Kinabalu Sabah	Company Director	Malaysian
Boo Chin Liong <i>(Independent Non-Executive Director)</i>	20, Jalan Cenderawasih Kampung Merdeka 83000 Batu Pahat Johor Darul Takzim	Advocate & Solicitor	Malaysian

AUDIT COMMITTEE

Name	Designation in Audit Committee	Directorship in Poh Huat
Boo Chin Liong	Chairman	Independent Non-Executive Director
Madzinah binti Mansor	Member	Independent Non-Executive Director
Tay Kim Huat	Member	Managing Director

COMPANY SECRETARIES	:	Chai Koh Chan (MIA 3884) 35, Jalan Oz 15 Ozana Impian 75450 Melaka Yap Sow Leng (LS 006470) 234 Taman Sri Emas 4 Jalan Sakeh 84000 Muar Johor Darul Takzim
REGISTERED OFFICE	:	1-10, 1st Floor Jalan Arab 84000 Muar Johor Darul Takzim
ADVISER AND MANAGING UNDERWRITER	:	Malaysian International Merchant Bankers Berhad 4th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur
UNDERWRITERS	:	Hwang-DBS Securities Berhad Level 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang MIDF Consultancy and Corporate Services Sendirian Berhad 12th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur MIDF Sisma Securities Sdn Bhd 17th & 18th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur UT Securities Sdn Bhd 12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang
PRINCIPAL BANKERS	:	HSBC Bank Malaysia Berhad 15 Jalan Petrie 84000 Muar Johor Darul Takzim Standard Chartered Bank Malaysia Berhad 2 Jalan Ampang 50450 Kuala Lumpur
AUDITORS AND REPORTING ACCOUNTANTS	:	SC Lim & Co. (Member of B.R. International Accounting Firms) Public Accountants 1-9, 1st Floor Jalan Arab 84000 Muar Johor Darul Takzim

- SOLICITORS
FOR THE PUBLIC ISSUE** : Jeff Leong, Poon & Wong
Advocates & Solicitors
A-11-3A, Level 11
Megan Phileo Avenue
Jalan Yap Kwan Seng
50450 Kuala Lumpur
- VALUERS** : Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd
No. 669 & 669A
Taman Melaka Raya
75000 Melaka
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sendirian Berhad
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
- SHARE REGISTRAR** : Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
- LISTING SOUGHT** : Second Board of the Kuala Lumpur Stock Exchange

2.0 SUMMARY INFORMATION

The following information is derived from the full text of this Prospectus and should be read in conjunction with the text.

2.1 Business

The principal activity of the Company is investment holding whilst the principal activities of its subsidiary companies are the manufacture and sale of office and home furniture, property investment and dealing in furniture.

The products of the Poh Huat Group comprise office furniture and home products made mainly from particleboard and medium density fibreboard. The Group's office furniture and home products are sold under its own brand name of "AT Office System" and "AT Home System" respectively. The Group also manufactures Small Office Home Office ("SOHO") furniture and entertainment furniture sets using solid wood, particleboard and natural veneer. During the financial year ended 31 October 1999, approximately 61% or RM55.56 million of the Group's total sales was exported to more than 60 countries in the world, with the major share being exported to the Middle East, Africa and Asia.

The Poh Huat Group operates from 5 factories located on 5 pieces of leasehold industrial land in the Bukit Pasir Industrial Estate, Muar, Johor with a total land area of approximately 16 acres. The built-up area of the factory buildings together with office blocks and ancillary buildings is approximately 560,000 sq.ft.

2.2 Financial highlights

The following table, which has been extracted from the Accountants' Report in section 14.0 of this Prospectus, is a summary of the proforma consolidated results of the Poh Huat Group for the last 5 financial years ended 31 October 1999, prepared based on the audited accounts of its subsidiaries and on the assumption that the Group has been in existence throughout the period under review. The proforma consolidated results have been prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report.

	----- Financial year ended 31 October -----				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	20,095	46,111	80,472	72,767	91,578
	=====	=====	=====	=====	=====
Profit before taxation	2,000	6,470	13,350	13,501	11,890
Taxation	(4)	(1,137)	(2,866)	(766)	(3)
	-----	-----	-----	-----	-----
Profit after taxation	1,996	5,333	10,484	12,735	11,887
	=====	=====	=====	=====	=====
Number of shares assumed to be in issue ('000)	35,000	35,000	35,000	35,000	35,000
Gross EPS (sen)	5.71	18.49	38.14	38.57	33.97
Net EPS (sen)	5.70	15.24	29.95	36.39	33.96

Notes :

- (i) The increase in the turnover of the Group for the financial year ended 31 October 1996 compared to the financial year ended 31 October 1995 is mainly attributable to the increase in production capacity following the construction of 2 new factories and the expansion in the local and overseas distribution network. The increase in profit before tax in financial year ended 31 October 1996 was mainly due to the improved gross profit margin as a result of the decline in the cost of particleboard, improved production efficiency and economies of scale achieved through the expansion in its business operation.*
- (ii) The increase in turnover and profit before tax in financial year ended 31 October 1997 was mainly due to the strong demand for its products, further reduction in material cost, better production efficiency and improved economies of scale.*
- (iii) Despite the decline in turnover for financial year ended 31 October 1998, the Group was able to sustain its profit before tax by increasing the sale of high-end furniture series and customised products to overseas customers, savings on raw material costs arising from cash discounts given by suppliers for cash purchases, cost reduction measures undertaken and improvement in production efficiency.*
- (iv) For financial year ended 31 October 1999, the turnover increased significantly mainly as a result of the launch of a range of SOHO and entertainment furniture sets which are manufactured in the new factory located at Lot PTD 1547 and 1548, Bukit Pasir Industrial Estate, Muar, Johor Darul Takzim as well as the increase in the demand for office furniture from the domestic market following the economic recovery in Malaysia.

*Notwithstanding the increase in turnover, the profit before taxation of the Group declined mainly due to the initial set-up costs incurred as a result of the establishment of the abovesaid new factory and the low level of production achieved by the new factory during its initial months of operations.**
- (v) The profit before taxation of the Group for financial year ended 31 October 1997 includes the share of profit of an associated company of RM4,000.*
- (vi) The lower effective tax rate in comparison to the statutory rate for the financial year ended 31 October 1995 is attributable to reinvestment allowance whilst lower effective tax rates in financial years ended 31 October 1996 to 1998 are principally due to relief from industrial building allowances and reinvestment allowances. No provision for taxation is made for the financial year ended 31 October 1999 as income derived in 1999 would be waived from income tax in accordance with the waiver granted under Income Tax (Amendment) Act 1999.*
- (vii) The proforma gross EPS and net EPS are computed based on the profit before tax and profit after tax respectively, divided by the number of shares assumed to be in issue of 35,000,000 shares after the Acquisition.*
- (viii) There were no extraordinary items in all the financial years under review.*

2.3 Principal Information Relating to the Public Issue

Share capital

	RM
Authorised	
100,000,000 ordinary shares of RM1.00 each	100,000,000
	=====
Issued and fully paid-up	
35,000,000 ordinary shares of RM1.00 each	35,000,000
To be issued pursuant to the Public Issue	
11,000,000 new ordinary shares of RM1.00 each	11,000,000

	46,000,000
	=====

Issue price per share **RM1.80**

Proforma Group NTA

Proforma Group NTA as at 31 October 1999 (after adjusting for the Acquisition and the Public Issue and deducting estimated listing expenses of RM1,300,000)	(RM'000)	65,908
Proforma Group NTA per share based on the issued and paid-up share capital of 46,000,000 shares	(RM)	1.43

Consolidated profit forecast Financial year ending 31 October 2000

Consolidated profit before taxation	(RM'000)	12,811
Consolidated profit after taxation	(RM'000)	10,211
<i>Based on weighted average number of shares</i>		
Weighted average number of shares in issue	('000)	38,958
Gross EPS	(sen)	32.88
Gross PE multiple based on the issue price of RM1.80 per share	(times)	5.47
Net EPS	(sen)	26.21
Net PE multiple based on the issue price of RM1.80 per share	(times)	6.87
<i>Based on enlarged share capital</i>		
Enlarged share capital	('000)	46,000
Gross EPS	(sen)	27.85
Gross PE multiple based on the issue price of RM1.80 per share	(times)	6.46
Net EPS	(sen)	22.20
Net PE multiple based on the issue price of RM1.80 per share	(times)	8.11

Dividend forecast
Financial year ending 31 October 2000

Dividend per share (tax-exempt)	(sen)	5.0
Dividend yield based on the issue price of RM1.80 per share	(%)	2.78
Net dividend cover	(times)	4.44

3.0 INVESTMENT CONSIDERATIONS

Prior to making an investment decision, potential investors should carefully consider, in the light of their own financial circumstances and objectives, all of the information in this Prospectus including but not limited to the following investment considerations :-

(a) **No prior market for Poh Huat shares**

Prior to this Public Issue, there has been no public market for Poh Huat shares. The issue price of RM1.80 per share for the Public Issue Shares has been determined after taking into consideration a number of factors, including but not limited to the Group's financial history, operating conditions, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market prices of companies engaged in businesses similar to that of the Group and the prevailing market condition.

There can be no assurance that the issue price will correspond to the price at which Poh Huat shares will be traded on the Second Board of the KLSE upon or subsequent to its listing or that an active market for Poh Huat shares will develop or, if developed, that such market will be sustained.

(b) **Political, economic, regulatory and environmental considerations**

Adverse developments in the political and economic conditions, the legal and environmental framework in Malaysia and other countries to which the Group exports its products could affect the financial prospects of the Group. Such uncertainties include risks of war, international trade regulations, fluctuation in interest, methods of taxation and currency exchange regulations.

(c) **Business risks**

The Poh Huat Group is also subject to risks inherent to the furniture industry such as the availability and increases in the price of raw materials and labour costs, change in customer taste, technology and competition from existing and new players.

Although the Poh Huat Group seeks to limit its business risks through investments in highly automated machinery or by having a large customer base, wide market network and prudent management policies, no assurance can be given that such measures currently undertaken by the Poh Huat Group will be effective in the future, given the fluid economic and business environment in which the Poh Huat Group operates.

