

Draft
PROSPECTUS



LII HEN INDUSTRIES BHD.

(Company No: 301361-U)
(Incorporated in Malaysia under the Companies Act, 1965)

**PUBLIC ISSUE
OF 6,020,000 NEW ORDINARY SHARES OF RM1.00 EACH
AT AN ISSUE PRICE OF RM1.60 PER NEW ORDINARY SHARE
PAYABLE IN FULL ON APPLICATION**

AND

**RESTRICTED OFFER FOR SALE
OF 1,806,000 ORDINARY SHARES OF RM1.00 EACH
AT AN OFFER PRICE OF RM1.60 PER ORDINARY SHARE PAYABLE
IN FULL ON APPLICATION**

Adviser and Managing Underwriter



**PERDANA MERCHANT
BANKERS BERHAD**

(Company No: 169955-T)
[A Subsidiary of United Merchant Group Berhad (Company No. 286452-T)]
[An Associate of Hong Leong Credit Berhad (Company No. 8024-W)]

This Prospectus is Dated 20 March 2000

THE APPROVAL OF THE SECURITIES COMMISSION (“SC”) SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE OF 6,020,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.60 PER ORDINARY SHARE AND THE RESTRICTED OFFER FOR SALE OF 1,806,000 ORDINARY SHARES OF RM1.00 EACH AT AN OFFER PRICE OF RM1.60 PER ORDINARY SHARE IN **LII HEN INDUSTRIES BHD.** (“LHIB”). INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

THE ISSUE/OFFER PRICE OF RM1.60 PER SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY LHIB AND PERDANA MERCHANT BANKERS BERHAD AS THE ADVISER AND MANAGING UNDERWRITER BASED ON VARIOUS RELEVANT FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

A COPY OF THE PROSPECTUS HAS BEEN LODGED WITH AND REGISTERED BY THE REGISTRAR OF COMPANIES, MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENT.

THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”) ASSUMES 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 THE LHIB GROUP OR ITS ORDINARY SHARES.

THE REPORTING ACCOUNTANTS’ AND VALUERS’ RESPONSIBILITIES WITH REGARD TO THIS PROSPECTUS DO NOT EXTEND BEYOND THE ACCOUNTANTS’ REPORT, CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND PROFORMA CONSOLIDATED BALANCE SHEETS AND VALUERS’ REPORT AND APART FROM THE SAID REPORTS, THE REPORTING ACCOUNTANTS AND VALUERS HAVE HAD NO INVOLVEMENT IN THE PREPARATION OF THIS PROSPECTUS.

DEFINITIONS

In this Prospectus, the following words and abbreviations shall bear the following meanings except where the context otherwise requires.

“Acquisition of KJSB”	:	Acquisition of 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of KJSB by LHIB for a total purchase consideration of RM1,046,183 satisfied by cash in full
“Acquisition of LHF”	:	Acquisition of 900,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of LHF by LHIB for a total purchase consideration of RM25,598,305 satisfied by the issuance of 25,598,305 new ordinary shares of RM1.00 each in LHIB
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“AMSB”	:	Assets Muar Sdn Bhd (503043-M)
“Application”	:	Application for the Issue Shares by way of Application Forms
“Application Form”	:	Application for the Issue Shares by way of a printed Application Form
“ATM”	:	Automated Teller Machine
“CDS”	:	Central Depository System
“CTHH”	:	CT Haup Heng Sdn Bhd (248149-M)
“EFF”	:	EF Furniture Sdn Bhd (253124-P)
“EPS”	:	Earnings Per Share
“FIC”	:	Foreign Investment Committee
“Flotation”	:	Listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE
“FRIM”	:	Forest Research Institute Of Malaysia
“Issue Shares”	:	6,020,000 new ordinary shares of RM1.00 each in LHIB which are the subject of the Public Issue
“Issue/Offer Price”	:	RM1.60 for each Issue and Offer Share
“KJSB”	:	Kejora Juara Sdn Bhd (320082-T)
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“LHF”	:	Lii Hen Furnitures Sdn Bhd (148515-V)
“LHIB” or “Company”	:	Lii Hen Industries Bhd. (301361-U)

DEFINITIONS

“LHIB Group” or “Group”	:	LHIB and its subsidiary companies, namely LHF, KJSB, CTHH, EFF and MKK
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of the KLSE
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
“MITI”	:	Ministry of International Trade and Industry
“MKK”	:	Mayteck Kilang Kayu dan Perabut Sdn Bhd (106476-A)
“MTC”	:	Malaysian Timber Council
“NTA”	:	Net Tangible Assets
“Offerors”	:	The Offerors of the Offer Shares and the number of LHIB shares to be offered pursuant to the Restricted Offer For Sale are as follows:-

Offerors	No. of shares offered	% of enlarged share capital
Chua Lee Seng	200,668	0.50
Tok Heng Leong	200,666	0.50
Soo Tee Heng	200,666	0.50
Panglima-Era Holdings Sdn Bhd	443,742	1.11
Ciri Hasil Sdn Bhd	380,129	0.95
Vintage Leisure Sdn Bhd	380,129	0.95
Total	1,806,000	4.52

“Perdana Bankers”	:	Perdana Merchant Bankers Berhad (169955-T)
“PE Multiple”	:	Price Earnings Multiple
“Public Issue” or “Issue”	:	Public issue of 6,020,000 new ordinary shares of RM1.00 each in LHIB at an Issue Price of RM1.60 per new ordinary share payable in full on application, subject to the terms and conditions of this Prospectus
“Public Issue Shares” or “Issue Shares”	:	The 6,020,000 new ordinary shares of RM1.00 each in LHIB to be issued pursuant to the Public Issue
“R&D”	:	Research and Development
“Restricted Offer For Sale” or “Offer”	:	The restricted offer for sale of 1,806,000 ordinary shares of RM1.00 each in LHIB at an Offer Price of RM1.60 per ordinary share by the Offerors to the Bumiputra investors approved by MITI
“Restricted Offer Shares” or “Offer Shares”	:	The 1,806,000 ordinary shares of RM1.00 each in LHIB to be offered pursuant to the Restricted Offer For Sale
“Rights Issue”	:	Rights issue of 8,381,693 new ordinary shares of RM1.00 each in LHIB at an Issue Price of RM1.00 per share on the basis of approximately one (1) new ordinary share for every three (3) existing ordinary shares held after the acquisitions of LHF and KJSB, completed on 10 February 2000

DEFINITIONS

“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“SC”	:	Securities Commission
“Transfer of Shares”	:	The transfer of a total of 17,740,780 ordinary shares of RM1.00 each in LHIB representing approximately 44.35% of the enlarged share capital of LHIB held by the substantial shareholders (namely, Chua Lee Seng, Tok Heng Leong and Soo Tee Heng) to AMSB

TABLE OF CONTENTS

	Page
1. SUMMARY OF INFORMATION	1
1.1 Ownership And Management	1
1.2 History and Business	1
1.3 Financial Highlights	2
1.4 Principal Statistics Relating To The Issue and Offer	4
2. CORPORATE INFORMATION	6
3. INVESTMENT CONSIDERATIONS	9
4. INTRODUCTION	12
5. SHARE CAPITAL	13
6. PARTICULARS OF THE ISSUE	14
6.1 Details Of The Public Issue And Restricted Offer For Sale	14
6.2 Purposes Of The Public Issue And Restricted Offer For Sale	14
6.3 Basis Of Arriving At The Issue/Offer Price	15
6.4 Proceeds Of The Public Issue, Rights Issue And Restricted Offer For Sale	15
6.5 Brokerage And Underwriting Commission	15
7. MORATORIUM ON SALE OF SHARES	16
8. INFORMATION ON LHIB	17
8.1 Incorporation	17
8.2 Restructuring Scheme	17
8.3 History And Business	23
8.4 Changes In Share Capital	33
8.5 Information On Subsidiary Companies	33
8.6 Summary Of Landed Properties	42
8.7 Directors, Senior Management Team And Employees	43
9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS	48
9.1 Overview Of The Malaysian Economy	48
9.2 Malaysian Furniture Industry	48
9.3 Wooden Furniture Industry	49
9.4 Government Legislation, Policies And Incentives	51
9.5 Outlook Of The Industry	52
9.6 Future Plans Of The LHIB Group	53
9.7 Prospects Of The LHIB Group	54
10. FINANCIAL INFORMATION	56
10.1 Profit And Dividend Records	56
10.2 Working Capital, Borrowings, Contingent Liabilities And Capital Commitments	58
10.3 Consolidated Profit Estimate and Forecast Together With The Assumptions Thereeto	59
10.4 Reporting Accountants' Letter On the Consolidated Profit Estimate And Forecast	61
10.5 Dividend Estimate And Forecast	62
10.6 Proforma Consolidated Balance Sheets	63
10.7 Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets	68
11. DIRECTORS' REPORT	69

TABLE OF CONTENTS

	Page
12. ACCOUNTANTS' REPORT	70
13. VALUERS' LETTER	102
14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION	106
14.1 Share Capital	106
14.2 Articles Of Association	106
14.3 Directors And Substantial Shareholders	113
14.4 General	116
14.5 Material Litigation	117
14.6 Material Contracts	117
14.7 Consents	118
14.8 Documents Available For Inspection	118
14.9 Responsibility Statements	119
15. PROCEDURE FOR APPLICATION AND ACCEPTANCE	120
15.1 Opening And Closing Application Lists	120
15.2 Application Forms	120
15.3 Procedures For Application Through Application Forms	120
15.4 Applications And Acceptances	123
15.5 CDS Accounts	124
15.6 Notice Of Allotment	124
15.7 Formalising CDS Accounts	124
15.8 List Of Authorised Depository Agents	125

1. SUMMARY OF INFORMATION

The summary of information set out below is derived from and should be read in conjunction with the full text of this Prospectus.

1.1 Ownership And Management

The Directors of LHIB who are responsible for the overall management of the Group include Mr. Chua Lee Seng, as the Chairman and Managing Director, followed by Mr. Tan Bee Eng, Mr. Tok Heng Leong, Mr. Chua Yong Haup and Encik Mohd Qari Bin Ahmad.

The management team comprises individuals with experience and expertise in their respective fields including production and operation, marketing, finance, Management Information System, R&D and human resource management.

LHF was founded in 1985 by Mr. Chua Lee Seng who has almost three (3) decades of furniture-making experience, beginning with his involvement in the wood-based industry in 1969. Commencing operations in 1991, LHF has since then expanded, having more extensive premises and diverse activities. In 1996, the integration of CTHH, EFF and MKK, involved in manufacturing and marketing of dining furniture, office and household furniture, rubberwood pressure treatment and kiln drying and furniture component manufacturing respectively, resulted in the formation of a well-diversified furniture conglomerate. Under the stewardship of its current Board of Directors, the Group will continue to focus on key areas for market and product development and aims to be a leading integrated furniture manufacturer, recognised internationally in the near future.

1.2 History and Business

The Company was incorporated in Malaysia under the Companies Act, 1965 on 24 May 1994 as a private limited company under the name of Lii Hen Wood Industries Sdn Bhd. On 18 June 1997, the Company changed its name to Lii Hen Industries Sdn Bhd. It was subsequently converted to a public limited company on 5 August 1997 under the name of Lii Hen Industries Bhd. The Company is principally an investment holding company with interest in five (5) subsidiary companies namely LHF, KJSB, CTHH, EFF and MKK. The principal activities of LHIB are as follows:-

Company	Date of incorporation	Issued and paid-up capital (No. of ordinary shares of RM1.00 each)	Equity Interest (%)	Principal Activities
LHF	16 December 1985	900,000	100.00	Investment holding, manufacturing and marketing of dining (specialising in colonial designs) and other household furniture
KJSB*	15 October 1994	2	100.00	Property investment holding
CTHH	2 September 1992	240,000	^100.00	Manufacturing and marketing of dining furniture (specialising in contemporary designs)
EFF	21 November 1992	500,000	^100.00	Manufacturing and marketing of office and household furniture
MKK	10 September 1983	750,000	^100.00	Rubberwood pressure treatment and kiln drying and furniture component manufacturing

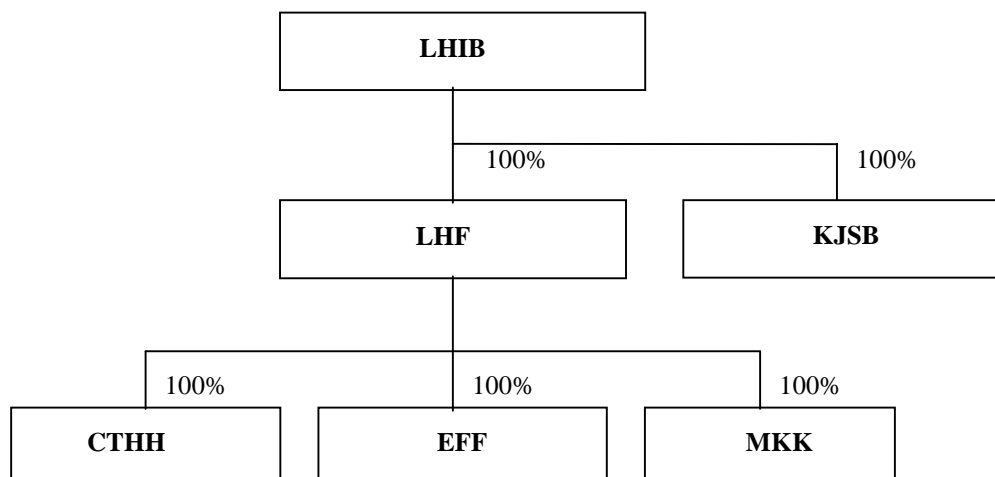
* KJSB has not commenced operations as at the date hereof.

^ Indirect interest by virtue of these companies being the subsidiary companies of LHF.

1. SUMMARY OF INFORMATION

The Group adopts an integrated manufacturing approach, with each company focusing on its own specialised activities.

The corporate structure of the LHIB Group is as follows:-



1.3 Financial Highlights

The following table sets out a summary of the proforma consolidated financial results of the LHIB Group for the five (5) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999, prepared based on their audited accounts and on the assumption that the current structure of the Group had been in existence throughout the period under review. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out under Section 12 of this Prospectus.

	<-----Financial years ended 31 December----->					9-month period ended 30 September 1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	17,238	18,288	31,568	46,585	57,960	59,871
Profit before taxation	2,202	2,715	5,619	7,927	10,446	9,188
Exceptional items	25	-	39	-	-	-
Share of loss of associated company	-	(56)	-	-	-	-
Taxation	(360)	(485)	(887)	(983)	(2,228)	(206)
Profit after taxation	1,867	2,174	4,771	6,944	8,218	8,982
Issued and paid-up share capital assumed to be in issue (‘000 shares)	25,598	25,598	25,598	25,598	25,598	25,598
Gross EPS (RM)	0.09	0.10	0.22	0.31	0.41	*0.48
Net EPS (RM)	0.07	0.08	0.19	0.27	0.32	*0.47

* Annualised

1. SUMMARY OF INFORMATION**Notes:-**

- (i) The gross EPS has been calculated based on the profit before taxation divided by the issued and paid-up share capital in respect of the financial years/period under review.
- (ii) The net EPS has been calculated based on the profit after taxation divided by the issued and paid up share capital in respect of the financial years/period under review.
- (iii) The exceptional item for 1994 was attributable to the compensation for the assets written off as the result of fire. The exceptional items in 1996 were in respect of the disposal of an associated company and provision for diminution in value of investment.
- (iv) Save for item (iii) above, there were no other extraordinary/exceptional items in respect of the financial years/period under review.
- (v) No dividends have been declared by the Group in respect of the financial years/period under review.

Commentary:-

- (i) The increase in turnover and profit before taxation in 1996 was primarily due to the significant rise in export sales as the Group had successfully penetrated into new export markets. The number of importing countries rose to twenty-six (26) in 1996 as compared to twenty-one (21) countries in the preceding year. Furthermore, the commencement of EFF's operation also contributed approximately RM8.6 million to the total increase in turnover.
- (ii) In 1997, the Group registered a 47.6% and 41.1% increase in the turnover and profit before taxation respectively as compared to 1996 mainly due to a 100% increase in domestic sales for office and other household furniture range and also a 21.0% increase in export sales as a result of aggressive marketing and promotional activities which resulted in an increase in the number of importing countries to thirty-four (34) (1996:26 countries). The pre-tax margin dropped slightly from 17.8% in 1996 to 17.0% in 1997 mainly due to an increase in interest charges on bankers' acceptance and bank overdraft, a rise in the administrative costs as the result of an increase in staff costs and marketing expenses as well as higher percentage of sales for office furniture in the domestic market which has a relatively lower profit margin as compared to the other household furniture range.
- (iii) In 1998, despite the softening of the local economy, the Group managed to register a 24.4% and 31.8% increase in turnover and profit before taxation respectively. This was primarily attributable to the significant increase in its export sales of dining, office and other household furniture which rose by 53.3%, 62.0% and 825.7% respectively from the previous year as the Group shifted its focus to the overseas market. The significant increase in total export sales of 70.6% from the preceding year has contributed to an increase in export ratio to total sales to 70.3% from 51.3% in 1997. The increase in pre-tax margin in 1998 was mainly attributed to higher value-added furniture for the export market which has higher profit margin in addition to an increase in sales tax exemption due to growth in export sales.
- (iv) The taxation has been adjusted to reflect the under/(over) provision in respect of the financial years/period under review as follows:-

	<-----Financial years ended 31 December----->					9-month period ended 30 September 1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Taxation as stated in audited accounts	520	347	917	994	2,172	206
Adjustment to reflect the taxation in the respective years	(160)	138	(30)	(11)	56	-
Adjusted taxation as stated in this report	360	485	887	983	2,228	206

1. SUMMARY OF INFORMATION

- (v) *The effective tax rates for 1994 to 1998 were lower than the statutory tax rates mainly due to:-*
- (a) *availability of reinvestment allowances for LHF and CTHH; and*
 - (b) *EFF has been granted pioneer status under the Promotion of Investment Act, 1986 which abates 70% of its statutory income for its furniture products for a period of five (5) years. The production date has been fixed on 1 May 1996.*
- (vi) *The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on the income of the Group for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.*

1.4 Principal Statistics Relating To The Issue And Offer

The following statistics relating to the Issue and Offer are derived from the full text of this Prospectus and should be read in conjunction with the text.

SHARE CAPITAL

	RM
Authorised:-	
100,000,000 ordinary shares of RM1.00 each	<u>100,000,000</u>
Issued and fully paid-up share capital:-	
33,980,000 ordinary shares of RM1.00 each	33,980,000
Public Issue pursuant to this Prospectus: -	
6,020,000 new ordinary shares of RM1.00 each	<u>6,020,000</u>
Enlarged share capital	<u>40,000,000</u>
Restricted Offer For Sale reserved for Bumiputra investors approved by MITI	1,806,000
1,806,000 ordinary shares of RM1.00 each	
Issue/Offer Price per ordinary share	RM1.60

PROFORMA CONSOLIDATED NTA

	RM
Proforma consolidated NTA based on audited accounts as at 30 September 1999 <i>(after deducting estimated listing expenses of RM2 million)</i>	60,049,000
Proforma consolidated NTA per ordinary share <i>(based on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each)</i>	1.50

1. SUMMARY OF INFORMATION**CONSOLIDATED PROFIT ESTIMATE AND FORECAST**

Financial Year Ended/Ending 31 December	Proforma Estimate 1999 RM'000	Forecast 2000 RM'000
Consolidated profit before taxation	12,267	14,238
Taxation	*(163)	(3,476)
Consolidated profit after taxation	12,104	10,762
Weighted average number of ordinary shares in issue ('000)	**25,598	***37,318
Gross EPS (sen)	47.92	38.15
Net EPS (sen)	47.28	28.84
Gross PE multiple based on the Issue/Offer Price of RM1.60 per ordinary share (times)	3.34	4.19
Net PE multiple based on the Issue/Offer Price of RM1.60 per ordinary share (times)	3.38	5.55

* *The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on the income of the Group for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.*

** *The acquisition of the entire issued and paid-up share capital of LHF for a total purchase consideration of RM25,598,305 satisfied by the issuance of 25,598,305 new ordinary shares of RM1.00 each in LHIB is deemed to have been implemented on 1 January 1999 in line with the principles of the merger method of accounting which have been adopted by the Group.*

*** *Based on the weighted average issued and paid-up share capital of 37,317,570 ordinary shares of RM1.00 each after the completion of rights issue on 10 February 2000 of 8,381,693 ordinary shares of RM1.00 each and on the assumption that the public issue of 6,020,000 ordinary shares of RM1.00 each will be completed on 15 April 2000 to raise the issued share capital to RM40,000,000.*

DIVIDEND ESTIMATE AND FORECAST

Financial Year Ended/Ending 31 December	Proforma Estimate *1999	Forecast 2000
Tax-exempt dividend per share (sen)	-	7.50
Tax-exempt dividend cover (times)	-	3.59
Dividend yield based on Issue/Offer Price of RM1.60 per ordinary share (%)	-	4.69

* *The Company will not declare any dividend in respect of the financial year ended 31 December 1999.*

2. CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Chua Lee Seng (Chairman and Managing Director)	JKK 7 Jalan Kim Kee Off Jalan Salleh 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Tan Bee Eng	LKK 14 E Jalan Salleh Off Jalan Kim Kee 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Tok Heng Leong	No 3 Lorong 1 Jalan Haji Alias Sungai Abong 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Chua Yong Haup	347 Jalan Indah 3 Taman Indah Sg Abong 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Mohd Qari bin Ahmad	No 646, Jalan Sembilan Taman Ampang Utama 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Chua Tuan Meng	5-1, Jalan Mohamadiah 84000 Muar Johor Darul Takzim	Company Director	Malaysian
Dali Kumar @ Dali bin Sardar	108, Pinggir Zaaba Taman Tun Dr. Ismail 60000 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Chua Tuan Meng	Chairman of the Committee	Independent Non-Executive Director
Chua Lee Seng	Member of the Committee	Chairman and Managing Director
Dali Kumar @ Dali bin Sardar	Member of the Committee	Independent Non-Executive Director

2. CORPORATE INFORMATION

COMPANY SECRETARY	: Tan Wang Giap (<i>LS 01333</i>) No. 27, Lorong Ara Satu Taman Bakariah 84000 Muar Johor Darul Takzim
REGISTERED OFFICE	: 67, 2nd Floor, Room B Jalan Ali 84000 Muar Johor Darul Takzim
PRINCIPAL BANKERS	: HSBC Bank Malaysia Berhad (<i>12776-V</i>) 15, Jalan Petrie 84000 Muar Johor Darul Takzim
	: Malayan Banking Berhad (<i>3812-K</i>) 104, Jalan Abdullah 84000 Muar Johor Darul Takzim
	: OCBC Bank (Malaysia) Berhad (<i>295400-W</i>) 26, Jalan Maharani 84000 Muar Johor Darul Takzim
SOLICITORS	: Iza Ng Yeoh & Kit Suite 13.08 13th Floor, Plaza 138 No. 138, Jalan Ampang 50450 Kuala Lumpur
AUDITORS	: John Lim & Associates Public Accountants 67, 2nd Floor Room A, Jalan Ali 84000 Muar Johor Darul Takzim
REPORTING ACCOUNTANTS	: Peter Chong & Co Public Accountants 51 Changkat Bukit Bintang 50200 Kuala Lumpur
VALUERS	: Colliers Jordan Lee & Jaafar (M'cca) Sdn Bhd (<i>136815-K</i>) No. 669 & 669A, Taman Melaka Raya 75000 Melaka
REGISTRAR	: Plantation Agencies Sdn. Berhad (<i>2603-D</i>) Standard Chartered Bank Chambers Beach Street 10300 Penang

2. CORPORATE INFORMATION

<i>ISSUING HOUSE</i>	: MIDF Consultancy and Corporate Services Sdn Bhd (11324-H) 12th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur
<i>ADVISER</i>	: Perdana Merchant Bankers Berhad (169955-T) 28, 11th Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur
<i>MANAGING UNDERWRITER AND UNDERWRITER</i>	: Perdana Merchant Bankers Berhad (169955-T) 11th Floor, Wisma Genting 28, Jalan Sultan Ismail 50250 Kuala Lumpur
<i>UNDERWRITERS</i>	: Kestrel Securities Sdn Bhd (94150-A) 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim
	: SJ Securities Sdn Bhd (141671-T) Level 3, Holiday Villa No. 9 Jalan SS12/1 Subang Jaya 47500 Petaling Jaya
	: MIDF Sisma Securities Sdn Bhd (423833-U) 17th & 18th Floor Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur
	: Kuala Lumpur City Securities Sdn Bhd (126994-W) 3.07, Level 3 Angkasaraya Building Jalan Ampang 50450 Kuala Lumpur
	: A. A. Anthony & Company Sdn Bhd (13662-K) No 41-1-1 & 41-2-1 Jalan Cantonment 10250 Penang
<i>LISTING SOUGHT</i>	: Second Board of the Kuala Lumpur Stock Exchange

3. INVESTMENT CONSIDERATION

Applicants for the Issue and Offer Shares should carefully consider the following in addition to the other information contained elsewhere in this Prospectus, before applying for the said shares.