(d) **Competition**

The Group's products face competition from local and foreign furniture manufacturers. Although the management of Poh Huat will continue to adopt the appropriate strategies to enhance its competitive advantage, there is no assurance that the Group will be able to maintain its existing pricing structure and market share in the local and export markets in the future.

(e) **Foreign currency exposure**

The Poh Huat Group is subject to foreign exchange fluctuations through the import of raw materials and exports of finished goods.

For the financial year ended 31 October 1999, approximately 61% of the total sales of the Poh Huat Group are exported, of which approximately 86% are denominated in USD, whilst imports account for approximately 6% of total raw materials costs. Provided that the RM continues to be pegged to the USD and the Group's sales continue to be largely denominated in USD, the Group's exposure to foreign currency risk will be minimal.

However there is no assurance that future foreign exchange fluctuations will not have adverse impact on the Group.

(f) **Dependency on key personnel**

The Company believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and senior management. The loss of any key members in the Group could adversely affect the Group's competitive advantage. However, every effort is presently being made to groom the younger members of the management team to ensure the availability of management resources for assured continuity and succession. The Poh Huat Group's future success will also depend on its ability to attract and retain skilled personnel.

(g) **Control by substantial shareholders**

Upon the completion of the Public Issue, Mr Tay Kim Huat and his brother, Mr Tay Kim Hau and persons associated with them will collectively hold a total of 35.79% of the issued and paid-up share capital of Poh Huat whilst Mr Ng Ah Poh will hold 14.94%. Depending on how they choose to vote and because of their shareholdings, the aforesaid shareholders will have significant influence on the outcome of certain matters requiring the vote of the Company's shareholders unless they abstain from voting by law and/or the relevant authorities.

(h) **Profit forecasts**

The profit forecast is based on assumptions which are deemed by the Directors of Poh Huat to be reasonable at this point in time. Since the profit forecast is based on subjective judgements and is inherently uncertain, there can be no assurance that the forecast will be realised. The actual results may be materially different from those forecasted. Investors must read and understand the assumptions and uncertainties underlying the profit forecast.

(i) **Disclosure of forward-looking statements**

This Prospectus contains forward-looking statements, i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

(j) **The Year 2000 (Y2K) bug**

As at the date of this Prospectus, the Y2K bug had no impact on the business operations and financial performance of the Poh Huat Group as the Group had taken steps toward ensuring that its internal information systems are Y2K compliant. The Y2K bug also had no impact on the operations of the share registrar of the Company, Malaysian Share Registration Services Sdn Bhd.

4.0 INTRODUCTION

This Prospectus is dated 24 February 2000. A copy of this Prospectus has been lodged with and registered by the Registrar of Companies, Malaysia who takes no responsibility for its contents. Approval has been obtained from the SC for the listing scheme of Poh Huat on 1 October 1999, details of which are disclosed in section 8.2 of this Prospectus. The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue. Investors are advised to make their own independent assessment of Poh Huat and should rely on their own evaluation to assess the merits and risks of any investment.

Approval-in-principle has been obtained from the KLSE on 14 February 2000 for admission to the Official List of the Second Board of the KLSE and for permission to deal in and for quotation of the entire issued and fully paid-up shares in Poh Huat, including the Public Issue Shares which are the subject of this Prospectus. These shares will be admitted to the Official List of the Second Board of KLSE and official quotation will commence after 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.

The SC and KLSE assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of Poh Huat or of its shares.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act, 1965, the KLSE has prescribed Poh Huat as a CDS security. In consequence thereof, the Public Issue Shares will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with aforesaid Acts and the Rules of the MCD. An applicant should state his/her CDS account number in the space provided in the Application Form if he/she presently has such an account and he/she should then not enter the preferred ADA code. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA code.

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

The distribution of this Prospectus and the sale of the Public Issue Shares are subject to Malaysian law and the Company takes no responsibility for the distribution of the Prospectus and the sale of the Public Issue Shares outside Malaysia. Persons into whose possession this Prospectus may come 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 offer to sell or invitation to buy any Public Issue Share 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 in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

5.0 SHARE CAPITAL

	RM
Authorised:-	
100,000,000 ordinary shares of RM1.00 each	100,000,000 =====
Issued and fully paid-up:-	
35,000,000 ordinary shares of RM1.00 each	35,000,000
To be issued pursuant to the Public Issue:-	
11,000,000 new ordinary shares of RM1.00 each	11,000,000 ----- 46,000,000 =====

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each. The Public Issue Shares rank pari passu in all respects with the other existing issued and fully paid-up ordinary shares of RM1.00 each of the Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of the ordinary 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 other distributions and in respect of the whole of any surplus in the event of the liquidation of the Company.

At any general meeting of the Company, every shareholder shall be entitled to vote in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder, shall have one vote and in the case of a poll, every shareholder present in person or by proxy or by attorney or by other duly authorised representative shall have one vote for each share held. A proxy may but need not be a member of the Company.

6.0 PARTICULARS OF THE PUBLIC ISSUE

6.1 Opening and closing of Application Lists

The Application Lists for the Public Issue will open at 10.00 a.m. on 8 March 2000 and will remain open until 8.00 p.m. on the same day or such further period or periods as the Directors of Poh Huat in their absolute discretion may decide.

6.2 Details of the Public Issue

The Public Issue is an invitation by the Company to eligible employees of the Poh Huat Group, persons who have contributed to the success of the Group, Bumiputera investors approved by MITI and the Malaysian investing public, to apply for the 11,000,000 Public Issue Shares at the issue price of RM1.80 per share payable in full upon application, based on the terms and conditions set out in this Prospectus. The Public Issue shall be subject to the terms and conditions of this Prospectus and upon acceptance, shall be allocated in the following manner :-

(a) **Approved Bumiputera investors**

3,300,000 of the Public Issue Shares have been reserved for Bumiputera investors approved by MITI.

(b) **Eligible employees of the Poh Huat Group and persons who have contributed to the success of the Group**

1,800,000 of the Public Issue Shares have been reserved for eligible employees of the Poh Huat Group as well as persons who have contributed to the success of the Group.

(c) **Malaysian public**

5,900,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

In the event that any of the shares under paragraph (b) above is not taken up by the eligible employees of the Poh Huat Group and persons who have contributed to the success of the Group, such number of unsubscribed shares will be made available for application by the Malaysian public stated in paragraph (c) above.

6.3 Basis of arriving at the Public Issue Price

The issue price of RM1.80 per share was determined and agreed upon by the Company and MIMB, as Adviser and Managing Underwriter, after taking into consideration the following factors :-

- (i) the Group's financial and operating history and conditions;
- (ii) the Malaysian and world economy, the prospects of the wood-based furniture industry and the future plans of the Group;
- (iii) the forecast net PE multiple of 6.87 times based on the forecast net EPS of 26.21 sen computed based on the weighted average number of shares in issue of 38,958,334 shares;
- (iv) the proforma Group NTA of RM65.908 million or RM1.43 per share as at 31 October 1999; and
- (v) the forecast net dividend yield of 2.78%.

6.4 Purposes of the Public Issue

The purposes of the Public Issue are as follows:-

- (a) To enable Poh Huat to gain access to the capital markets to tap external sources of debt and equity funds for the present and future expansion, diversification, modernisation and continued growth of the Poh Huat Group;
- (b) To obtain listing of and quotation for the entire issued and paid-up share capital of Poh Huat on the Second Board of the KLSE ; and
- (c) To provide an opportunity for the Bumiputera investors approved by MITI, eligible employees of the Poh Huat Group, persons who have contributed to the success of the Group and the Malaysian public to participate in the equity and continuing growth of the Poh Huat Group.

6.5 Proceeds of the Public Issue

The Public Issue will raise an estimated gross proceed of RM19,800,000 which will be utilised in the following manner :-

	<i>Note</i>	Total RM'000
Refinance construction of a factory building-cum-office together with electrical and fire fighting installations	<i>(a)</i>	3,200
Refinance the purchase of machinery, equipment and ancillary installations	<i>(b)</i>	9,000
Repayment of bank borrowings	<i>(c)</i>	6,200
Estimated listing expenses		1,300
Working capital		100

Total		19,800
		=====

Notes :-

- (a) *The new factory cum office is located at Lots PTD 1547 & 1548, Bukit Pasir Industrial Estate, Muar, Johor Darul Takzim with a total land area of 4.75 acres. The total built-up area of the new factory building-cum-office is approximately 157,691 sq.ft. This new factory, which commenced operation in April 1999, houses the Group's new production facilities for SOHO and entertainment furniture sets*

The total cost of construction of the new factory and purchase of electrical and fire fighting installations amounts to RM3.48 million. A term loan totalling RM3.20 million was secured to finance the construction of the new factory, of which RM2.671 million is outstanding as at 11 February 2000. Balance proceeds after the foregoing repayment will be utilised for working capital of the Group.

Interest savings arising from the refinancing of the construction of the new factory is estimated to be approximately RM389,000 based on the interest rate as at 11 February 2000 of 8.3% per annum.

- (b) *The machinery purchased are as follows :-*

Type of Machinery/Equipment/ Installations	RM
<i>1 line of sanding machines</i>	<i>1,427,424</i>
<i>1 integrated spray line</i>	<i>1,470,000</i>
<i>1 short-cycle (veneer lamination) line.</i>	<i>2,015,018</i>
<i>Veneer preparation line</i>	<i>2,144,890</i>
<i>1 unit of double ended tenoner.</i>	<i>931,122</i>
<i>Dust collection and ancillary system.</i>	<i>280,000</i>
<i>Roller conveyors.</i>	<i>219,000</i>
<i>4 units of compressors.</i>	<i>315,500</i>
<i>1 set of generator.</i>	<i>280,000</i>

Total	9,082,954
	=====

New machinery and equipment were purchased from Germany and Italy to replace some existing machinery and for the manufacture of new series of office and home furniture. The purchase of new machinery and equipment was initially financed through RM6.31 million of irrevocable letters of credit and internally generated funds of RM2.77 million. As at 11 February 2000, the total outstanding banking facilities for the said purchases amounted to RM5.49 million. Balance proceeds after the foregoing repayment will be utilised for working capital of the Group.

The new machinery, which was installed in November 1998, will improve the production efficiency of Poh Huat and reduce its reliance on labour. The new machinery and equipment has an installed production capacity of 7,500 units per month.