(i) No Prior Market For LHIB Shares

Prior to this Public Issue and Restricted Offer For Sale, there has been no market for LHIB's shares. Consequently, there can be no assurance that an active market for shares will develop upon its listing on the Second Board of the KLSE, or if developed, that such market will be sustained. The Issue/Offer Price of RM1.60 per ordinary share was entirely determined and agreed upon by LHIB and Perdana Bankers. The Issue/Offer Price of RM1.60 per share for the Issue Shares or Offer Shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and condition, its prospects and the prospects for the industry in which the Group operates, the management of the Group, the market prices for shares of companies engaged in related businesses similar to that of the Group and the prevailing market conditions. The prices for LHIB shares after this Issue/Offer may bear no relationship to the Issue/Offer Price.

(ii) Business Risks

Other than general risks such as changes in legislative, political and economic conditions, the Group's business also faces certain risks which are inherent in the furniture industry. Set out below are the risks as well as the steps taken to mitigate the said risks:-

Risks	Steps Taken To Mitigate Risks
(a) Shortage of Labour	<ul style="list-style-type: none"> • Training schemes for skilled and semi-skilled labour. • Establishing a highly automated manufacturing plant.
(b) Shortage of raw material	<ul style="list-style-type: none"> • Long-term contract with sawn rubberwood supplier. The Group has entered an agreement with Risda Wood Sdn Bhd ("Risdawood") for the supply of rubberwood for a period of five (5) years with an option to extend the agreement for another two (2) years. <i>(Please refer to details in Section 8.3(vi))</i> • Non-equity joint ventures with its panel of sawmillers to bid for rubberwood concessions. <i>(Please refer to details in Section 8.3(vi))</i> • Utilising alternative raw material, such as reconstituted panels and veneers, to reduce over-reliance on solid rubberwood. The Group is also considering the use of other timber species e.g. Sentang. • Development of high value added furniture with lower wood content.
(c) Foreign exchange fluctuation	<p>At present, the Group does not face any currency risk due to the capital control measures imposed by the government. Nonetheless, the Group will take the following steps once the capital controls are lifted in the future:-</p> <ul style="list-style-type: none"> • Enter into forward contracts. • Maintenance of foreign currency accounts in the United States Dollar ("USD").

Although the above steps to be undertaken would mitigate the above risks, there is no guarantee that the Group's performance would not be affected by the above factors.

3. INVESTMENT CONSIDERATIONS

(iii) Competition

The Group faces competition from both local and foreign manufacturers. Nevertheless, the Group is taking every possible measure to maintain or increase its competitive edge. These include, inter alia, conducting plant modernisation towards higher levels of automation, intensifying its marketing and promotion activities, broadening its product range, implementing cost reduction and productivity enhancement programs, and stepping up its R&D activities.

Although the Group strives to mitigate these risks, no assurance can be given that the Group will be able to maintain its existing market share in Malaysia and overseas in the future.

(iv) Political and Economic risks

Adverse developments in political and economic conditions in Malaysia and countries where the LHIB Group has business dealings could materially and adversely affect the financial prospects of the Group. Other uncertainties include risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates, methods of taxation and currency exchange controls.

(v) Control by substantial shareholders

The Company has two principal substantial shareholders, namely AMSB and Tirai Gemerlapan Sdn Bhd, who will control a total of approximately 69.84% equity interest in the Company after the Public Issue and Restricted Offer For Sale. As a result, it is likely that the said substantial shareholders will be able to effectively control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

(vi) Dependence On Key Personnel

LHIB 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 presence of key personnel with a strong background in furniture manufacturing, finance and marketing is an asset to LHIB. The loss of any of the key members of the Group's Directors and senior management may adversely affect the Group's ability to maintain its competitive edge.

However, every effort is made to groom the younger members of the management to gradually take over from the senior members to ensure a smooth transition in the management team. The Company's future success will also depend upon its ability to attract and retain skilled personnel.

(vii) Estimate And Forecast

This Prospectus contains profit estimate and forecast for the financial years ended 31 December 1999 and ending 31 December 2000 for the Group that are based on assumptions that are subject to uncertainties and contingencies. Due to the subjective judgements and inherent uncertainties and contingencies of estimate and forecast and because events and circumstances frequently do not occur as expected, there can be no assurance that the estimate and forecast contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the estimate and forecast that are contained herein.

3. INVESTMENT CONSIDERATIONS

(viii) The Millennium (Y2K) Bug

As at the date of this Prospectus, the Group has not encountered any Y2K bug related problems as the Group's Management Information System Department had taken the necessary measures to mitigate the impact of the Y2K problem on its Information Technology system and business operations prior to year 2000. Furthermore, the Group has ascertained that their Registrar, Plantation Agencies Sdn. Berhad is Y2K compliant.

Although there has been no Y2K related problems on the Group's Information Technology and business operations, the Group's Management Information System Department will continue to diligently monitor the Group's computer system to ensure that the Millennium Bug has no impact on the Group's future financial and operational activities.

4. INTRODUCTION

This Prospectus is dated 20 March 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 in respect of the flotation of LHIB to the Second Board of the KLSE on 1 October 1999. Approval-in-principal has been obtained from the KLSE for admission to the Official List of the Second Board of the KLSE and for permission to deal in and quotation of the entire issued and fully paid-up ordinary shares of LHIB, including the Issue/Offer Shares which are the subject of this Prospectus. These ordinary shares of LHIB will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after the 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.

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 the ordinary shares of LHIB as a prescribed security. In consequence thereof, the new ordinary shares issued and offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

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

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 LHIB or of its ordinary shares.

The approval of the SC shall not be taken to indicate that the SC recommends the public issue of 6,020,000 new ordinary shares of RM1.00 each in LHIB and the restricted offer for sale of 1,806,000 ordinary shares of RM1.00 each in LHIB at an Issue/Offer Price of RM1.60 per ordinary share. Investors should rely on their own evaluation to assess the merits and risks of the investment.

The Issue/Offer Price of RM1.60 per ordinary share was entirely determined and agreed upon by LHIB and Perdana Bankers as the adviser based on various factors. Investors should form their own views on the valuation of the securities and reasonableness of the bases used.

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

The distribution of this Prospectus and the sale of the Issue/Offer Shares in certain other jurisdictions outside Malaysia may be restricted by law. 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 or invitation to buy any Issue/Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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

5.0 SHARE CAPITAL

5.1 Share Capital***Authorised:-***

100,000,000 ordinary shares of RM1.00 each	RM100,000,000
--	---------------

Issued and fully paid-up share capital:-

33,980,000 ordinary shares of RM1.00 each	RM33,980,000
---	--------------

Public Issue pursuant to this Prospectus: -

6,020,000 new ordinary shares of RM1.00 each	RM6,020,000
--	-------------

Enlarged share capital

	RM40,000,000
--	--------------

Restricted Offer For Sale reserved for Bumiputra investors approved by MITI

1,806,000 ordinary shares of RM1.00 each	RM1,806,000
--	-------------

The Issue/Offer Price of RM1.60 per ordinary share is payable in full on application.

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Issue Shares and the Offer Shares will rank pari passu in all respects with the other existing issued and fully paid-up ordinary shares of RM1.00 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.

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

6. PARTICULARS OF THE ISSUE

6.1 Details Of The Public Issue and Restricted Offer For Sale

The Issue Shares of 6,020,000 from the Public Issue and Offer Shares of 1,806,000 from the Restricted Offer For Sale are subject to the terms and conditions of this Prospectus and shall upon acceptance be allocated in the following manner:-

(i) ***Approved Bumiputra Investors by MITI***

1,806,000 Offer Shares have been reserved for Bumiputra investors approved by MITI;

(ii) ***Eligible Directors and Employees***

2,000,000 Issue Shares have been reserved for eligible Directors and employees of the LHIB Group; and

(iii) ***Malaysian Investing Public***

4,020,000 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 Bumiputra individuals, companies, co-operatives, societies and institutions.

The Offer Shares under paragraph (i) above are not required to be underwritten, and are therefore not underwritten.

In the event that any of the shares under paragraph (ii) above is not taken up by the eligible Directors and employees of LHIB Group, such number of unsubscribed shares will be made available for application by the Malaysian public and will be underwritten.

The Issue Shares made available to the Malaysian Public as stipulated in paragraph (iii) above have been fully underwritten by the Managing Underwriter and Underwriters as set out in Section 2 of this Prospectus.

6.2 Purposes Of The Public Issue and Restricted Offer For Sale

The purposes of the Issue/Offer are as follows:-

- (i) To provide an opportunity for Malaysian public, eligible Directors and employees of the LHIB Group to participate directly in the equity and continuing growth of the Group;
- (ii) To enable the Company to enhance Bumiputra equity participation in the Company so as to comply with the aspirations of the National Development Policy;
- (iii) To enable LHIB to gain access to the capital market for funds to finance the Group's future expansion and growth; and
- (iv) To obtain a listing of and quotation for LHIB's entire enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

6. PARTICULARS OF THE ISSUE

6.3 Basis Of Arriving At The Issue/Offer Price

The Issue/Offer Price of RM1.60 per share was arrived at based on various factors after taking into account the following:-

- (i) The Issue/Offer price of RM1.60 per share represents a premium of RM0.10 or 6.7% over the proforma consolidated NTA per share of LHIB as at 30 September 1999 of RM1.50;
- (ii)* The forecast net PE of approximately 5.55 times; and
- (iii) The qualitative factors of the LHIB Group as outlined in Section 8.3 of this Prospectus.

Note:-

- * *Based on the forecast consolidated net EPS of the LHIB of approximately 28.84 sen for the financial year ending 31 December 2000 and the Issue/Offer price of RM1.60 per share;*

6.4 Proceeds Of The Public Issue, Rights Issue and Restricted Offer For Sale

The total gross proceeds from the Public Issue of RM9,632,000 and Rights Issue of RM8,381,693 amounting to a total of approximately RM18,014,000 will accrue entirely to LHIB. The gross proceeds of RM18,014,000 has been approved by the SC on 1 October 1999 to be utilised in the manner as set out in Section 8.2(iii) of this Prospectus. All expenses and fees incidental to the Public Issue and listing of and quotation for the entire issued and paid-up share capital of LHIB on the Second Board of the KLSE estimated at RM2,000,000 shall be borne by the Company.

The total gross proceeds from the Restricted Offer For Sale of RM2,889,600 shall accrue entirely to the Offerors and no part of the proceeds of the Offer is receivable by LHIB. All expenses relating to the Offer Shares such as stamp duty estimated at approximately RM8,700 shall be borne by the Offerors.

6.5 Brokerage And Underwriting Commission

The Managing Underwriter and Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 4,020,000 Public Issue Shares which are available for application by the Malaysian public. Underwriting commission is payable by the Company at the rate of 1.75% of the Issue Price of RM1.60 per ordinary share on the Issue Shares being underwritten. The Public Issue Shares reserved for eligible directors and employees of the LHIB Group not taken up will be underwritten.

Brokerage relating to the Public Issue Shares is payable by the Company at the rate of 1.00% of the Issue/Offer Price of RM1.60 per ordinary share in respect of successful applications which bear the stamp of Perdana Bankers, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

7. MORATORIUM ON SALE OF SHARES

The SC in approving the flotation of LHIB on the Second Board of the KLSE has imposed a moratorium on the disposal of shares by the promoters of LHIB. Under the terms of the moratorium, the promoters of LHIB as listed in the table below will not be allowed to sell, transfer or assign their shareholdings in LHIB amounting to 18,000,000 ordinary shares of RM1.00 each, representing 45% of the enlarged issued and paid-up capital of LHIB within one (1) year from the date of admission of LHIB to the Official List of the Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign their shares in LHIB subject to a maximum of one-third per annum (on a straight line basis) of their shares under the moratorium.

The shareholdings of the promoters of LHIB after the Public Issue and Restricted Offer For Sale which are under the moratorium as imposed by the KLSE are as follows:-

Shareholders	No. of LHIB shares after the Issue and Offer		<-----No. of LHIB Shares Under The Moratorium----->							
	No. of Shares	%	Year 1*		Year 2		Year 3		Year 4	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
AMSB	17,740,780	44.35	17,740,780	44.35	11,827,187	29.57	5,913,594	14.78	-	-
Neoh Cher Leong	259,220	0.65	259,220	0.65	172,813	0.43	86,406	0.22	-	-
	18,000,000	45.00	18,000,000	45.00	12,000,000	30.00	6,000,000	15.00	-	-

* Moratorium on disposal, transfer and assignment of LHIB shares for one (1) year from the date of admission of LHIB to the Official List of the Second Board of the KLSE

The restriction is specifically endorsed on the share certificates and notices of allotment representing the respective shareholdings of AMSB and Neoh Cher Leong which are under moratorium to ensure that the Company's registrar shall not register any transfer not in compliance with the restriction imposed by the SC. This restriction has been fully accepted by AMSB and Neoh Cher Leong whose total shareholding after the Public Issue and Restricted Offer For Sale would be 18,000,000 ordinary shares of RM1.00 each, representing 45% of the enlarged issued and paid-up capital of LHIB.