Interest savings arising from the refinancing of the purchase of machinery, equipment and installations is estimated to be approximately RM2.18 million based on the interest rate as at 11 February 2000 of 8.3% per annum.

(c) *Poh Huat will utilise RM6.20 million of the Public Issue proceeds to repay part of the bank borrowings secured to finance the acquisition of land and machinery and construction of a factory building. As at 11 February 2000, Poh Huat has repaid approximately RM952,000 of the RM6.20 million bank borrowings using its working capital. Hence, the bank borrowings outstanding as at 11 February 2000 is RM5.25 million. Balance proceeds after the foregoing repayment will be utilised for working capital of the Group.*

Interest savings arising from the repayment of bank borrowings is estimated to be approximately RM312,000 based on the interest rates as at 11 February 2000 which range from 8.3% to 8.5% per annum

6.6 **Brokerage and underwriting commission**

Brokerage is payable by the Company at the rate of 1.0% of the issue price of RM1.80 per share in respect of successful applications bearing the stamp of MIMB, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

The Managing Underwriter and the Underwriters as mentioned in section 1.0 of this Prospectus have agreed to underwrite 5,900,000 Public Issue Shares which are available for subscription by Malaysian citizens, companies, co-operatives, societies and institutions. Underwriting commission is payable by the Company at the rate of 1.5% of the issue price of RM1.80 per share.

The shares under section 6.2(a) above will not be underwritten. In the event that any of the 1,800,000 shares under section 6.2(b) above is not subscribed, the Managing Underwriter has further agreed to underwrite any of the shares not subscribed at the rate of 1.5% of the issue price of RM1.80 per share.

7.0 MORATORIUM ON THE SALE OF SHARES

In approving the application for the listing of Poh Huat on the Second Board of the KLSE, the SC has imposed a moratorium on the disposal of shares by major shareholders/promoters of Poh Huat.

Under the terms of the moratorium, the shareholders/promoters will not be allowed to sell, transfer or assign their shareholdings in Poh Huat amounting to 20,700,000 shares representing 45% of the issued and paid-up share capital of Poh Huat of 46,000,000 shares for a period of 1 year from the date of admission of Poh Huat to the Official List of the Second Board of the KLSE. Thereafter, the shareholders are permitted to sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings under moratorium. The restriction is specially endorsed on the share certificates representing the respective shareholdings of Poh Huat which are under moratorium, as follows:-

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

The shareholding of the shareholders which are under moratorium as imposed by KLSE are as follows:-

Shareholders	After Public Issue		No. of shares in Poh Huat under moratorium							
	No. of shares	%	*Year 1		Year 2		Year 3		Year 4	
			No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tay Kim Huat	9,859,757	21.43	6,935,000	15.08	4,623,333	10.05	2,311,667	5.03	-	-
Tay Kim Hau	3,869,384	8.41	2,722,000	5.92	1,814,667	3.95	907,333	1.97	-	-
Ng Ah Poh	6,871,951	14.94	4,833,000	10.50	3,222,000	7.00	1,611,000	3.50	-	-
Sewina Sdn Bhd	10,500,000	22.83	6,210,000	13.50	4,140,000	9.00	2,070,000	4.50	-	-
Total	31,101,092	67.61	20,700,000	45.00	13,800,000	29.99	6,900,000	15.00	-	-

* *Moratorium on disposal, transfer and assignment of Poh Huat shares for 1 year from the date of admission of Poh Huat to the Official List of the Second Board of the KLSE.*

By their letters dated 30 December 1999, Mr Tay Kim Huat, Mr Tay Kim Hau, Mr Ng Ah Poh and Sewina Sdn Bhd have given their undertaking to the SC to comply with the abovementioned terms relating to the sale of their shares under moratorium as outlined above. The shareholders of Sewina Sdn Bhd have also given their undertakings to the SC, vide their letters dated 20 December 1999 that they will not sell, assign or transfer their shareholdings in Sewina Sdn Bhd from the date of admission of Poh Huat to the Official List of the Second Board of the KLSE to the expiry of the moratorium period imposed by the SC on the sale of shares of Poh Huat.

8.0 INFORMATION ON THE POH HUAT GROUP

8.1 Information on Poh Huat

Poh Huat was incorporated in Malaysia under the Companies Act, 1965 on 15 August 1997 as a private limited company under the name of Singscape Sdn Bhd. The Company was converted to a public limited company on 20 October 1997 and assumed the name of Singscape Berhad. On 15 November 1999, the Company changed its name to Poh Huat Resources Holdings Berhad. The Company's principal activity is investment holding.

8.2 Public Listing exercise

In conjunction with and as an integral part of the listing exercise of Poh Huat on the Second Board of the KLSE, the Company implemented the following exercises which were approved by the SC on 1 October 1999, the FIC on 11 September 1999 and the MITI on 18 August 1999:-

(a) Revaluation of landed properties

PH Furniture and Yee Lu Fah undertook a revaluation of their landed properties. Based on valuation reports by an independent firm of valuers, Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd, prepared on the comparison, cost and investment methods, the landed properties of PH Furniture and Yee Lu Fah were restated to its open market value of RM22,135,000.

The above revaluation resulted in a surplus of RM9,100,364 over the audited net book value as at 31 October 1998 of RM16,718,395. The said revaluation surplus has been incorporated into the accounts of the companies concerned for the financial year ended 31 October 1999, of which RM4,545,608 and RM4,554,756 is attributable to PH Furniture and Yee Lu Fah respectively. Details of the landed properties are set out in section 8.7 of this Prospectus.

(b) Revaluation of investment in subsidiary company

PH Furniture has also revalued its investment in its wholly-owned subsidiary, Yee Lu Fah, by incorporating the surplus arising from the revaluation of the landed properties of Yee Lu Fah into its audited accounts for the financial year ended 31 October 1999, details as follows:-

	RM
Audited NTA of Yee Lu Fah as at 31 October 1998	1,187,528
Revaluation surplus of landed properties owned by Yee Lu Fah	4,554,756

	5,742,284
Less: PH Furniture's cost of investment in Yee Lu Fah	(1,300,000)

Surplus on revaluation of investment in Yee Lu Fah	4,442,284
	=====

(c) Acquisition

Poh Huat acquired the entire issued and paid-up share capital of PH Furniture comprising 6,150,000 ordinary shares of RM1.00 each for a total consideration of RM43,114,231 which was fully satisfied by the issue of 34,999,998 new shares in Poh Huat at an issue price of approximately RM1.23 per share. The Acquisition was completed on 8 December 1999. The total purchase consideration was fully satisfied by the allotment and issue of new shares in Poh Huat in the following manner :-

Vendor	Shareholding in ----PH Furniture----		New Poh Huat --- shares issued ---	
	No. of shares	%	No. of shares	%
Sewina Sdn Bhd	1,845,000	30.00	10,499,999	30.00
Tay Kim Huat	1,732,500	28.17	9,859,756	28.17
Ng Ah Poh	1,207,500	19.63	6,871,951	19.63
Tay Kim Hau	679,906	11.06	3,869,384	11.06
Toh Bee Ching	276,750	4.50	1,575,000	4.50
Toh Ker Sin	204,172	3.32	1,161,954	3.32
Loi Hui Kim	204,172	3.32	1,161,954	3.32
Total	6,150,000	100.00	34,999,998	100.00
	=====	=====	=====	=====

The purchase consideration of RM43,114,231 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated NTA of PH Furniture as at 31 October 1998 of RM34,013,867 adjusted for the revaluation surplus of RM9,100,364 arising from the revaluation of landed properties .

The issue price of approximately RM1.23 per Poh Huat share was arrived at after considering the retention of reserves required under the guidelines of the SC. The 2 subscriber shares have been transferred to Mr Tay Kim Huat and Sewina Sdn Bhd.

The 34,999,998 new ordinary shares of RM1.00 each in Poh Huat were issued free from all charges, liens and encumbrances and rank pari passu in all respects with the existing ordinary shares of Poh Huat and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

(d) Public Issue

Poh Huat will undertake a public issue of 11,000,000 new shares at an issue price of RM1.80 per share to Bumiputera investors approved by MITI, eligible employees, persons who have contributed to the success of the Company and the Malaysian investing public under the terms and conditions of this Prospectus.

(e) Listing on the KLSE

Poh Huat has received the in-principle approval of the KLSE for the listing of and quotation for its entire issued and paid-up share capital of RM46,000,000 comprising 46,000,000 shares of RM1.00 each on the Second Board of the KLSE.

8.3 Share capital of Poh Huat

(a) **Authorised share capital**

The present authorised share capital of Poh Huat is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each.

(b) **Issued and paid-up share capital**

The present issued and paid-up share capital of Poh Huat is RM35,000,000 comprising 35,000,000 ordinary shares of RM1.00 each. Details of changes in its paid-up share capital since incorporation are as follows :-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Resultant issued and paid-up share capital RM
15.08.97	2	1.00	Subscribers' shares	2
08.12.99	34,999,998	1.00	Shares issued at approximately RM1.23 per share in consideration for the acquisition of PH Furniture	35,000,000

8.4 Subsidiary and associated companies

The details of the subsidiary and associated companies of Poh Huat as at the date of this Prospectus, are set out below :-

Name	Date/ Place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
<i>Subsidiary of Poh Huat</i>				
PH Furniture	10.06.1992/ Malaysia	RM6,150,000	100.00	Manufacture and sale of office and home furniture.
<i>Subsidiary of PH Furniture</i>				
Yee Lu Fah	16.12.1991/ Malaysia	RM265,000	100.00	Property investment and dealers in furniture

Save as disclosed above, Poh Huat does not have any other subsidiary or associated company as at the date of this Prospectus.

8.5 Information on PH Furniture

(a) History and business

PH Furniture was incorporated in Malaysia under the Companies Act, 1965 on 10 June 1992 as a private limited company under its present name. The present authorised share capital of PH Furniture is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 of which 6,150,000 ordinary shares of RM1.00 each are issued and fully paid-up.

The principal activities of PH Furniture are the manufacture and trading of office furniture and home products for the export and local markets. PH Furniture also manufactures SOHO furniture and entertainment furniture sets using solid wood, particleboard and natural veneer.

(b) Changes in share capital

The changes in the issued and paid-up share capital of PH Furniture since incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Resultant issued and paid-up share capital RM
10.06.92	2	1.00	Subscribers' shares	2
18.12.92	49,998	1.00	Rights issue at par (24,999 for 1)	50,000
18.08.93	150,000	1.00	Rights issue at par (3 for 1)	200,000
22.06.94	200,000	1.00	Rights issue at par (1 for 1)	400,000
23.01.95	500,000	1.00	Rights issue at par (5 for 4)	900,000
29.03.95	500,000	1.00	Rights issue at par (5 for 9)	1,400,000
02.05.95	400,000	1.00	Cash	1,800,000
08.06.95	450,000	1.00	Bonus Issue (1 for 4)	2,250,000
28.09.95	550,000	1.00	Cash	2,800,000
17.07.96	1,300,000	1.00	Shares issued at par in consideration for the acquisition of Yee Lu Fah	4,100,000
28.08.97	2,050,000	1.00	Rights issue at par (1 for 2)	6,150,000

(c) Profit and dividend record

The following table, which has been extracted from the Accountants' Report in section 14 of this Prospectus, is a summary of the results of the PH Furniture Group prepared based on the audited accounts for the past 5 financial years ended 31 October 1995 to 1999.

	<----- Financial year ended 31 October ----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	20,095 =====	45,538 =====	80,472 =====	72,767 =====	91,578 =====
Profit before taxation	2,006	6,190	13,350	13,501	11,890
Taxation	(4)	(1,137)	(2,866)	(766)	(3)
Profit after taxation	----- 2,002 =====	----- 5,053 =====	----- 10,484 =====	----- 12,735 =====	----- 11,887 =====
Weighted average number of shares in issue ('000)	1,785	3,180	4,465	6,150	6,150
Gross EPS (RM)	1.12	1.95	2.99	2.20	1.93
Net EPS (RM)	1.12	1.59	2.35	2.07	1.93
Gross dividend rate (%)	-	-	-	30	125

Notes:-

- (i) *The increase in the turnover of PH Furniture for the financial year ended 31 October 1996 compared to the financial year ended 31 October 1995 is mainly attributable to the increase in production capacity following the construction of 2 new factories and the expansion in the local and overseas distribution network. The increase in profit before tax in financial year ended 31 October 1996 was mainly due to the improved gross profit margin as a result of the decline in the cost of particleboard, improved production efficiency and economies of scale achieved through the expansion in its business operation.*
- (ii) *The increase in turnover and profit before tax in financial year ended 31 October 1997 was mainly due to the strong demand for its products, further reduction in material cost, better production efficiency and economies of scale.*
- (iii) *Despite the decline in turnover for the financial year ended 31 October 1998, PH Furniture was able to sustain its profit before tax by increasing the sale of high-end furniture series and customised products to overseas customers, savings on raw material costs arising from cash discounts given by suppliers for cash purchases, cost reduction measures undertaken and improvement in production efficiency.*
- (iv) *For financial year ended 31 October 1999, the turnover increased significantly mainly as a result of the launch of a range of SOHO and entertainment sets furniture which are manufactured in the new factory located at Lot PTD 1547 and 1548, Bukit Pasir Industrial Estate, Muar, Johor Darul Takzim and the increase in demand from the domestic market following the economic recovery in Malaysia*

Notwithstanding the increase in turnover, the profit before taxation declined mainly due to the initial set-up costs incurred as a result of the establishment of the abovesaid new factory and the low level of production achieved by the new factory during its initial months of operations.

- (v) *The profit before taxation for financial year ended 31 October 1997 includes the share of profit of an associated company of RM4,000.*
- (vi) *The lower effective tax rate in comparison to the statutory rate for the financial year ended 31 October 1995 is attributable to reinvestment allowance whilst lower effective tax rates in financial years ended 31 October 1996 to 1998 are principally due to relief from industrial building allowances and reinvestment allowances. No provision for taxation is made for the financial year ended 31 October 1999 as income derived in 1999 would be waived from income tax in accordance with the waiver granted under Income Tax (Amendment) Act 1999.*
- (vii) *There were no extraordinary items in all the financial years under review.*
- (viii) *There were no group accounts prepared for the financial year 1995 as PH Furniture only acquired Yee Lu Fah during the financial year of 1996.*
- (ix) *Dividends declared in financial years ended 31 October 1998 and 1999 are tax-exempt.*

(d) Subsidiary and associated companies

As at the date of this Prospectus, PH Furniture has only one subsidiary company, namely Yee Lu Fah, and no associated company.

(e) Employees

As at 11 February 2000, PH Furniture has a total of 730 employees.

8.6 Information on Yee Lu Fah

(a) History and business

Yee Lu Fah was incorporated in Malaysia under the Companies Act, 1965 on 16 December 1991 as a private limited company under its present name. At present, the authorised share capital of Yee Lu Fah is RM500,000 comprising 500,000 ordinary shares of RM1.00, of which RM265,000 comprising 265,000 ordinary shares of RM1.00 each are issued and fully paid-up.

The principal activities of Yee Lu Fah are property investment and the distribution of furniture manufactured by PH Furniture.

(b) Changes in share capital

The changes in the issued and paid-up share capital of Yee Lu Fah since incorporation are as follows :-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Resultant issued and paid-up share capital RM
16.12.91	2	1.00	Subscribers' shares	2
01.07.92	2,998	1.00	Cash	3,000
13.06.95	262,000	1.00	Cash	265,000

(c) Profit and dividend record

The audited profit and dividend records of Yee Lu Fah for the financial years ended 31 May 1995 and 31 May 1996, the 17 months financial period ended 31 October 1997 and the financial years ended 31 October 1998 and 1999 are summarised as follows:-

	Financial --- year ended ---		17 months ended	Financial --- year ended ---	
	31.05.95	31.05.96	31.10.97	31.10.98	31.10.99
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	573	4,237	3,375	3,715
(Loss)/Profit before taxation	(6)	149	592	388	1,067
Taxation	-	(34)	(54)	(112)	(2)
(Loss)/Profit after taxation	(6)	115	538	276	1,065
Number of shares in issue ('000)	3	265	265	265	265
(Gross loss per share)/ Gross EPS (sen)	(200)	56.23	157.69*	146.42	402.64
(Net loss per share)/ Net EPS (sen)	(200)	43.40	143.31*	104.15	401.89
Gross dividend rate (%)	-	-	-	-	-

* - Annualised

Notes:-

- (i) *The financial year end of Yee Lu Fah was changed to 31 October in 1997 to be co-terminus with that of its holding company, PH Furniture.*
- (ii) *The increase in turnover and profit before taxation for the financial period ended 31 October 1997 was the result of the expansion in its trading operations following the appointment of new agents.*
- (iii) *The lower effective tax rate in comparison to the statutory rate for the financial year ended 31 October 1995 is attributable to reinvestment allowance whilst lower effective tax rates in financial years ended 31 October 1996 to 1998 are principally due to relief from industrial building allowances and reinvestment allowances. No provision for taxation is made for the financial year ended 31 October 1999 as income derived in 1999 would be waived from income tax in accordance with the waiver granted under Income Tax (Amendment) Act 1999.*
- (iv) *There were no extraordinary items during all the financial years/period under review.*

(d) Subsidiary and associated companies

As at the date of this Prospectus, Yee Lu Fah does not have any subsidiary or associated company.

(e) Employees

As at 11 February 2000, Yee Lu Fah does not have any employee and all its functions are undertaken by the employees of PH Furniture.

8.7 Summary of properties

Details of the properties of the Poh Huat Group are as follows :-

Owner/Location	Description/Existing Use	Land Area (Acres)	Built-up Area of Building/ Age of Building	Tenure of land	NBV as at 31.10.98 RM	NBV as at 31.10.99 RM	Open Market Valuation Approved by the SC RM	SC Approved Revaluation Surplus Based on NBV as at 31.10.98 RM
PH Furniture								
Lot PTD. No. 1502 Bukit Pasir Industrial Estate Mukim of Sungai Terap District of Muar, Johor	Industrial land with a warehouse, an office block and ancillary buildings	2.66	70,176 sq.ft. / 3 years	Leasehold expiring on 20.5.2056	2,995,796	2,936,456	5,070,000	2,074,204
Lot PTD. No. 1531 Bukit Pasir Industrial Estate Mukim of Sungai Terap District of Muar, Johor	Industrial land erected with 2 blocks of single-storey factory buildings and ancillary buildings.	2.36	68,544 sq.ft. / 3 years	Leasehold expiring on 5.9.2056	2,606,787	2,554,181	5,340,000	2,733,213
Lot PTD. No. 1547 & 1548 Bukit Pasir Industrial Estate Mukim of Sungai Terap District of Muar, Johor	Industrial land with a factory building with ancillary buildings.			Leasehold expiring on 5.9.2056				
- land - buildings		4.75	- 157,691 sq.ft. / 1 year		3,056,809 3,683,759	3,030,521 4,225,066	2,795,000	(261,809)
Subtotal		9.77	296,411	-	12,343,151	7,255,587	13,205,000	4,545,608
Yee Lu Fah								
Lot PTD. No. 1546 Bukit Pasir Industrial Estate Mukim of Sungai Terap District of Muar, Johor	Industrial land with a block of single storey factory building together with an office block and ancillary buildings.	4.00	125,034 sq.ft. / 3 years	Leasehold expiring on 5.9.2056	4,375,244	4,288,314	8,930,000	4,554,756
Total		13.77	421,445		16,718,395	11,543,901	22,135,000	9,100,364

The open market values are based on the valuation reports dated 15 October 1997 and 22 June 1999, letters of update dated 12 February 1998 and letters of validation dated 17 June 1999 and 26 July 1999 prepared by Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd using the comparison, cost and investment methods of valuation and are approved by the SC. The valuation certificate from Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd on the above properties is set out in section 13.0 of this Prospectus.

The surplus arising on the revaluation of the above properties which amounted to RM9,100,364 has been incorporated into the accounts of PH Furniture and Yee Lu Fah for the financial year ended 31 October 1999.

8.8 Working capital, borrowings, contingent liabilities and capital commitments

(a) Working capital

The Directors of Poh Huat are of the opinion that after taking into account the cashflow projections, banking facilities available as well as the net proceeds from the Public Issue, the Group will have adequate working capital for its present and foreseeable future requirements.