The share certificates representing the moratorium shares have been endorsed with the following remarks:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the SC ("the moratorium period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the 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."

In compliance with Section 10.12 of the SC's Policies and Guidelines on Issue/Offer of Securities, all the shareholders of AMSB and Neoh Cher Leong have given undertakings to the SC that they will not sell, assign or transfer their shareholdings from the date of admission of LHIB to the Official List of the Second Board of the KLSE to the expiry of the moratorium period imposed by the SC for the sale of LHIB shares.

8. INFORMATION ON LHIB

8.1 Incorporation

LHIB was incorporated in Malaysia under the Companies Act, 1965 on 24 May 1994 as a private limited company under the name of Lii Hen Wood Industries Sdn Bhd. On 18 June 1997, the Company changed its name to Lii Hen Industries Sdn Bhd. It was subsequently converted to a public limited company on 5 August 1997 under the name of Lii Hen Industries Bhd.

The Company presently has an authorised share capital of RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each, of which 33,980,000 have been fully issued and paid-up.

Upon the completion of the restructuring scheme, LHIB shall become an investment holding company with its wholly-owned subsidiary companies involved in the following business activities:-

Company	Principal Activities
LHF	Investment holding, manufacturing and marketing of dining (specialising in colonial designs) and other household furniture
KJSB	Property investment holding
CTHH	Manufacturing and marketing of dining furniture (specialising in contemporary designs)
EFF	Manufacturing and marketing of office and household furniture
MKK	Rubberwood pressure treatment and kiln drying and furniture component manufacturing

8.2 Restructuring Scheme

In conjunction with the application for the admission of LHIB on the Second Board of the KLSE, the Company undertook a restructuring exercise, which was approved by the SC on 1 October 1999 and 24 December 1999, the FIC on 12 August 1999 and MITI on 26 July 1999, 31 December 1999 and 3 February 2000 respectively. The restructuring scheme comprised the following:-

(i) Acquisition Of LHF

On 26 January 2000, LHIB entered into a sale and purchase agreement to acquire the entire issued and paid-up share capital of LHF comprising 900,000 ordinary shares of RM1.00 for a total purchase consideration of RM25,598,305. The acquisition was satisfied by the issuance of 25,598,305 new ordinary shares of RM1.00 each in LHIB to the vendors at par credited as fully paid in LHIB. The shares shall rank pari passu in all respects with the existing shares in LHIB.

8. INFORMATION ON LHIB

The total purchase consideration was fully satisfied by the allotment and issuance of new ordinary shares of RM1.00 each in LHIB in the following manner:-

Vendor	Shares held in LHF before acquisition by LHIB		Purchase consideration RM	New LHIB ordinary shares received No. of shares
	No. of shares	%		
Tirai Gemerlapan Sdn Bhd	270,000	30	7,679,491	7,679,491
Chua Lee Seng	161,944	18	4,606,102	4,606,102
Tok Heng Leong	161,943	18	4,606,074	4,606,074
Soo Tee Heng	161,943	18	4,606,074	4,606,074
Tan Bee Eng	19,585	2	557,048	557,048
Neoh Cher Leong	19,585	2	557,048	557,048
Chua Yong Haup	7,500	1	213,319	213,319
Tok Soon Hing	7,500	1	213,319	213,319
Panglima-Era Holdings Sdn Bhd	33,170	4	943,440	943,440
Ciri Hasil Sdn Bhd	28,415	3	808,195	808,195
Vintage Leisure Sdn Bhd	28,415	3	808,195	808,195
	900,000	100	25,598,305	25,598,305

The purchase consideration for LHF of RM25,598,305 was arrived at on a willing buyer-willing seller basis based on the audited consolidated NTA as at 31 December 1998 of RM35,069,305, after adjusting for the revaluation surplus of RM9,446,758 arising from the revaluation of its landed properties, and after adjusting for the reserves required to be retained under Section 10.10 (1)(j) of the *SC's Policies and Guidelines on Issue/Offer of Securities*. Please refer to Section 8.6 of this Prospectus for further details of its landed properties. The acquisition of LHF was completed on 26 January 2000.

(ii) Acquisition Of KJSB

On 2 July 1999, LHIB entered into a sale and purchase agreement with the vendors of KJSB, namely Too Kim Leng @ Toh Kim Leng and Lee Soo Puang, to acquire the entire issued and paid-up share capital of KJSB comprising 2 ordinary shares of RM1.00 for a total purchase consideration of RM1,046,183 satisfied by cash in full.

The purchase consideration for KJSB of RM1,046,183 was arrived at on a willing buyer-willing seller basis based on the audited consolidated NTA as at 28 February 1999 of RM589,675, after adjusting for the revaluation surplus of RM589,675 arising from the revaluation of its landed properties. Please refer to Section 8.6 of this Prospectus for further details of its landed properties. The acquisition of KJSB was completed on 26 January 2000.

(iii) Rights Issue

On 10 February 2000, LHIB implemented a rights issue of 8,381,693 new ordinary shares of RM1.00 each in LHIB at an Issue Price of RM1.00 per share on the basis of approximately one (1) new ordinary share for every three (3) existing ordinary shares held after the acquisitions of LHF and KJSB. The 8,381,693 new ordinary shares issued pursuant to the Rights Issue shall rank pari passu in all respects with the then existing shares of the Company. The Rights Issue was completed on 10 February 2000.

8. INFORMATION ON LHIB

With the completion of the Rights Issue, the issued and paid-up share capital of LHIB was increased from RM25,598,307 comprising 25,598,307 ordinary shares of RM1.00 each to RM33,980,000 comprising 33,980,000 ordinary shares of RM1.00 each.

The gross proceeds from the Public Issue and Rights Issue of approximately RM18.014 million will be utilised in the following manner:-

	Note	RM'000
(a) Repayment of term loans	1	4,949
(b) Repayment of hire purchase creditors	2	958
(c) Repayment of advance from the director for the acquisition of KJSB	3	1,046
(d) Purchase of fixed assets	4	6,920
(e) Working capital	5	2,141
(f) Listing expenses	6	2,000
TOTAL		18,014

Notes:-

- 1 RM4,949,000 from the total proceeds will be utilised for the repayment of the term loans. This is expected to result in total interest savings for the Group amounting to approximately RM417,000 and RM344,000 for the financial years 2000 and 2001.

Type	Financier	Purpose	Date of Drawdown	**Interest Per Annum (%)	Amount RM'000
LHF					
Term Loan 1	HSBC Bank Malaysia Berhad (formerly known as Hong Kong Bank Malaysia Berhad)	*Acquisition of industrial land (PLO 10) for factory expansion	17/11/94	1.75	56
Term Loan 2	HSBC Bank Malaysia Berhad (formerly known as Hong Kong Bank Malaysia Berhad)	*Acquisition of industrial land (PLO 44) for factory expansion	2/9/96	2.25	225
Term Loan 3	HSBC Bank Malaysia Berhad (formerly known as Hong Kong Bank Malaysia Berhad)	*Expansion of factory & construction of corporate building (PLO 43)	8/9/97 and 29/9/97	2.00	1,855
CTHH					
Term Loan 1	HSBC Bank Malaysia Berhad (formerly known as Hong Kong Bank Malaysia Berhad)	*Expansion of production area (PLO 9)	11/8/97 and 16/1/98	2.00	426
Term Loan 2	HSBC Bank Malaysia Berhad (formerly known as Hong Kong Bank Malaysia Berhad)	Acquisition of machinery	20/4/98	2.00	429

8. INFORMATION ON LHIB

Type	Financier	Purpose	Date of Drawdown	**Interest Per Annum (%)	Amount RM'000
EFF					
Term Loan 1	OCBC Bank (Malaysia) Berhad	*Construction of factory and office building (PLO 8)	9/3/95	2.25	821
Term Loan 2	OCBC Bank (Malaysia) Berhad	*Acquisition of industrial land (PLO 8) for factory expansion	1/11/95	2.25	295
MKK					
Term Loan 1	OCBC Bank (Malaysia) Berhad	*Acquisition of industrial land (Lot 6043) for factory expansion	12/12/96 and 19/12/96	2.00	842
Amount					4,949

* Please refer the details of the land in Section 8.6 of this Prospectus.

** The base lending rate is excluded from the interest per annum.

- 2 The repayment of hire purchase creditors is expected to contribute to the interest savings of approximately RM114,000 and RM114,000 for the financial years 2000 and 2001 respectively. The purpose of the hire purchase is to purchase machines in order to increase the Company's present production capacity as well as to achieve higher level of process integration.

Type	Interest Per Annum (%)	Amount RM'000
Hire Purchase		
LHF - wood working machines	9.50	346
MKK - 10 units timber drying equipment kiln chambers	9.20	612
		958

Thus, the total interest saving arising from the proposed flotation exercise will be RM531,000 and RM458,000 for the financial years 2000 and 2001 respectively.

3 Acquisition of KJSB

LHIB Group has acquired KJSB which owns a vacant 60-year leasehold industrial land namely, PTD 1475. The lease will expire in year 2056. The land measures approximately 8,094 sq. m and situated adjacent to its existing plant in Bukit Pasir Industrial Area, Muar. The LHIB Group intends to build a single-storey factory on the land to house a new table-top production line. The total construction cost of the factory is approximately RM1.03 million and is expected to commence in March 2000 and completed in the same year. The operations is expected to commence in January 2001. The table-top plant shall run on one-shift and is expected to provide the following benefits to the Group:-

a) Cost savings

At present, the Group purchases approximately 220 cubic metres of table-tops from vendors each month. By 2001 (i.e. at the time of commencement of the new line), the monthly usage is projected to reach 260 cubic metres. The new plant will produce approximately 175 cubic metres per month in year 2001 which will translate into RM0.60 million cost savings for the year. The Group plans to utilise the new plant's entire capacity of 2,700 cubic metres per annum by year 2002 which is expected to generate cost savings of RM1.19 million per annum.

8. INFORMATION ON LHIB

b) *Operational efficiency and higher productivity*

The Group's ability to manufacture table-tops in-house is expected to minimise supply disruptions or delays, thus enhancing the overall efficiency of the table lines. This is also expected to reduce the need for maintaining buffer stocks as practised currently, in anticipation of possible supply disruptions.

c) *Reduce dependence on the vendors*

At present, the Group produces a wide range of tables in various dimensions to suit its large clientele base. However, due to raw materials and manufacturing constraints faced by its vendors, the Group sometimes experiences difficulties in sourcing for table-top supplies at the required dimension and time. The ability to obtain rubberwood from its own kiln drying plant and to manufacture it in-house enables the Group to have a greater level of control and independence to maintain its present marketing strategies.

4 *The breakdown of the fixed assets totalling RM6.92 million to be purchased are as follows:-*

	RM'000
i) <i>Table-top Plant on PTD 1475</i>	
- Construction of building	2,300
- Finger-joint line	2,000
- Ventilator	200
- Incinerator and oven	120
- Fire-extinguisher system	300
	<u>4,920</u>

The machines above are to be purchased for the new table-top plant on PTD 1475. The investment is aimed at producing table-top components which are currently outsourced from local suppliers. The installation and the commissioning of the line are expected to be completed by third quarter of year 2000.

ii) <i>Management Information System</i>	
- Implementation of Manufacturing Resources Planning System ("MRP") II	320
- Bar coding system	100
- Integration of headquarter with subsidiaries	100
- Implementation of Human Resource System	150
- Implementation of MRP System in MKK	100
- Maintaining and setting up of Management Information System Department	350
	<u>1,120</u>

At present, the manufacturing systems in LHF, CTHH and EFF are integrated to their respective accounting systems. The upgrading of the Group's Management Information System including the full implementation of the MRP II is envisaged to improve the Group's operational efficiency through computerised inventory control and material planning, thus obtaining a greater internal control and higher level of accuracy. The upgrading of its Human Resource System is expected to reduce administrative work, enhance the payroll function as well as to allow for more efficient manpower planning and control.

iii) <i>For CTHH</i>	
- Disc spraying machine	400
- Air plate combiner	130
- Double sided round shape tenoner and multiple oscillating slot mortisers	350
	<u>880</u>

The machines above are to be purchased for the chair line in CTHH. The machines are expected to be installed by middle of year 2000 and are expected to increase the chair line production capacity by 15%.