(b) Borrowings

As at 11 February 2000 (being the latest practicable date prior to the printing of this Prospectus), the total outstanding bank borrowings, overdraft and banking facilities of the Group amount to RM23,424,100.

(c) Contingent liabilities

As at 11 February 2000 (being the latest practicable date prior to the printing of this Prospectus), the Poh Huat Group does not have any contingent liabilities, loan capital or convertible debt securities outstanding or created but not issued nor any mortgages or charges or guarantees save for guarantees given to Tenaga Nasional Berhad and Kastam dan Eksais DiRaja Malaysia amounting to RM681,250.

(d) Capital commitments

As at 11 February 2000 (being the last practicable date at which such amounts could be calculated prior to the printing of this Prospectus) the Company has not authorised any capital expenditure and contracted for, but not provided for in the accounts of Poh Huat.

8.9 Directors, senior management and employees

(a) Board of Directors

Dato' Hj. Zakariya bin Mohamed, aged 51, was appointed as Chairman of Poh Huat on 9 December 1999

He obtained his Diploma in Office Management from the MARA Institute of Technology in 1969. He started his career as an Assessment Officer with the Inland Revenue Department (IRD) in 1969 and has held various positions during his 24 years with the IRD.

During his tenure with the IRD, he has won numerous service awards including Best/ Outstanding Executive (1992) and Best Government Department in the State of Malacca (1991) and Best Branch Performance for the IRD for his branch, before retiring as a Director of the IRD in 1994. Subsequent to his retirement from the IRD, he has been involved in several property and investment ventures and is presently a director of several private limited companies. He was appointed to the Board of PH Furniture on 28 February 1998, a position he holds until now.

Tay Kim Huat, aged 44, was appointed as the Managing Director of Poh Huat on 9 December 1999.

Mr Tay Kim Huat has more than 17 years of experience in managing the furniture business. He is the founder and Managing Director of the PH Furniture Group and is actively involved in all aspect of the PH Furniture Group's operations, particularly in the areas of purchasing, production planning and control and marketing. He has been the main driving force behind the continuous introduction of new product lines and was instrumental in expanding the manufacturing operations of PH Furniture. Under his leadership, the PH Furniture Group has grown to be one of the major Malaysian exporters of office furniture. He also sits on the board of several other private companies.

Tay Kim Hau, aged 52, was appointed as an Executive Director of Poh Huat on 9 December 1999.

After the completion of his education in Muar in 1968, he joined Nippon Paint (M) Sdn Bhd as a production supervisor and was promoted to various position before resigning in 1996 as a Factory Manager of Nippon Paint (M) Sdn Bhd to join PH Furniture as its General Manager. Nippon Paint (M) Sdn Bhd is mainly involved in the manufacturing and sale of paint. He was appointed to the Board of PH Furniture on 28 February 1998 and is presently entrusted with the overall management of the operations of PH Furniture including the daily production planning, control and manufacturing activities of PH Furniture as well as capital budgeting and expenditure, human resources planning and recruitment.

Ng Ah Poh, aged 48, was appointed as a Director of Poh Huat on 9 December 1999.

Between 1987 and 1999 Mr Ng Ah Poh was in partnership with Mr Tay Kim Huat to undertake interior renovation and production of various types of custom-made household furniture for the local furniture market. Together, in 1992 they formed PH Furniture and during PH Furniture's initial stage of operations, he was involved in the overseas marketing efforts of PH Furniture. At present, he is not involved in the daily operations of Poh Huat. He also has business interests in several private limited companies involved in the manufacture of biscuits and confectionery and investment holding.

Madzinah binti Mansor, PJK, aged 51, was appointed as an Independent Director of Poh Huat on 9 December 1999.

She commenced her nursing career in 1967 at the Johor Bahru Hospital. In 1984, she represented Malaysia in a nursing exchange programme organised by Association of South-East Asia Nations ("ASEAN") in Thailand. She was promoted to the position of Nursing Sister in 1986, a position she held until retirement on 1 April 1999.

Currently, she is the Executive Chairman of Persatuan Keluarga Polis ("PERKEP") of Pasukan Gerakan Am Brigade Polis DiRaja Malaysia in Sabah. She has also previously held the position of Executive Chairman of PERKEP of Polis DiRaja Malaysia in Raub, Muar and Johor Bahru.

Boo Chin Liong, aged 39, was appointed as an Independent Director of Poh Huat on 9 December 1999. Currently, 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 University of Malaya in 1985. Currently, he also sits on the board of Ramatex Berhad as well as several other private limited companies.

(b) **Senior management**

Details of the senior management team of the Group are as follows :-

Toh Kim Chong, aged 25, is the Factory Manager of PH Furniture. He has more than 8 years of work experience in the furniture industry. He was employed by PH Furniture as its Line Supervisor and has been promoted to various position in PH Furniture before being promoted to his current position of Factory Manager in April 1997. He is responsible for the daily management of production activities, product development and process improvement. He was also involved in the planning and the setting-up of the manufacturing facilities at the Bukit Pasir Industrial Estate.

Yeo Ann Siang, aged 39, is the Quality Control Manager of PH Furniture. He graduated with a Bachelor degree in Mechanical Engineering from the National University of Taiwan in 1984. Before joining PH Furniture in June 1997 as Quality Control Manager, he had worked with several companies involved in the manufacture of home and office furniture. As Head of the Quality Control Department of PH Furniture, he is responsible for the definition of product specifications and quality control programmes as well as the upgrading of quality control techniques and procedures.

Tay Keng Sing, aged 35, is the Industrial Engineer of PH Furniture. He obtained his Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College in 1989. He started his career as a Technical Engineer in 1990 with Gallant Electronic Company (M) Sdn Bhd, a manufacturer of electronic parts. In July 1993, he joined Koda Woodcraft Sdn Bhd, a manufacturer of solid wood based dining sets as an Industrial Engineer. He joined PH Furniture in July 1996 and he is presently responsible for overall machinery maintenance, production process improvement and the planning and design of production flow and machinery installation of PH Furniture.

Lee Jok Sian, aged 41, is the Marketing Manager of PH Furniture. He heads the Marketing Department of PH Furniture and is responsible for the development and co-ordination of overseas trade missions. During the 1995-1997 period, he spearheaded the overseas marketing efforts of PH Furniture which led to the expansion of PH Furniture's overseas distribution network. At present, he is responsible for the sales and credit control functions of PH Furniture and is actively involved in the development of the company's marketing and promotion programmes, customer relations and product development. Prior to his employment with PH Furniture in 1994, he worked with Koperasi Jayadiri Malaysia Berhad for 13 years, with his last held position as a Credit Control Manager.

Toh Bee Ching, aged 28, is the Assistant to the Managing Director of PH Furniture. She joined Poh Huat in 1992 and her responsibilities include overall office administration, marketing, finance as well as the management of the finance and shipping department of PH Furniture. She is also involved in the product development and marketing activities of the Group.

Choe Han Boon, aged 27, is the Accountant of PH Furniture. He graduated with a Bachelor of Business degree, majoring in Accountancy, Economics and Finance from the Royal Melbourne Institute of Technology, Australia in 1994. He is a Certified Public Accountant of the Australian Society of Certified Practising Accountants and a member of the Malaysian Institute of Accountants.

He was an Audit Senior with Price Waterhouse before he left to join PH Furniture in September 1997 as its Accountant. He is responsible for the overall administration of the finance and management reporting as well as Electronic Data Processing functions of the Poh Huat Group.

Koo Ley Pooli, aged 31, currently the Purchasing Manager of PH Furniture, is responsible for sourcing and procuring raw materials and inventory control. She graduated with a Diploma in Accounting in 1989. Prior to joining PH Furniture in June 1995, she was an Audit Senior in Farid Accounts and Tax Services, a public accounting firm in Johor Bahru.

Chua Hee Chew, aged 30, is the Personnel Manager of PH Furniture. He graduated with a Bachelor of Arts degree, majoring in Psychology and Sociology from the Universiti Kebangsaan Malaysia in 1993. He also holds a Diploma in Personnel Management from Newland International College, Johor. He joined PH Furniture in 1996 as its Personnel Officer and was promoted as the Personnel Manager on 1 April 1997. He is responsible for human resource planning and recruitment, administration of personnel, payroll and employees' welfare functions as well as general office administration and maintenance.

(c) **Relationships between Directors and management**

Mr Tay Kim Huat and Mr Tay Kim Hau are brothers whilst Mr Toh Kim Chong and Ms Toh Bee Ching are brother and sister. Save as disclosed, there are no family relationships between the Directors and the senior management team of the Poh Huat Group.

(d) **Employees**

As at 11 February 2000, the Group has a total of 730 employees of which 548 are local workers and 182 are foreign workers. The management and employees of the Group enjoy a good working relationship. None of the employees of the Group are unionised.

9.0 BUSINESS OVERVIEW

9.1 Principal products

PH Furniture is principally involved in the manufacture and trading of office furniture/office suites and home furniture. PH Furniture manufactures its own office and home furniture which are sold under the brand name "AT Office System" and "AT Home System" respectively. It also manufactures made-to-order home office furniture and entertainment sets to established foreign furniture distributors and retailers.

The AT Office System was introduced in 1992 and it presently has 12 series of office suites comprising basic/economy office suites, medium and high-end executive suites which cater to a broad range of customers. All the products under the AT Office System are designed on the concept of modularity. Customers have the flexibility to combine furniture from different series to accommodate the varied budget, space availability and users' requirements prevailing in modern offices.

To diversify its product base, PH Furniture launched its panel-based bedroom furniture, known as the "AT Home System" in 1997. At present, the AT Home System comprises 2 series of bedroom furniture, both of which are designed specifically for juniors, teenagers and young adults.

In 1998, PH Furniture introduced the "Open Plan System", one of the series of office furniture sold under the "AT Office System". The "Open Plan System" was designed under the concept of total office solution, whereby PH Furniture offers value-added service to its customers through the provision of complete customer specified workstation systems, which comprises office furniture manufactured by PH Furniture and outsourced complementary furniture and fixtures such as partition board, chairs, wiring system and installation services.

In 1999, PH Furniture started the manufacturing of made-to-order SOHO furniture and entertainment furniture sets for home use which are exported to the USA and European markets.

The "AT Office System" is a trademark registered under the Trade Marks Act 1976 and Trade Marks Regulations 1983, Class 20, Malaysia. Application to the Trademarks Registry for the registration of AT Home System has been made and is presently pending registration by the authorities.

An analysis of the turnover of the Poh Huat Group for the past 5 financial years ended 31 October 1995 to 1999 by principal products are set out below :-

	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
AT Office System	20,084	100.0	45,538	100.0	79,996	99.4	64,164	88.2	72,477	79.1
AT Home System	-	-	-	-	476	0.6	558	0.8	502	0.6
Entertainment sets	-	-	-	-	-	-	-	-	9,896	10.8
Special-made items	-	-	-	-	-	-	8,045	11.0	8,703	9.5
Total	20,084	100.0	45,538	100.0	80,472	100.0	72,767	100.0	91,578	100.0

9.2 Principal markets

At present, the products of the Group are exported to more than 60 countries in the world whilst local sales are made via a network of approximately 485 local distributors and retailers. The table below indicates the contribution of export and local sales to the Group's turnover for the past 3 financial years ended 31 October 1997 to 1999 :-

Destination	1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%
Africa	2,229	2.8	4,368	6.0	6,730	7.4
North and South America	289	0.3	1,106	1.5	1,042	1.1
Australia and Oceania	720	0.9	786	1.1	1,138	1.2
Europe	1,303	1.6	1,959	2.7	4,111	4.5
Middle East	7,546	9.4	11,469	15.8	16,160	17.7
Asia	30,166	37.5	24,920	34.2	26,374	28.8
Total export sales	42,253	52.5	44,608	61.3	55,555	60.7
Local sales	38,219	47.5	28,159	38.7	36,022	39.3
Total sales	80,472	100.0	72,767	100.0	91,577	100.0

9.3 Manufacturing facilities

Poh Huat operates from its own premises which are situated on 13.77 acres of industrial land located at Bukit Pasir Industrial Estate, Muar, Johor Darul Takzim. The Bukit Pasir Plant comprises 4 factory buildings, 2 office cum showroom buildings and ancillary buildings, with a combined built-up area of approximately 421,445 sq.ft. Poh Huat also rents a factory with a built-up area of 59,769 sq.ft. which is located on 2.23 acres of industrial land in the Bukit Pasir Industrial Estate. The rented factory is located next to its own premises (collectively to be known as "Bukit Pasir Plant").

The Bukit Pasir Plant, operating as an integrated production line on a single 10-hour shift per day 6 days per week, has an installed production capacity of approximately 90,000 units per month. At present, the Bukit Pasir Plant is operating at approximately 75.55% of its installed capacity, with actual production output of approximately 68,000 units per month.

Poh Huat's manufacturing processes are either fully automated or semi-automated. It employs a diverse range of modern and technologically-advanced machinery imported from Germany, Italy, Japan and Taiwan. The machines are designed for high volume, automated processing and deploy the latest technology in panel processing that allows design specifications of various products to be entered and stored as individual programmes for immediate or future production runs. The use of these machines and computer-aided manufacturing techniques also allow the use of optimum cutting techniques. This has enabled Poh Huat to promote high recovery of wood resources, reduce its production time and manual human intervention as well as minimise wastages.

As its ongoing effort to improve its production capability, Poh Huat has recently invested in new machinery/equipment costing more than RM10 million and constructed a new factory building costing RM3.2 million. The new factory and machinery will enable Poh Huat to cater for the growing demand from the huge international furniture market. The new machines employ computer-aided manufacturing techniques in the manufacturing of furniture. Part of the proceeds from the Public Issue will be used to refinance the purchase of the new machinery and construction of the new factory. Details of the utilisation of proceeds are disclosed in section 6.5 of this Prospectus.

9.4 Raw materials

The raw materials used by PH Furniture in the manufacture of furniture are mainly particleboard, medium density fibreboard ("MDF"), solid wood, veneer, edgings and mouldings and hardware. The economy and medium range of office furniture, which constitute a majority of its products, are made of particleboard whilst the high range furniture are made of veneer, solid wood and MDF.

Particleboard and MDF are engineered wood panels which are constituted from fine wood fibre or chips blended with synthetic resin, bonded together under heat and pressure in hot presses. These panels are supplied either in plain form (smooth, unfinished surfaces) or laminated with natural wood veneer or decorative papers or impregnated with melamine.

Currently, PH Furniture purchases approximately 65% of its particleboards locally whilst approximately 35% are sourced from Thailand.

10.0 PROSPECTS OF THE POH HUAT GROUP

10.1 Introduction

The principal activities of the Poh Huat Group comprise mainly of the manufacture and trading of office furniture/office suites and home furniture. Products of the Group are sold to both the local and export markets. Given its principal activities, the Group's future prospects are closely linked to the general domestic and world economic conditions and outlook and in particular, the local and international furniture industry.

10.2 The Malaysian economy

The Malaysian economy has recovered in 1999 from the severe deflationary impact of the regional financial crisis which resulted in a 7.5% contraction of the economy in 1998. Real Gross Domestic Product, which had contracted by an unprecedented 10.9% and 10.3% in the third and fourth quarters of 1998, registered a significant milder contraction of 1.3% in the subsequent first quarter before recovering with a positive growth of 4.1% in the second quarter of 1999.

(Source: Economic Report 1999/2000, Ministry of Finance, Malaysia)

The third quarter of 1999 recorded the highest rate of economic growth since the onset of the crisis in July 1997. In the third quarter of 1999, real Gross Domestic Products growth doubled to 8.1% on an annual basis as compared to the previous quarter of 4.1%. This shows that Malaysia is now completely out of the recession as economic activity is now above pre-crisis levels. The export led recovery has become more broad based with strong export growth registered in the manufacturing sector of 25.1%. Strong growth rates were also recorded in sub-sectors such as wood products (24.4%) and furniture products (32.8%).

The buoyant expansion of exports of manufactured goods was supported by strong demand from the USA, given the continued strong growth in the USA in contrast to earlier expectations of a slowdown. Demand from Europe, Japan as well as regional countries was also sustained.

(Source: Bank Negara Malaysia press release dated 24 November 1999)

10.3 The global economy

"The world economy appears to be on the mend following the global slowdown in 1998 in the wake of the Asian crisis, and the further bouts of financial turbulence and contagion associated with the Russian and Brazilian crises For all the Asian crisis economies, growth projections for 1999 have been revised up significantly. There has also been an upward revision of growth in Japan, where there was a significant rise in activity in the first half of 1999 following the steep contraction during 1997-98. And the projected strengthening of growth in Europe seems to be materialising, while the impressive U.S. expansion has continued, amid few signs of emerging price or wage pressures.

The many upward revisions to the earlier projections now point to global growth of about 3 percent in 1999, $\frac{3}{4}$ of 1 percentage point higher than in the May 1999 World Economic Outlook. Global growth thus appears to have bottomed out at 2.5 percent in 1998, in what the projections suggest will have been the mildest of the four slowdowns in the world economy in the past three decades, even though some countries have suffered particularly severe recessions. However, a great deal of uncertainty still attaches to the world economic outlook for the next couple of years. It is clear that the U.S. expansion has played a critically important role in moderating the global slowdown; but it is also clear that to forestall a build-up of domestic inflationary pressures and to contain the external current account deficit, the rate of growth in the United States will need to slow. "

(Source: International Monetary Fund, October 1999 World Economic Outlook)

10.4 The Malaysian furniture industry

The furniture export industry has grown from a cottage industry in the 1980s into a multi-billion Ringgit industry today. The local wooden furniture industry recorded a high growth of 30% per annum in exports over the last five years (since 1994), reaching a value of RM3.3 billion last year (1998) compared with only RM270 million in 1990. Exports of wooden furniture, billed as the "star" performer of the local timber industry, are expected to reach USD4.6 billion or RM17.48 billion in less than five years from just USD868.4 million or RM3.3 billion in 1998. *(Source : The Star 18 October 1999)*

Efforts have been taken by the Government to promote the value-added downstream activities of timber especially in the manufacturing of furniture for the domestic as well as the export market. The Government has made the industry attractive by offering various incentives under the promotion of Investment Act 1986 *(Source : Industry Briefs, Malaysian Industrial Development Authority - April 1996)*.

The National Economic Action Council has identified the furniture industry as one of the industries with export potential and that which utilises local resources. *(Source: National Economic Action Council press statement dated 28 March 1999)* Under the Second Industrial Master Plan, furniture manufacturing has been considered a priority sector with strong growth potential and a source of foreign exchange income-earner.

However, the future prospect for the Malaysian furniture industry will also be affected by its ability to compete with low cost manufacturers from China, Thailand and Indonesia and its ability to move up into the medium and higher market segments where manufacturers from countries such as Canada, Italy, Germany, Taiwan and France are able to command a premium over its products based on quality and design of products.

10.5 Future plans of the Poh Huat Group

For the year 2000, Poh Huat will emphasise on the following :-

(i) *Product development*

In order to stay competitive, emphasis is placed on product development and market research. Poh Huat will continue to diversify its products to provide a comprehensive range of office and home furniture whilst continuing to update the design of its products to meet the changing demands of its customers who come from different cultural background and lifestyles. The research and development team of Poh Huat has 9 members and is headed by Mr Tay Kim Huat.

(ii) *Market expansion*

The huge global market would provide opportunity for Poh Huat to expand its export market base. The recent investment in new machinery of more than RM10 million and the construction of new RM3.2 million factory building were made to expand the manufacturing capacity of the Group so that it could cater to the growing demands from the huge international furniture market.

Previously, the Poh Huat Group mainly export to non-traditional markets such as the Middle East and the African countries and sales to the USA and Europe markets were minimal. In the future, besides developing its non-traditional markets, Poh Huat plans to penetrate the high-end segment of the furniture market in USA and Europe through close collaboration with established foreign furniture distributors and retailers. Poh Huat plans to increase its market presence in the overseas market through active participation in trade missions and international furniture fairs.