Grand Total	<u><u>6,920</u></u>
--------------------	---------------------

5 *LHIB will utilise the proceeds amounting to RM2,141,000 for its working capital to finance the day-to-day operations of the Group.*

6 *Listing expenses comprise professional fees, perusal fees from authorities, issuing house fees, printing costs, underwriting commission and other expenses incurred in relation to the listing exercise.*

8. INFORMATION ON LHIB

(iv) Transfer Of Shares

After the Rights Issue, Chua Lee Seng, Tok Heng Leong and Soo Tee Heng had transferred a total of 17,740,780 ordinary shares of RM1.00 each in LHIB representing 44.35% of the enlarged share capital in LHIB to AMSB. The Transfer of Shares was satisfied by the issuance of 17,740,780 ordinary shares of RM1.00 each in AMSB at par to Chua Lee Seng, Tok Heng Leong and Soo Tee Heng. The Transfer of Shares is in the following proportions:-

Name	No. of LHIB Shares after the Rights Issue	%	No. of LHIB Shares transferred to AMSB	%	No. of Shares issued in AMSB	%	No. of Shares remaining held in LHIB	%
Chua Lee Seng	6,114,284	17.99	5,913,616	17.40	5,913,616	33.33	200,668	0.59
Tok Heng Leong	6,114,248	17.99	5,913,582	17.40	5,913,582	33.33	200,666	0.59
Soo Tee Heng	6,114,248	17.99	5,913,582	17.40	5,913,582	33.33	200,666	0.59
	18,342,780	53.97	17,740,780	52.20	17,740,780	100.00	602,000	1.77

Pursuant to the Transfer of Shares, AMSB becomes a substantial shareholder in LHIB. The balance of 602,000 ordinary shares held by Chua Lee Seng, Tok Heng Leong and Soo Tee Heng will be offered pursuant to stage (v) below. The Transfer of Shares was completed on 10 February 2000.

(v) Restricted Offer For Sale

The Offerors will undertake a restricted offer for sale of 1,806,000 ordinary shares of RM1.00 each in LHIB at an Offer Price of RM1.60 per ordinary share to the Bumiputra investors approved by MITI.

The direct and indirect shareholding of the Offerors before and after the Public Issue and Restricted Offer For Sale are as follows:-

Offerors	<i>Before Public Issue and Restricted Offer For Sale</i>		<i>After Public Issue and Restricted Offer For Sale</i>	
	No. of shares held Direct	Indirect	No of Shares held Direct	Indirect
Chua Lee Seng	200,668	*17,740,780	-	*17,740,780
Tok Heng Leong	200,666	*17,740,780	-	*17,740,780
Soo Tee Heng	200,666	*17,740,780	-	*17,740,780
Panglima-Era Holdings Sdn Bhd	1,252,352	-	808,610	-
Ciri Hasil Sdn Bhd	1,072,824	-	692,695	-
Vintage Leisure Sdn Bhd	1,072,824	-	692,695	-

* By virtue of their substantial shareholdings in AMSB.

(vi) Public Issue

LHIB will undertake a public issue of 6,020,000 new ordinary shares of RM1.00 each in LHIB at an Issue Price of RM1.60 per new ordinary share payable in full on application to the Malaysian public, eligible directors and employees of which 30% is to be set aside strictly for Bumiputra individuals, companies, societies and institutions.

All the new ordinary shares issued pursuant to the restructuring exercise will rank pari passu in all respects with the existing ordinary shares in LHIB including voting rights and the rights to all dividends and distributions that may be declared subsequent to the restructuring exercise and any surplus in the event of a liquidation of the Company.

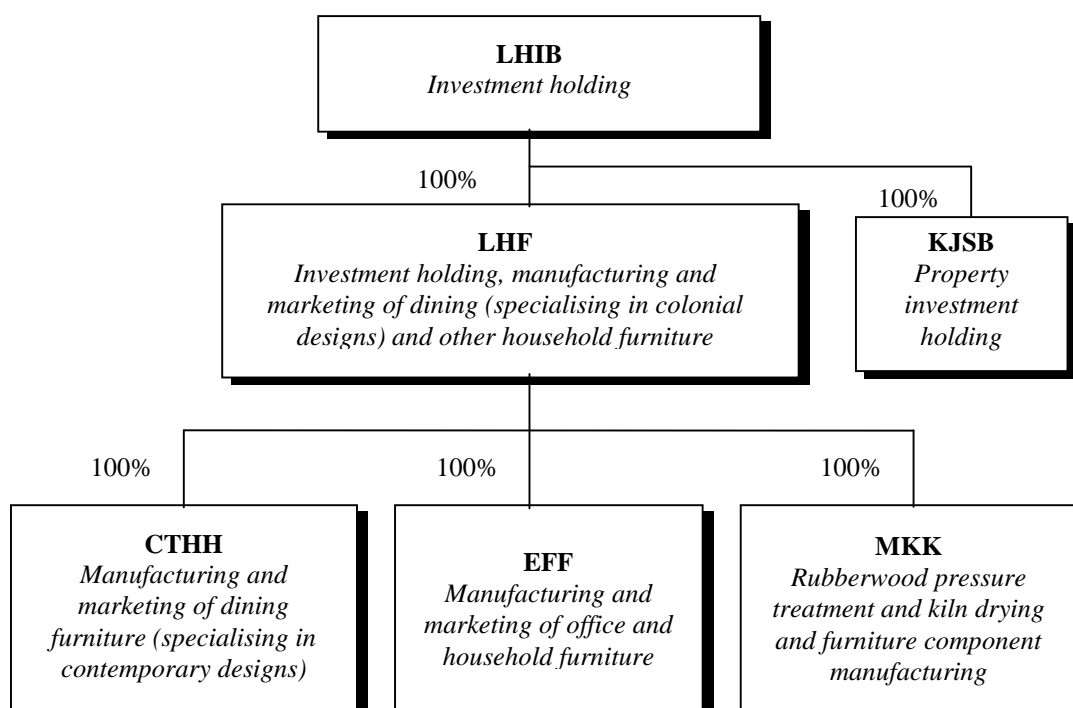
8. INFORMATION ON LHIB

8.3 History And Business

LHF was established in 1985 in Jalan Salleh, Muar, Johor Darul Takzim founded by Chua Lee Seng, Tok Heng Leong and Soo Tee Heng. In 1991, it commenced production of dining furniture and gradually upgraded its plants by investing in modern woodworking machinery, amongst others, including an automatic double spindle planer, a hydraulic wood clamp and a straight-line rip saw. MKK was incorporated in 1983 and began its operations as a kiln drying and furniture component manufacturer. Subsequently in 1992, CTHH was founded by Chua Lee Seng, Chua Yong Haup and Tok Soon Hing and commenced operations as a manufacturer and marketer of dining furniture. EFF was also incorporated in 1992, founded by Tan Bee Eng and Neoh Cher Leong. However, it commenced operations as a manufacturer and marketer of office and household furniture only in 1996. KJSB is a dormant company since it was incorporated in 1994. It is a property investment company holdings a plot of land in Bukit Pasir Industrial Area, Muar.

In mid-1996, a restructuring scheme was implemented wherein LHF acquired 100% equity interests in CTHH, EFF and MKK respectively. With the inclusion of these companies, the enlarged group became an integrated furniture manufacturer and marketer with its involvement in upstream timber preservation to midstream and downstream furniture manufacturing and marketing. On 26 January 2000, LHIB acquired the entire equity interest in LHF and KJSB respectively as part of the restructuring scheme in conjunction with the listing of LHIB on the Second Board of the KLSE.

The current structure of the LHIB group is as follows:-



(i) Activities

The Group is an integrated furniture manufacturer involved in a wide range of wood-based activities. Its upstream activities consist of pressure treatment and kiln drying of rough sawn rubberwood as well as manufacturing of furniture component. Its midstream activities comprise of manufacturing of dining, office and other household furniture. Further downstream activities include marketing of its products to both local and foreign distributors.

8. INFORMATION ON LHIB

(ii) Products

The product range of the Group can be categorised as follows:-

- Dining Range;
- Office Range; and
- Other Household Range.

(a) Dining Range

The Group's flagship product, the dining range comprises of a large variety of tables and chairs with a complementary range of buffet and hutch cabinets, bar stools and trolleys. Its designs are mainly colonial, oriental and modern contemporary, and are tailored for the respective markets. In addition to natural rubberwood finish, a choice of other colours such as oak, beech, mahogany, cherry and maple are incorporated into these products. Distributed mainly in ready-to-assemble ("RTA") and semi-knocked-down form, they are marketed under the Group's house brands namely *MEGA Furniture™*, *LH™* and *CT®*. Targeted mainly at the mid-end market, this range places emphasis on design, structural differentiation and quality.

(b) Office Range

The office range manufactured by the Group is primarily of an "open-plan" type. Constructed from wood-based panels, its premium range features metal parts and is marketed under the brand names *MEGA Furniture™* and *Eng Art™*. Decorative laminates are extensively used in these products ranging from conservative solid colours to a choice of wood grain patterns.

The Group has successfully penetrated into the local market through players such as Courts Mammoth and Jaya Jusco. In addition to that, the Group also caters for the overseas market by exporting it in flat-packed RTA forms which can be easily transported, stored and assembled by the retailers. Products under the office range include:-

- | | |
|----------------------------|--------------------------|
| • Office desks | • Filing cabinets |
| • Side returns | • Computer tables |
| • Fixed & mobile pedestals | • Printer tables |
| • Conference tables | • Computer work-stations |
| • Sliding cabinets | |

(c) Other Household Range

The Group is also involved in the manufacturing of other household furniture which include the following:-

- | | |
|-------------------------------|-----------------|
| • Shoe racks | • Coffee tables |
| • Home entertainment cabinets | • TV racks |
| • CD racks | • Wardrobe |

The above products are distributed under the brand names of *LH™* and *MEGA Furniture™*. They are constructed in RTA form for the convenience of distributors and "do-it-yourself" customers.

8. INFORMATION ON LHIB

Set out below are the details of each furniture range and kiln dry operations and their respective contributions to the turnover and profit to the LHIB Group for the past five (5) years ended 31 December 1998 and nine (9)-month period ended 30 September 1999:-

	Dining Range	Office Range	Other Household Range	Kiln Dry Operation	Total
<i>Financial year ended 31 December 1994</i>					
Turnover					
- RM('000)	12,803	-	732	3,703	17,238
- %	74.27	-	4.25	21.48	100.00
Profit before tax					
- RM('000)	2,039	-	55	108	2,202
- %	92.60	-	2.50	4.90	100.00
<i>Financial year ended 31 December 1995</i>					
Turnover					
- RM('000)	14,063	-	1,227	2,998	18,288
- %	76.90	-	6.71	16.39	100.00
Profit before tax					
- RM('000)	2,527	-	92	96	2,715
- %	93.07	-	3.39	3.54	100.00
<i>Financial year ended 31 December 1996</i>					
Turnover					
- RM('000)	17,938	6,467	5,430	1,733	31,568
- %	56.82	20.49	17.20	5.49	100.00
Profit before tax					
- RM('000)	3,543	1,280	760	36	5,619
- %	63.05	22.78	13.53	0.64	100.00
<i>Financial year ended 31 December 1997</i>					
Turnover					
- RM('000)	22,465	11,954	10,189	1,977	46,585
- %	48.22	25.66	21.87	4.25	100.00
Profit/(loss) before tax					
- RM('000)	4,869	1,692	1,426	(60)	7,927
- %	61.42	21.35	17.99	(0.76)	100.00
<i>Financial year ended 31 December 1998</i>					
Turnover					
- RM('000)	32,930	11,704	11,656	1,670	57,960
- %	56.82	20.19	20.11	2.88	100.00
Profit before tax					
- RM('000)	6,572	1,913	1,810	151	10,446
- %	62.91	18.31	17.33	1.45	100.00
<i>Nine (9)-month period ended 30 September 1999</i>					
Turnover					
- RM('000)	32,189	11,004	12,882	3,795	59,870
- %	53.76	18.38	21.52	6.34	100.00
Profit before tax					
- RM('000)	5,176	1,456	1,805	751	9,188
- %	56.33	15.85	19.65	8.17	100.00

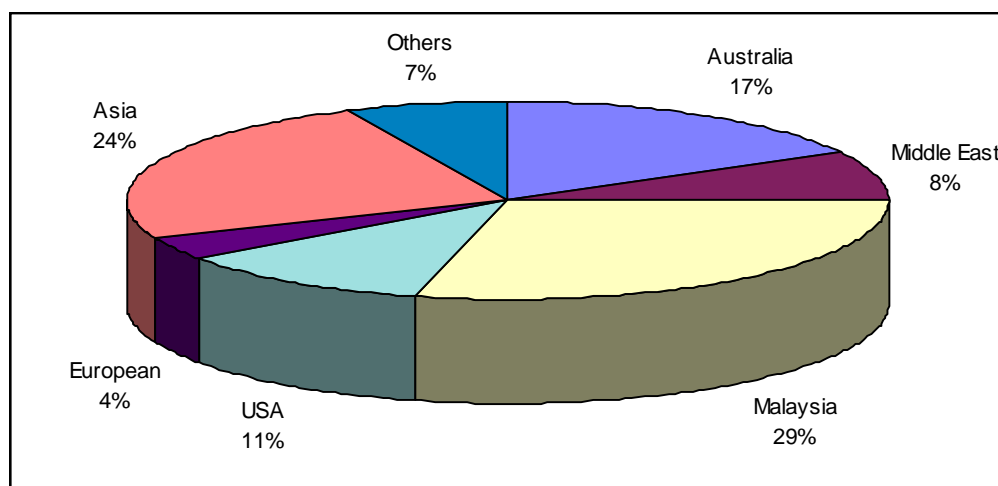
8. INFORMATION ON LHIB

(iii) Market

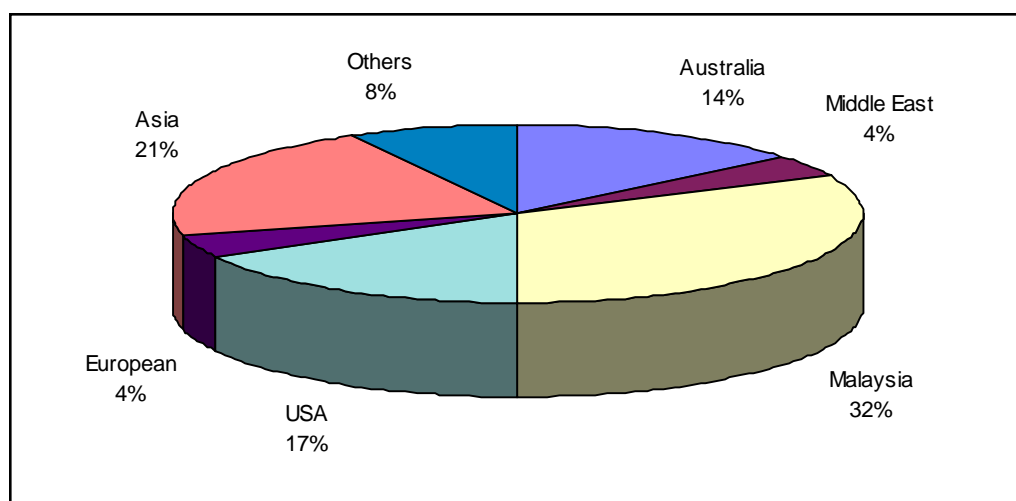
In 1998, the Group registered export sales of RM40.76 million representing approximately 70.3% of the total sales of the Group. The Group recorded export sales amounting to RM40.25 million representing approximately 68.5% of the total sales of the Group for the nine (9)-month period ended 30 September 1999. The Group has over 40 importing countries with Australia, United States and Asia being its major regional markets of the total sales. The Group has also managed to clinch new accounts in United States, Saudi, Russia and Mexico in the recent years.

The Group's export and local sales by market segments in 1998 and for the nine (9)-month period ended 30 September 1999 can be summarised as follows:-

The Group's export and local sales by market segments in 1998



The Group's export and local sales by market segments for the nine (9)-month period ended 30 September 1999



The importing countries from Asia include China, Singapore, Brunei, Hong Kong, Taiwan, Philippines and South Korea, whilst the 8% of the export sales from Middle East include Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and United Arab Emirates.

8. INFORMATION ON LHIB

The principal markets and demand for the Group's products for the past five (5) financial years ended 31 December 1998 and nine (9)-month period ended 30 September 1999 are as follows:-

Principal Markets	<-----Financial years ended 31 December ----->										Nine (9)-month period ended 30 September 1999	
	1994 RM'000	%	1995 RM'000	%	1996 RM'000	%	1997 RM'000	%	1998 RM'000	%	RM'000	%
Malaysia	1,724	12.74	2,457	16.07	10,558	35.39	21,766	47.67	16,648	29.00	18,529	31.52
Australia	2,983	22.04	3,852	25.19	6,514	21.83	7,592	16.63	9,771	17.02	8,292	14.11
Singapore	1,042	7.70	1,066	6.97	2,896	9.71	4,153	9.10	6,774	11.80	6,105	10.39
USA	4,215	31.14	1,810	11.84	587	1.97	-	-	6,482	11.29	10,103	17.19
Others	3,571	26.38	6,105	39.93	9,280	31.10	12,146	26.60	17,735	30.89	15,746	26.79
Total	13,535	100.00	15,290	100.00	29,835	100.00	45,657	100.00	57,410	100.00	58,775	100.00

The Group's principal overseas customers include Whitewood Industries Inc, WK Witt Pty Ltd and Pakli Furniture, while its principal local customers are Yang Guang Furniture (M) Sdn Bhd, Hin Lim Trading Sdn Bhd, Jaya Jusco Stores (M) Bhd and Endeavour Trading Sdn Bhd.

In 1998, approximately 92.4%, 49.1% and 39.3% of the Group's dining, office and other household furniture respectively were exported whilst for the nine(9)-month period ended 30 September 1999, the Group exported approximately 96.4%, 49.3% and 29.5% of the Group's dining, office and other household furniture respectively.

The Group's well-diversified market base reduces its dependence on any one particular market and enables it to reposition its business in the event of a major downturn in one particular market.

(iv) Brand Names

The Group started as an original equipment manufacturer in 1992 whereby furniture are manufactured based on customers' designs. The Group later began to shift its emphasis to be an original design manufacturer by customising designs mainly for the Australian, American and Asian markets. The new designs are frequently displayed in international furniture shows. In 1994, the Group had succeeded to become an own brand manufacturer. Since then, the Group began to design, manufacture and market their products under its in-house brand names. Approximately 30% of the Group's manufactured goods are distributed under *MEGA Furniture™*, *LH™*, *CT®* and *Eng Art™* brand names. The remaining 70% of the Group's manufactured output comprise buyer's brand names.

8. INFORMATION ON LHIB

(v) Manufacturing Facilities

As an integrated furniture manufacturer, the LHIB Group has demonstrated its capabilities to undertake the entire furniture manufacturing process. The Group's operations begin upstream from purchasing of untreated rough sawn rubberwood which undergoes pressure treatment and kiln drying down to the fabrication, finishing, assembly and marketing of furniture.

The Group's manufacturing plants and their respective output are as disclosed below:-

Company	Location	Built-up area (sq. m)	Products	Output per month (units)	Production Lines
LHF	PLO 10, 43, 44 Kawasan Perindustrian Bukit Pasir, Muar Johor Darul Takzim	17,834.96	Colonial dining and other household furniture	26,000 units equivalent to 80% of installed capacity*	1 Buffet/Hutch Line 1 Dining Table Line 1 Dining Chair Line 1 Occasional Line
CTHH	PLO 9 Kawasan Perindustrian Bukit Pasir, Muar Johor Darul Takzim	6588.31	Contemporary dining furniture	24,000 units equivalent to 90% of installed capacity	1 Dining Table Line 1 Dining Chair Line
EFF	PLO 8 Kawasan Perindustrian Bukit Pasir, Muar Johor Darul Takzim	6,647.41	Office and household furniture	19,000 units equivalent to 85% of installed capacity*	1 Office/Household Line 1 Paper Laminated Line
MKK	Lot 6042 & 6043 Grisek Industrial Estate Muar Johor Darul Takzim	6,219.85	Treated rough-sawn rubberwood and furniture components	1,300 tonnes of rubberwood and 22,000 units of chair seat components equivalent to 85% of installed capacity	1 Component Line 20 Kiln-drying Chambers

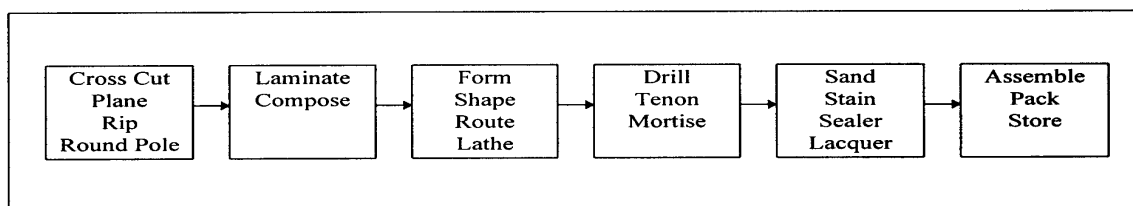
* excluding the output of other household furniture

The above factories operate on one eight-hour shift with overtime per day. The Group's production output for the past five (5) years ended 31 December 1998 and nine (9)-month period ended 30 September 1999 can be summarised as follows:-

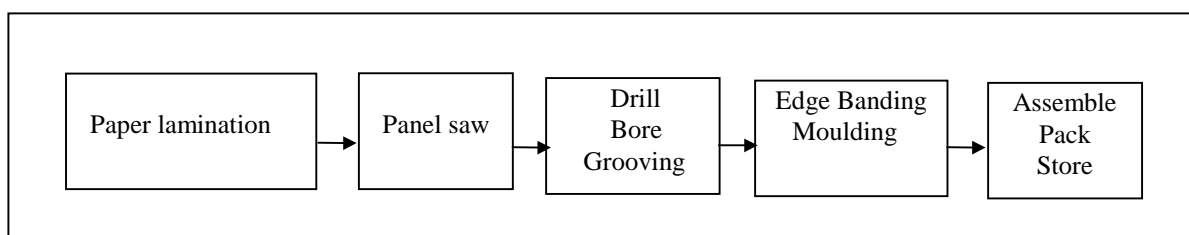
Product Range	<-----Financial years ended 31 December ----->										Nine (9)-month period ended 30 September 1999	
	1994 (Units)	%	1995 (Units)	%	1996 (Units)	%	1997 (Units)	%	1998 (Units)	%	1999 (Units)	%
Dining Range	203,791	100.00	225,996	100.00	279,599	73.47	323,912	59.23	390,023	60.75	384,300	33.01
Office Range	-	-	-	-	35,419	9.31	71,821	13.13	53,143	8.28	68,490	5.88
Other Household Range	-	-	-	-	65,520	17.22	151,165	27.64	198,850	30.97	711,576	61.11
Total	203,791	100.00	225,996	100.00	380,538	100.00	546,898	100.00	642,016	100.00	1,164,336	100.00

8. INFORMATION ON LHIB

The flow chart of the Group's production process for dining furniture is as follows:-

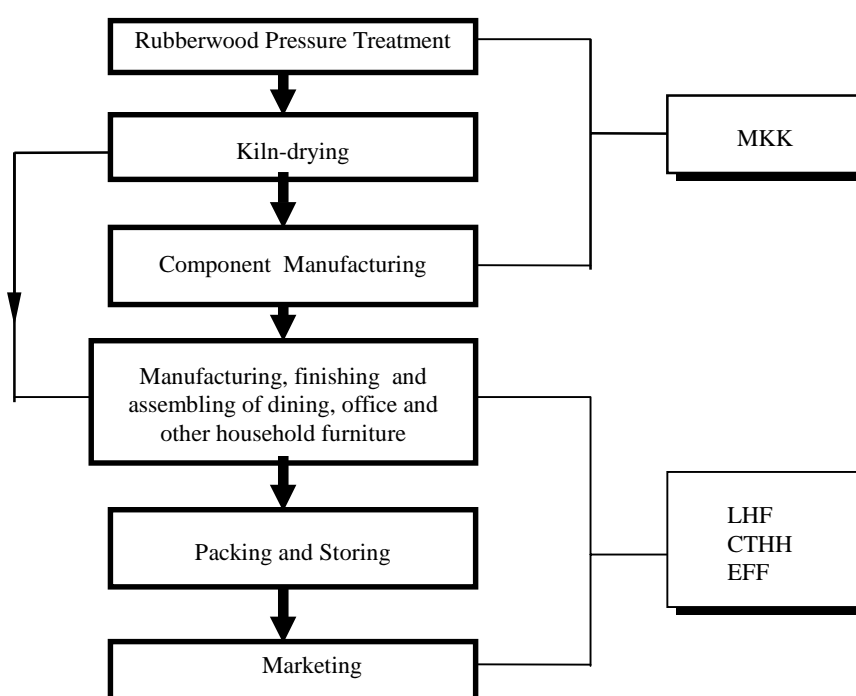


The production flow chart for office furniture is as follows:-



MKK plays a supportive role in the Group by providing pressure treatment, kiln drying and component manufacturing services mainly for LHF and CTHH, both of which use predominantly solid rubberwood in their manufacturing. MKK is equipped with a six (6) tonnes per hour steam boiler, one (1) preservation plant, twenty (20) kiln drying chambers and one (1) component plant. At present, approximately 50% of the Group's treated rough sawn rubberwood are purchased from MKK which also supplies a range of laminated boards, composed timber and S4S (smooth four sided wood).