11.0 FINANCIAL INFORMATION**11.1 Proforma consolidated profit records**

Set out below is a summary of the proforma results of the Poh Huat Group for the last 5 years ended 31 October 1995 to 1999, which has been extracted from the Accountants' Report in section 14.0 of this Prospectus and prepared based on the assumption that the Group has been in existence throughout the periods. The proforma consolidated results have been prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report.

	----- Financial year ended 31 October -----				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	20,095	46,111	80,472	72,767	91,578
	=====	=====	=====	=====	=====
Profit before taxation	2,000	6,470	13,350	13,501	11,890
Taxation	(4)	(1,137)	(2,866)	(766)	(3)
	-----	-----	-----	-----	-----
Profit after taxation	1,996	5,333	10,484	12,735	11,887
	=====	=====	=====	=====	=====
Number of shares assumed to be in issue ('000)	35,000	35,000	35,000	35,000	35,000
Gross EPS (sen)	5.71	18.49	38.14	38.57	33.97
Net EPS (sen)	5.70	15.24	29.95	36.39	33.96

Notes :

- (i) *The increase in the turnover of the Group for the financial year ended 31 October 1996 compared to the financial year ended 31 October 1995 is mainly attributable to the increase in production capacity following the construction of 2 new factories and the expansion in the local and overseas distribution network. The increase in profit before tax in financial year ended 31 October 1996 was mainly due to the improved gross profit margin as a result of the decline in the cost of particleboard, improved production efficiency and economies of scale achieved through the expansion in its business operation.*
- (ii) *The increase in turnover and profit before tax in financial year ended 31 October 1997 was mainly due to the strong demand for its products, further reduction in material cost, better production efficiency and improved economies of scale.*
- (iii) *Despite the decline in turnover for financial year ended 31 October 1998, the Group was able to sustain its profit before tax by increasing the sale of high-end furniture series and customised products to overseas customers, savings on raw material costs arising from cash discounts given by suppliers for cash purchases, cost reduction measures undertaken and improvement in production efficiency.*

- (iv) *For financial year ended 31 October 1999, the turnover increased significantly mainly as a result of the launch of a range of SOHO and entertainment sets furniture which are manufactured in the new factory located at Lot PTD 1547 and 1548, Bukit Pasir Industrial Estate, Muar, Johor Darul Takzim and the increase in demand for office furniture from the domestic market following the economic recovery in Malaysia.*
- Notwithstanding the increase in turnover, the profit before taxation declined mainly due to the initial set-up costs incurred as a result of the establishment of the abovesaid new factory and the low level of production achieved by the new factory during its initial months of operations.*
- (v) *The profit before taxation of the Group for financial year ended 31 October 1997 includes the share of profit of an associated company of RM4,000.*
- (vi) *The lower effective tax rate in comparison to the statutory rate for the financial year ended 31 October 1995 is attributable to reinvestment allowance whilst lower effective tax rates in financial years ended 31 October 1996 to 1998 are principally due to relief from industrial building allowances and reinvestment allowances. No provision for taxation is made for the financial year ended 31 October 1999 as income derived in 1999 would be waived from income tax in accordance with the waiver granted under Income Tax (Amendment) Act 1999.*
- (vii) *The proforma gross EPS and net EPS are computed based on the profit before tax and profit after tax respectively, divided by the number of shares assumed to be in issue of 35,000,000 shares after the Acquisition.*
- (viii) *There were no extraordinary items in all the financial years under review.*
- (ix) *No profit and loss account was prepared for Poh Huat as the Company has not commenced operations since its incorporation on 15 August 1997. All expenses incurred for the incorporation of the Company prior to the commencement of business have been deferred.*
- (x) *The results of Yee Lu Fah for financial years ended 31 May 1995, 1996 and 17-month period ended 31 October 1997 have been time-apportioned in order to be co-terminous with the financial year end of the Poh Huat Group*

11.2 Consolidated profit forecast and assumptions

The Directors of Poh Huat forecast that, barring unforeseen circumstances, the consolidated profit before taxation and consolidated profit after taxation for the financial year ending 31 October 2000 will be as follows :-

Consolidated profit before taxation	(RM'000)	12,811
Consolidated profit after taxation	(RM'000)	10,211
Weighted average number of shares in issue	('000 shares)	* 38,958
Gross EPS	(sen)	32.88
Net EPS	(sen)	26.21
Issue price per share	(RM)	1.80
Gross price earnings multiple	(times)	5.47
Net price earnings multiple	(times)	6.87

* - *Assumes that the Public Issue is completed in mid-March 2000.*

The principal bases and assumptions upon which Poh Huat's consolidated profit forecast have been prepared are as follows :-

1. There will be no significant changes in the present principal activities of the Group.
2. There will be no significant changes in the economic and political environments, both domestic and overseas, which will adversely affect the activities or performance of the Group or the market in which it operates.
3. There will be no significant changes in the present legislations and government regulations adversely affecting the activities of the Group or the market in which it operates.
4. There will be no significant fluctuations in inflation rates from the forecast level.
5. There will be no material changes in the selling prices of finished products, cost of materials, wages, costs of production and other related costs which will adversely affect the performance of the Group.
6. There will be no major industrial disputes, breakdown in the production facilities or disruption in the supply of raw materials and manpower or other abnormal factors, both domestic and overseas, which will adversely affect the activities and performance of the Group.
7. Existing financing facilities will remain available and the level of interest rates will not change materially from those prevailing.
8. Capital expenditure programmes are expected to take place according to schedule with no material changes in the costs or prices from the forecast levels. There will be no material acquisition or disposal of fixed assets and investments other than those budgeted.
9. There will be no significant changes in the present structure of direct and indirect taxation affecting the Group's activities or the market in which it operates and that the Group will continue to enjoy reinvestment allowance incentive during the period covered by the forecast.
10. There will be no significant changes in the management structure, staff turnover and accounting policies normally adopted by the Group.
11. The proceeds from the public issue will be received in mid-March 2000.

11.3 Accountant's letter on the consolidated profit forecast
(Prepared for inclusion in this Prospectus)



MEMBER FIRM OF
MALAYSIAN INSTITUTE OF ACCOUNTANTS



S C LIM
& company

林瑞宗會計公司

Date : 14th February, 2000

THE BOARD OF DIRECTORS
POH HUAT RESOURCES HOLDINGS BERHAD
(Formerly Known As Singscape Berhad)
1-10 (1st Floor), Jalan Arab
84000 Muar, Johor

Dear Sirs

**CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 OCTOBER 2000**

We have reviewed the accounting policies and calculations for the Consolidated Profit Forecast of POH HUAT RESOURCES HOLDINGS BERHAD and its subsidiary companies ("the Group"), for which the Directors are solely responsible, for the financial year ending 31 October 2000 as set out in the Prospectus to be dated 24 February 2000 in connection with the Public Issue of 11,000,000 new ordinary shares of RM 1.00 each in POH HUAT RESOURCES HOLDINGS BERHAD at an issue price of RM 1.80 per share and the listing of and quotation for the entire issued and paid-up share capital of 46,000,000 ordinary shares of RM 1.00 each in POH HUAT RESOURCES HOLDINGS BERHAD on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Consolidated Profit Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of assumptions made by the Directors set out in the above mentioned Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

S. C. LIM & CO.
AF 0681
Public Accountants

LIM SWEE CHONG
1177/12/00 (J)
Partner

Member of
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11.4 Dividend forecast and policy

It is the policy of the Directors of Poh Huat to recommend dividends so that shareholders can participate in the profits of the Group whilst at the same time, ensure that there are adequate reserves for the future growth of the Group.

Based on the consolidated profit forecast for the financial year ending 31 October 2000, the Directors of Poh Huat anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a tax exempt dividend of 5% on the enlarged share capital of RM46,000,000 comprising 46,000,000 shares.

The intended appropriation of the consolidated profit forecast for the financial year ending 31 October 2000 would be as follows :-

Financial year ending 31 October 2000	RM'000
Consolidated profit before taxation	12,811
Taxation	(2,600)

Consolidated profit after taxation	10,211
Proposed dividend of 5.0% (tax exempt)	(2,300)

Retained consolidated profit for the year	7,911
	=====
Net dividend cover (times)	4.44
Net dividend yield based on the issue price of RM1.80 per share (%)	2.78

11.5 Proforma consolidated balance sheets

The proforma consolidated balance sheets have been prepared for illustrative purposes based on the audited accounts of Poh Huat, PH Furniture and Yee Lu Fah as at 31 October 1999 and on the assumption that the Acquisition and the Public Issue had been effected on that date.

	Note	Audited balance sheet of Poh Huat as at 31 Oct 1999 RM'000	Proforma I After incorporation of the Acquisition RM'000	Proforma II After I and Public Issue RM'000
Share capital	2	*	35,000	46,000
Reserves	3	-	13,086	20,586
Shareholders' funds		*	48,086	66,586
Deferred taxation		-	830	830
Long-term liabilities		-	9,364	9,364
		*	58,280	76,780
Represented By :				
Fixed assets		-	49,043	49,043
Deferred expenditure		301	301	9
Intangible asset		-	669	669
Investment		-	26	26
		301	50,039	49,747
Current assets				
Stocks		-	20,346	20,346
Debtors		-	17,403	17,403
Fixed deposit with licensed bank		-	103	103
Cash and bank balances		*	10,277	29,069
		*	48,129	66,921
Current liabilities				
Creditors		301	18,164	18,164
Short-term borrowings		-	15,472	15,472
Provision for taxation		-	102	102
Proposed dividend		-	6,150	6,150
		301	39,888	39,888
NET CURRENT ASSETS/(LIABILITIES)		(301)	8,241	27,033
Total assets		-	58,280	76,780
Net tangible (liabilities)/ assets per share		(RM150,663)	RM1.35	RM1.43