Below is the flow chart of the Group's upstream and downstream activities:-



8. INFORMATION ON LHIB

The downstream manufacturing processes are aided by state-of-the-art facilities, such as CNC routers, panel-saws, automatic turning machines, point-to-point borers, moulders, copy shapers, lumber composers and wide-belt sanders. Presently, various processes such as cutting, routing, boring, drilling and spraying are computer aided. In order to meet the exacting wood finish quality and high speed spray jobs, conveyorised disc sprayers are also utilised. The use of these modern and sophisticated woodworking machines has enabled the Group to mass-produce furniture products, thus resulting in production efficiency while maintaining stringent quality controls.

The Group plans to further modernise its manufacturing facilities in tandem with the latest technological advances so as to meet the ever increasing world demand for quality furniture, details of which are outlined under Section 9.6 of this Prospectus.

(vi) **Sourcing of Raw Material**

Sawn rubberwood is the primary raw material used by the Group in its operations which are sourced locally from suppliers like Bukit Pasir Trading, Sin Gan Enterprise, Lee Trading & Co and Risdawood. Other raw materials include particleboard, medium density fibreboard, plywood, furniture fittings, adhesives, and coatings. These other raw materials are supplied locally from Mieco Chipboard Bhd, Enlian Enterprise (M) Sdn Bhd, Syarikat U.D. Trading Sdn Bhd, Cheay Enterprise Sdn Bhd, G-Orient Hardware Sdn Bhd, Scanteam (M) Sdn Bhd, Casco Adhesives (Asia) Pte Ltd, Mirotone (M) Sdn Bhd and Syncoates (M) Sdn Bhd.

The Group's manufacturing plants presently purchases approximately 400 to 500 tonnes of treated rough sawn rubberwood and 500 to 600 tonnes equivalent of rubberwood components per month. Approximately 50% of the Group's treated rough sawn rubberwood and rubberwood components are supplied internally via MKK, which in turn purchases untreated rough sawn rubberwood from established traders and sawmills at prevailing market prices. The remaining 50% are out-sourced in treated rough sawn rubberwood form or rubberwood components form from numerous preservation treatment and kiln dry plants and component manufacturers.

On 25 February 1999, MKK entered into a supply of timber agreement with Risdawood to secure a minimum of 400 tonnes and a maximum of 1,300 tonnes of untreated rough-sawn rubberwood per month at the prevailing market price. Risdawood has been granted priority in the extraction of rubber logs from replanting areas as approved by Rubber Industry Smallholders Development Authority ("RISDA"). The contract period is from 1 March 1999 to 29 February 2004. On expiration of this term, the Group shall have the option to renew the agreement for a further period of two (2) years.

Furthermore, the Group has entered into non-equity joint ventures with its panel of sawmillers to bid for rubberwood concessions. The consideration of such arrangements is normally a cash advance paid to the concerned sawmiller upon the successful bidding for a predetermined concession. The concessions secured via joint ventures so far were located in Kuala Bera (Pahang), Labis (Johor) and Nilai (Negeri Sembilan). These concessions generally run for a period of three (3) to six (6) months.

At present, the Group has over twenty (20) suppliers of rubberwood and rubberwood-based components to sufficiently meet its manufacturing requirements in the foreseeable future.

8. INFORMATION ON LHIB

(vii) Marketing

The Group markets its products directly via its numerous local and overseas distributors consisting mainly of furniture importers and wholesalers. The local distributor include Yang Guang Furniture (M) Sdn Bhd whereas the overseas distributors are Whitewood Industries Inc, WK Witt Pty Ltd, Endeavour Trading Sdn Bhd and Pakli Furniture. This direct marketing approach avails the Group to first-hand information and market feedback, essential for the success of its new product development projects and for the drawing up of new marketing programs. Besides that, it also affords the Group a higher degree of autonomy in terms of pricing, product development and distributorship management. As for the domestic market, the Group distributes its products through major furniture wholesalers, retail stores and departmental stores.

The marketing channels employed by the Group mainly comprise of international trade shows and overseas business missions. The Group has participated in numerous trade fairs including the Malaysian International Furniture Fair (“MIFF”) and the Malaysian Furniture Export Exhibition (“MAFEX”) and has also attended furniture fairs in the United States of America, South Africa, Singapore and United Arab Emirates. The Group has also conducted business missions to the United Kingdom, Japan, South Korea, Italy, Germany, Australia, China, Philippines and Hong Kong to explore opportunities in the overseas market. With the advent of the Internet, electronic marketing is also conducted in addition to promotional activities via trade directories.

(viii) R&D

Extensive R&D is the hallmark of the Group’s furniture-making excellence. The Group places great emphasis on continuous R&D in order to maintain its competitiveness. The Group has invested RM122,000 in the setting-up of a R&D Division equipped with Computer-Aided-Design Solutions, a Research Library and a Prototype Room. The Division consists of two departments: Product Development and Engineering. The Product Development Team is responsible for developing new and innovative products based on market research findings. Each year, numerous new designs are developed with buyers for exhibition in various trade shows. Taking approximately 2 weeks to a month, a design job involves the production of drafts, blueprints as well as the construction of prototypes, which are to be reviewed by buyers. On the other hand, the Engineering Team is responsible for conducting continuous process upgrading towards achieving higher levels of automation and productivity. Each department is committed to the incorporation of innovation into the development of furniture products to suit an ever-expanding market. Approximately RM242,000 and RM304,000 have been allocated for R&D for years 2000 and 2001 respectively in order to keep abreast with the market development in the future. The R&D Department currently employs ten (10) full-time staff.

(ix) Certification, Licenses and Patents

- *ISO 9002*: In 1997, both LHF and CTHH were awarded the ISO 9002 certification by SIRIM QAS Sdn Bhd in line with the management’s commitment to achieve continuous improvements in its business operations and product quality.
- *Product Testing*: The Group’s products are tested for their structural strength and stability by the FRIM. The FRIM’s furniture testing laboratory aims to increase the acceptability of Malaysian furniture by the overseas market by providing furniture manufacturers the means of having their products assessed to international standards.

8. INFORMATION ON LHIB

- *Manufacturing Licenses:* The companies within the Group namely LHF, CTHH, EFF and MKK are operating under manufacturing licenses issued by the MITI. On 16 April 1994, EFF was granted pioneer status under the Promotion of Investments Act, 1986 which abates 70% of its statutory income for its furniture products for a period of five (5) years commencing from 1 May 1996.
- *Patents:* In December 1994, the Group registered the designs from its dining range with the United Kingdom Patent Office. This prevents third party manufacturers from imitating the Group's designs in the United Kingdom and Malaysia.
- *Trademark Applications:* At present, the Group has obtained the registered trademark certificate for its CT[®] brand name. Trademark applications for other brand names namely Eng Art[™], MEGA Furniture[™] and LH[™] have been made respectively and are currently pending approval.

(x) **Industry Player and Competitors/Market Share**

It is impossible for a furniture manufacturer to produce every kind of furniture available, and as such, furniture manufacturers tend to specialise in a particular segment. The Group's product niche lies in the colonial dining sets, and in this respect, other players in a similar market niche will include Eurospan Sdn Bhd and Latitude Tree Holdings Bhd.

The Group is one of the leading players in the country in the colonial dining furniture sub-sector. According to the Independent Market Survey by Frank Small and Associates dated 15 October 1997, the Group exported 24% of Malaysia's total exports of dining rubberwood furniture to Australia in 1996.

In terms of the Group's contemporary dining range, a major competitor include Sin Hua Sen Sdn Bhd.

(xi) **Major Investments and Expansion Activities**

The Group has invested over RM16 million in plant and machinery over the past five (5) years. Among the major machinery purchased are automatic disc sprayers and ultra-violet oven, CNC routers, master sanders, panel saws, and automatic borers. For its kiln-dry plant, the Group has invested in a combination water and fire tube steam boiler and an additional ten (10) kiln-drying chambers. The Group has also acquired KJSB, which owns a piece of leasehold industrial land measuring 8,094 sq. m on which a new factory will be constructed for expansion of its manufacturing activities.

8. INFORMATION ON LHIB

8.4 Changes In Share Capital

The present authorised share capital of LHIB is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each, of which 33,980,000 ordinary shares have been issued and fully paid-up as at the date of this Prospectus.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
24 May 1994	2	1.00	Subscribers' shares	2
26 January 2000	25,598,305	1.00	Issued as consideration for acquisition of the entire interest in LHF	25,598,307
10 February 2000	8,381,693	1.00	Rights Issue of approximately 1 for 3 at RM1.00 per share	33,980,000

8.5 Information On Subsidiary Companies

The details on the subsidiary companies of LHIB, all of which were incorporated in Malaysia, are as follows:-

Name	Date of incorporation	Issued and paid-up share capital RM	Equity interest %	Principal activities
LHF	16 December 1985	900,000	100.00	Investment holding, manufacturing and marketing of dining (specialising in colonial designs) and other household furniture
KJSB*	15 October 1994	2	100.00	Property investment holding
CTHH	2 September 1992	240,000	^100.00	Manufacturing and marketing of dining furniture
EFF	21 November 1992	500,000	^100.00	Manufacturing and marketing of office and household furniture
MKK	10 September 1983	750,000	^100.00	Rubberwood pressure treatment and kiln drying and furniture component manufacturing

* KJSB has not commenced operations as at the date hereof.

^ Indirect interest by virtue of these companies being the subsidiary companies of LHF

Further details of the subsidiary companies are set out below:-

8. INFORMATION ON LHIB

8.5.1 LHF

(a) History And Business

LHF was incorporated in Malaysia on 16 December 1985 as a private limited company under the Companies Act, 1965. It commenced commercial operation on 1 January 1991. The company is principally involved in the manufacturing and marketing of dining and other household furniture, investment holding and provision of management services to its subsidiary companies. It currently has three (3) subsidiary companies, namely CTHH, EFF and MKK. LHF currently employs 260 employees.

(b) Changes In Share Capital

The present authorised share capital of LHF is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 900,000 ordinary shares have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of LHF since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
16.12.1985	2	1.00	Subscribers' shares	2
11.08.1988	139,998	1.00	Cash	140,000
10.01.1995	364,000	1.00	Bonus issue	504,000
09.08.1996	92,500	1.00	Issued as consideration for acquisition of the entire interest in EFF and CTHH *	596,500
24.08.1996	303,500	1.00	Cash	900,000

* The 92,500 new ordinary shares of RM1.00 each in LHF were issued to the vendors of EFF and CTHH at RM8.00 per new ordinary share, being the NTA per share of LHF as at 31 December 1995, for a total purchase consideration RM740,000, being the par value of the issued and paid up share capital of EFF (RM500,000) and CTHH (RM240,000).

8. INFORMATION ON Lhib

(c) Profit And Dividend Record

The profit and dividend record of LHF based on its audited accounts for the past five (5) years ended 31 December 1998 and the 9-month period ended 30 September 1999 is set out below:-

	<-----Financial years ended 31 December----->					9-month period ended 30 September 1999
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	6,561	8,196	13,090	19,534	24,377	23,983
Profit before taxation	1,535	1,901	3,073	3,884	4,686	3,768
Exceptional items	25	-	-	-	-	-
Taxation	(309)	(275)	(448)	(376)	(1,273)	(60)
Profit after taxation	1,251	1,626	2,625	3,508	3,413	3,708
Weighted average issued and paid-up share capital ('000 shares)	504	504	649	900	900	900
Gross EPS (RM)	3.10	3.77	4.73	4.32	5.21	*5.60
Net EPS (RM)	2.48	3.23	4.04	3.90	3.79	*5.51
Gross dividend rate (%)	-	-	-	-	-	-

* Annualised

Notes:-

- (i) The gross EPS has been calculated based on the profit before taxation divided by the weighted average issued and paid-up share capital in respect of the financial years/period under review.
- (ii) The net EPS has been calculated based on the profit after taxation divided by the weighted average issued and paid-up share capital in respect of the financial years/period under review.
- (iii) The exceptional item in 1994 was attributable to the compensation for the assets written off as the result of fire.
- (iv) Save for item (iii) above, there were no other extraordinary/exceptional items in respect of the financial years/period under review.

Commentary:-

- (i) The year to year increase in turnovers in 1996, 1997 and 1998 were mainly attributed to the increase in export sales as a result of active promotional activities in the furniture exhibition.
- (ii) In 1995, the turnover increased by almost 25.0% mainly due to increase in the number of countries for the export market which had doubled from the previous year. LHF also introduced a new product 'Buffet and Hutch' during the financial year.
- (iii) In 1996, the sales of dining chairs and tables increased by 45,018 units and 4,707 units respectively as a result of increase in overseas demand for the products. Profit before tax increased in tandem with turnover.
- (iv) In 1997, LHF registered an increase of 49.0% in turnover due to increase in production capacity, export sales and introduction of new model.
- (v) The effective rates for 1994 to 1998 were lower than the statutory tax rates due to the availability of reinvestment allowance.
- (vi) The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on income for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.