Note : * This represents issued and paid-up capital of RM2.00

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 1999

1. The proforma consolidated balance sheets have been prepared for illustrative purposes based on the audited accounts of Poh Huat, PH Furniture and Yee Lu Fah as at 31 October 1999 and on the assumption that the following transactions had been effected as at 31 October 1999.
 - (a) Proforma I incorporates the following :-
 - (i) the revaluation of landed properties of PH Furniture and Yee Lu Fah based on valuation carried out by independent valuers in June/July 1999 and approved by Securities Commission on 1 October 1999. The revaluation surplus incorporated into Revaluation Reserves Account of the respective companies in the PH Furniture Group for the financial year ended 31 October 1999 amounted to RM9,100,364.
 - (ii) the revaluation by PH Furniture of its investment in Yee Lu Fah, a wholly owned subsidiary company, up to its net tangible assets (NTA) value as at 31 October 1998 incorporating the revaluation surplus arising from the revaluation of landed property of Yee Lu Fah. The revaluation surplus of RM4,442,284 arising from this revaluation has been incorporated into PH Furniture's accounts.
 - (iii) the acquisition of the entire issued and paid-up share capital of PH Furniture comprising 6,150,000 ordinary shares of RM1.00 each for a purchase consideration of RM43,114,231 based on the audited NTA of the Group as at 31 October 1998 adjusted for the incorporation of revaluation surplus of RM9,100,364 to be satisfied by the issuance of 34,999,998 new ordinary shares of RM 1.00 each in Poh Huat at an issue price of approximately RM1.23 per share.
 - (b) Proforma II incorporates Proforma I and the following :-
 - (i) the public issue of 11,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per share ;
 - (ii) the estimated listing expenses of RM1,300,000 are written off against the share premium reserve.
 - (c) The proforma consolidated balance sheets have been prepared based on accounting policies and bases consistent with those previously adopted by PH Furniture and its subsidiary.
 - (d) The proforma consolidated balance sheets have been prepared based on merger method of accounting in accordance to the provisions of the Malaysian Accounting Standard No. 2

2. Share Capital

The movement of the issued and fully paid-up share capital of Poh Huat after taking into account the acquisition of subsidiaries and public issue are as follows :-

	RM
As at 31 October 1999	2
Shares issued pursuant to the acquisition of the entire issued and fully paid-up capital of PH Furniture	34,999,998
Public Issue	11,000,000

Per proforma consolidated balance sheet (II)	46,000,000
	=====

3. Reserves

The merger reserve arising from the acquisition of the PH Furniture Group is as follows:-

	Total RM'000
Par value of shares issued	35,000
Par value of shares acquired	(6,150)

	28,850
	=====

The merger reserve has been set off against the following reserves :-

	Revaluation reserve RM'000	Share premium account RM'000	Retained profits RM'000	Total RM'000
Balance after the Acquisition	9,100	-	32,836	41,936
Share Premium upon public issue	-	8,800	-	8,800
	-----	-----	-----	-----
	9,100	8,800	32,836	50,736
Less :				
Merger reserve set off	(9,100)	-	(19,750)	(28,850)
Estimated listing expenses	-	(1,300)	-	(1,300)
	-----	-----	-----	-----
	-	7,500	13,086	20,586
	=====	=====	=====	=====

11.6 Reporting Accountants' letter on the proforma consolidated balance sheets
(Prepared for inclusion in this Prospectus)



MEMBER FIRM OF
MALAYSIAN INSTITUTE OF ACCOUNTANTS



S C LIM
& company

林瑞宗會計公司

Date : 14th February, 2000

THE BOARD OF DIRECTORS
POH HUAT RESOURCES HOLDINGS BERHAD
(Formerly Known As Singscape Berhad)
1-10 (1st Floor), Jalan Arab
84000 Muar, Johor

Dear Sirs

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 1999

We have reviewed the Proforma Consolidated Balance Sheets of POH HUAT RESOURCES HOLDINGS BERHAD and its subsidiary companies ("the Group") together with the notes hereto as at 31 October 1999, for which the Directors are solely responsible, as set out in the Prospectus to be dated 24 February 2000 in connection with the Public Issue of 11,000,000 new ordinary shares of RM 1.00 each in POH HUAT RESOURCES HOLDINGS BERHAD at an issue price of RM 1.80 per share and the listing of and quotation for the entire enlarged issued and paid-up share capital of POH HUAT RESOURCES HOLDINGS BERHAD comprising 46,000,000 ordinary shares of RM 1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the abovementioned Proforma Consolidated Balance Sheets together with the accompanying notes, which are provided for illustrative purposes only, have been prepared on a basis consistent with the accounting policies normally adopted by the Group and are presented in a form suitable for inclusion in the said Prospectus.

Yours faithfully,

S. C. LIM & CO.
AF 0681
Public Accountants

LIM SWEE CHONG
1177/12/00 (J)
Partner

S C LIM & CO Public Accountants Malaysia
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Prospectus
S.C. Lim & Co.
Accountants

12.0 DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)



POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)

PLO 1, Jarak Industrial Area, Mukim Sg. Raya, 84300 Bkt. Pasir, Muar, Johor, Malaysia.

Tel: 606-9859688, 9859628 Fax: 606-9859588, 9859630

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Registered Office :

1-10, 1st Floor

Jalan Arab

84000 Muar

Johor Darul Takzim

14 February 2000

The Shareholders of Poh Huat Resources Holdings Berhad

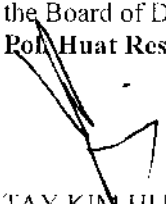
Dear Sir/Madam

On behalf of the Board of Directors of Poh Huat Resources Holdings Berhad, I report after due inquiry that during the period from 31 October 1999 (being the date to which the last audited accounts of the Company and its subsidiaries have been made up) to 14 February 2000 (being a date not earlier than fourteen (14) days before the issue of this Prospectus), that:

- (a) the business of the Company and its subsidiaries, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or its subsidiaries;
- (c) the current assets of the Company and its subsidiaries which appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have risen by reason of any guarantees given by the Company and/or its subsidiaries; and
- (e) save as disclosed in the Proforma Consolidated Balance Sheets of this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Company or its subsidiaries.

Yours faithfully,

For and on behalf of
the Board of Directors of
Poh Huat Resources Holdings Berhad



TAY KIM HUAT
Managing Director

13.0 VALUATION CERTIFICATE
(Prepared for inclusion in this Prospectus)

VALUATION CERTIFICATE

Date : 14 February 2000

The Board of Directors
Poh Huat Resources Holdings Berhad
1-10, 1st Floor, Jalan Arab
84000 Muar
Johor Darul Takzim

Dear Sirs

**VALUATION OF PROPERTIES BELONGING TO
POH HUAT RESOURCES HOLDINGS BERHAD**

The Certificate has been prepared for inclusion in the Prospectus of Poh Huat Resources Holdings Berhad to be dated 24 February 2000 in relation to the public issue of 11,000,000 ordinary shares of RM1.00 each in Poh Huat Resources Holdings Berhad at an issue price of RM1.80 per share.

In accordance with your instructions, we have assessed the Market Values of the landed properties set out below in conjunction with the listing of Poh Huat Resources Holdings Berhad on the Second Board of the Kuala Lumpur Stock Exchange. We have valued the aforesaid properties on 17th June 1999 and 26th July, 1999, the details of which are set out in our valuation reports bearing reference nos. MK/SC97/1108 to MK/SC97/1110 and MK/SC97/1111 respectively.

These valuation reports have been prepared in accordance with the requirements as set out in the Guidelines on Asset Valuation for submission to the Securities Commission and the Malaysian Valuation Standards as prescribed by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •
Project & Property Managers • Plant & Machinery Valuers • Auctioneers

Managing Director JORDAN LEE, XMN, Fism, Fics, Aapps, irrv, Msiav, Sov. Chairman JAAFAR ISMAIL, Fism, Fics, Director LEE THAM SING, Mism.

THOO SING CHOON, Fsva, Irrv, Acl, Arb, Fpos, Area, P. TANGGA PERAGASAM, Mism, Fics. CHIN LAI SITT, Fis (M), Fics, Irrv, LLB, (Hons). TH'NG KIM KOK, Mism, Fics.

Headquarter: Kuala Lumpur: Ground & Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-2556811 (12 lines) Fax No: 03-2556843

Other Offices: Selangor : 31, Jalan Kaper, 41400 Klang, Selangor Darul Ehsan. Tel: 03-3420860 (3 Lines) Fax: 03-3417888
N. Sembilan: 9A, Kompleks Negeri, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638890 Fax No: 06-7637936
Perak : Suite 3 & 5, Tingkat Kedua, Labroy House, Jalan Dato Sagor, 30000 Ipoh, Perak Darul Ridzuan. Tel: 05-2414826 (3 Lines) Fax No: 05-2556963
Johor : Suite 326, 3rd Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2232299 Fax: 07-2245899
Pahang : 17, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-555598 Fax No: 09-5142146
Penang : Lot 2.01, 2nd Floor, Southern Bank Building, 21, Lebuh Pantai, 10300 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax No: 04-2637644
Kuching : Lot 216 (2/F), Jalan Haji Taha, 93400 Kuching, Sarawak. Tel: 082-419200 & 419222 Fax No: 082-428315

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Other Colliers Offices: Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America.

13.0 VALUATION CERTIFICATE
(Prepared for inclusion in this Prospectus)

COLLIERS
JORDAN LEE & JAAFAR

We have valued the properties listed below with titles free from all legal encumbrances, using the Comparison, Investments and Cost Methods of Valuation (as appropriate) and are of the opinion that the Market Values of these properties are as follows:

<u>Property/ Ref. No.</u>	<u>Date of Valuation</u>	<u>Tenure/ Approximate Age of Building</u>	<u>Land Area/ Gross Built- up Area (Acre/Sq. ft)</u>	<u>Existing Use/ Description</u>	<u>Market Value (RM)</u>
Poh Huat Furniture Industries (M) Sdn Bhd					
HS (D) 21326, PTD 1502, Mukim of Sg. Terap, District of Muar, State of Johore MK/SC97/1108	17-06-1999	Leasehold, expiring on 20-05-2056 3 years	2.66 70,176	Industrial/ warehouse with a double-storey office annex and other ancillary buildings.	5,070,000
HS (D) 21958, PTD 1531, Mukim of Sg. Terap, District of Muar, State of Johore MK/SC97/1109	17-06-1999	Leasehold, expiring on 05-09-2056 3 years	2.3646 68,544	Industrial/ 2 blocks of single-storey factory with a pump-house.	5,340,000
HS (D) 21952, & 21962, PTD 1547 & 1548, Mukim of Sg. Terap, District of Muar, State of Johore MK/SC97/1111	26-07-1999	Leasehold, expiring on 05-09-2056	4.75	Industrial/ industrial land.	2,795,000