8. INFORMATION ON LHIB

8.5.2 CTHH

(a) History And Business

CTHH was incorporated in Malaysia on 2 September 1992 as a private limited company under the Companies Act, 1965. It commenced commercial operations on 1 April 1993. The company is principally involved in the manufacturing and marketing of dining furniture. CTHH currently employs 211 employees.

(b) Changes In Share Capital

The present authorised share capital of CTHH is RM250,000 comprising 250,000 ordinary shares of RM1.00 each, of which 240,000 ordinary shares have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of CTHH since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
2.9.1992	6	1.00	Subscribers' shares	6
8.3.1993	239,994	1.00	Cash	240,000

(c) Profit And Dividend Record

The profit and dividend record of CTHH based on its audited accounts for the past five (5) years ended 31 December 1998 and the 9-month period ended 30 September 1999 is set out below:-

	Financial years ended 31 March		9-month period ended 31 December	Financial years ended 31 December			9-month period ended 30 September
	1994	1995	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	2,965	8,310	5,083	8,635	11,461	16,889	15,841
Profit before taxation	93	714	539	1,230	2,032	2,965	2,160
Exceptional items	-	-	-	(17)	-	-	-
Taxation	(33)	(7)	(173)	(204)	(423)	(643)	(64)
Profit after taxation	60	707	366	1,009	1,609	2,322	2,096
Issued and paid-up share capital ('000 shares)	240	240	240	240	240	240	240
Gross EPS (RM)	0.39	2.98	*2.98	5.05	8.47	12.35	*12.03
Net EPS (RM)	0.25	2.95	*2.02	4.20	6.70	9.68	*11.68
Gross dividend rate (%)	-	-	-	-	-	-	-

* Annualised

8. INFORMATION ON LHIB

Notes:-

- (i) The gross EPS has been calculated based on the profit before taxation divided by the issued and paid-up share capital in respect of the financial years/period under review.
- (ii) The net EPS has been calculated based on the profit after taxation divided by the issued and paid-up share capital in respect of the financial years/period under review.
- (iii) The exceptional item reported for the financial year 1996 was in respect of the provision for diminution in value of investment.
- (iv) Save for item (iii) above, there were no other extraordinary/exceptional items in respect of the financial years/period under review.

Commentary:-

- (i) The large increase in turnover for financial year ended 31 March 1995 was primarily due to the increase in export sales which rose by RM5,834,000 from the previous year. The rise in turnover was on the back of increase in the production output of chairs and tables.
- (ii) The results for 1995 were only for 9 months due to the change of financial year end for the year. The decline in turnover was due to a significant reduction of export to the United States as the result of strong Malaysian Ringgit against the USD.
- (iii) The increase in turnover for 1996 was mainly attributed to the increase in local and export sales.
- (iv) Turnover increased in 1997 mainly due to increase in local sales from RM2,043,000 in 1996 to RM4,205,000 in 1997, due to a new product introduced - the shoe rack. Export sales also increased from RM6,592,000 in 1996 to RM7,256,000 in 1997.
- (v) Turnover increased in 1998 mainly due to strengthening of USD against Malaysia Ringgit, which resulted in CTHH's products becoming more competitive in foreign markets.
- (vi) Increase in profit before taxation for 1995, 1997 and 1998 were mainly due to the higher turnovers in the respective years. Increase in profit before taxation for 1997 was mainly due to increased sales of dining tables which fetches a higher gross profit margin.
- (vii) The taxation has been adjusted to reflect the under/(over) provision in respect of the financial years/period under review as follows:-

	Financial years ended 31 March		9-month period ended 31 December	Financial years ended 31 December			9-month period ended 30 September
	1994	1995	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation as stated in audited accounts	31	196	(14)	224	423	643	64
Adjustment to reflect the taxation in the respective years	2	(189)	187	(20)	-	-	-
Adjusted taxation as stated in this report	33	7	173	204	423	643	64

- (viii) The effective tax rates for 1994 and 9-month period ended 31 December 1995 were higher than the statutory tax rates due to certain expenses disallowed for tax purposes. The effective tax rates for 1995, 1996, 1997 and 1998 were lower than statutory tax rates due to the availability of reinvestment allowances.
- (ix) The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on income for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.

8. INFORMATION ON LHIB

8.5.3 EFF

(a) History And Business

EFF was incorporated in Malaysia on 21 November 1992 as a private limited company under the Companies Act, 1965. It commenced commercial operations on 1 May 1996. The company is principally involved in the manufacturing and marketing of office and household furniture. EFF currently employs 146 employees.

(b) Changes In Share Capital

The present authorised share capital of EFF is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 500,000 ordinary shares have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of EFF since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
21.11.1992	2	1.00	Subscribers' shares	2
10.03.1995	49,998	1.00	Cash	50,000
09.10.1995	150,000	1.00	Debt-equity conversion	200,000
09.10.1995	300,000	1.00	Cash	500,000

(c) Profit And Dividend Record

The profit and dividend record of EFF based on its audited accounts for the past five (5) years ended 31 December 1998 and the 9-month period ended 30 September 1999 is set out below:-

	5-month period ended 30 April 1994 RM'000	Financial years ended 30 April 1995 RM'000	Financial years ended 30 April 1996 RM'000	8-month period ended 31 December 1996 RM'000	Financial years ended 31 December 1997 RM'000	Financial years ended 31 December 1998 RM'000	9-month period ended 30 September 1999 RM'000
Turnover	-	-	-	8,565	14,662	16,928	18,951
Profit before taxation	-	-	-	1,280	2,071	2,643	2,500
Taxation	-	-	-	(219)	(190)	(251)	(65)
Profit after taxation	-	-	-	1,061	1,881	2,392	2,435
Weighted average issued and paid-up share capital ('000 shares)	^	7	300	500	500	500	500
Gross EPS (RM)	-	-	-	*3.81	4.14	5.29	*6.68
Net EPS (RM)	-	-	-	*3.16	3.76	4.78	*6.51
Gross dividend rate (%)	-	-	-	-	-	-	-
* Annualised							
^ RM2.00							

Notes:-

- (i) The gross EPS has been calculated based on the profit before taxation divided by the weighted average issued and paid-up share capital in respect of the financial years/period under review.

8. INFORMATION ON LHIB

(ii) *The net EPS has been calculated based on the profit after taxation divided by the weighted issued and paid up share capital in respect of the financial years/period under review.*

(iii) *There were no extraordinary/exceptional items in respect of the financial years/period under review.*

Commentary:-

(i) *The results for 1996 were only for 8 months due to the change of financial year end for the year.*

(ii) *EFF managed to achieve a turnover of approximately RM8,565,000 in the first eight (8)-month operations in 1996, of which 81.0% are local sales and 19.0% are export sales.*

(iii) *The significant increase in turnover for 1997 was primarily due to the increase in local sales by RM4,209,000 and export sales by RM1,888,000. Profit increased in tandem with turnover.*

(iv) *Turnover for 1998 increased mainly due to increase in export sales by RM4,589,000 and decrease in local sales by RM2,323,000 as a result of the strengthening of the US Dollar against Ringgit Malaysia.*

(v) *The effective tax rates for 1996 to 1998 were lower than the statutory tax rates mainly because EFF has been granted pioneer status under the Promotion of Investment Act, 1986 which abates 70% of its statutory income for its furniture products for a period of five (5) years. The production date has been fixed on 1 May 1996.*

(vi) *The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on income for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.*

8.5.4 MKK

(a) History And Business

MKK was incorporated in Malaysia on 10 September 1983 as a private limited company under the Companies Act, 1965. It commenced commercial operation on 1 October 1984. The company is principally involved in rubberwood pressure treatment and kiln drying as well as manufacturing of furniture components. MKK currently employs 98 employees.

(b) Changes In Share Capital

The present authorised share capital of MKK is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 750,000 ordinary shares have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of MKK since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
10.09.1983	2	1.00	Subscribers' shares	2
27.10.1983	29,998	1.00	Cash	30,000
04.06.1988	20,000	1.00	Cash	50,000
15.09.1988	10,000	1.00	Cash	60,000
26.01.1991	200,000	1.00	Issued pursuant to the acquisition of a landed property	260,000
11.12.1996	490,000	1.00	Debt-Equity Conversion	750,000

8. INFORMATION ON LHIB

(c) Profit And Dividend Record

The profit and dividend record of MKK based on its audited accounts for the past five (5) years ended 31 December 1998 and the 9-month period ended 30 September 1999 is set out below:-

	Financial years ended 30 September		15-month period ended 31 December	Financial years ended 31 December		9-month period ended 30 September
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	3,797	3,420	2,166	4,289	5,273	8,348
Profit/(loss) before taxation	105	115	45	(61)	196	751
Exceptional items	-	-	56	-	-	-
Share of loss of associated company	-	(56)	-	-	-	-
Taxation	(36)	(42)	(20)	6	(61)	(7)
Profit/(loss) after taxation	69	17	81	(55)	135	744
Weighted average issued and paid-up shares capital (‘000 shares)	260	260	281	750	750	750
Gross EPS (RM)	0.40	0.23	*0.29	(0.08)	0.26	**1.34
Net EPS (RM)	0.27	0.07	*0.23	(0.07)	0.18	**1.33
Gross dividend rate (%)	-	-	-	-	-	-

* Pro-rated basis of 12 months

** Annualised

Notes:-

- (i) The gross EPS has been calculated based on the profit before taxation divided by the weighted average issued and paid-up share capital in respect of the financial years/period under review.
- (ii) The net EPS has been calculated based on the profit after taxation divided by the issued and paid-up share capital in respect of the financial years/period under review.
- (iii) The exceptional item for 1996 was due to the disposal of its associated company.
- (iv) Save for item (iii) above, there were no other extraordinary/exceptional items in respect of the financial years/period under review.

Commentary:-

- (i) The results for 1996 were for 15 months due to the change of financial year end for the year.
- (ii) The decline in turnover in 1995 and 1996 was attributed to the boiler which has not been operating at full capacity during the two (2) financial years. The boiler was operating at less than 70% of its capacity for years 1995 and 1996. In tandem with the low turnover, profit before taxation fell for financial year 1996.
- (iii) The increased in turnover for 1997 was due to the installation of new boiler in August 1997, allowing the company to increase its production capacity to meet its greater demand from the customers. The loss before taxation was attributed to higher borrowing cost and lower margin of sales.
- (iv) In 1998, profit before taxation increased drastically because gross margin improved from 12% to 28%, mainly attributable to the newly installed boiler and ten (10) kiln drying chambers which reduced the direct material cost and wastage in electricity and water.

8. INFORMATION ON LHIB

- (v) *The taxation has been adjusted to reflect the under/(over) provision in respect of the financial years/period under review as follows:-*

	Financial years ended 30 September		15-month period ended 31 December	Financial years ended 31 December		9-month period ended 30 September
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation as stated in audited accounts	62	40	33	5	5	7
Adjustment to reflect the taxation in the respective years	(26)	2	(13)	(11)	56	-
Adjusted taxation as stated in this report	36	42	20	(6)	61	7

- (vi) *The effective tax rates were higher than the statutory tax rates for 1994 to 1996 and 1998 due to certain expenses were disallowed for tax purposes. The credit to the taxation accounts for 1997 was related to the reversal of deferred taxation as a result of change in statutory tax rate from 30% to 28%.*
- (vii) *The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on income for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.*

8.5.5 KJSB

(a) History And Business

KJSB was incorporated in Malaysia on 15 October 1994 as a private limited company under the Companies Act, 1965. The company has been dormant since incorporated.

(b) Changes In Share Capital

The present authorised share capital of KJSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of KJSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
15.10.94	2	1.00	Cash	2

8. INFORMATION ON LHIB

8.6 Summary of Landed Properties

The landed properties of the Group were valued by an independent valuer, Messrs Colliers, Jordan Lee & Jaafar (M'cca') Sdn Bhd.

Location	Existing use/ Description	Date of valuation/ Method of valuation	Land area/ Built-up area (sq. m)	Tenure (years)	Approximate age of building (years)	Open market valuation by independent valuer RM	Valuation approved by SC on 01.10.1999	Net book value ("NBV") as at 31.12.1998 RM	SC's approved revaluation surplus based on NBV as at 31.12.1998 RM
(i) LHF									
H.S (D) 21321 PTD No. 1465, Mukim of Sg. Raya, District of Muar, State of Johore (PLO 43)	Industrial/ 3 blocks of single- storey factory building, a double storey and a 3- storey office block annexes and ancillary buildings	30.03.1999/ cost and investment method	16,187/ 11,922.06	Leasehold 60 years, expiring on 20.05. 2056	3 to 6	8,650,000	8,650,000	5,817,792	2,832,208
H.S (D) 21322, PTD No. 1466, Mukim of Sg. Raya, District of Muar, State of Johore (PLO 44)	Industrial/a block of single-storey factory building and TNB sub- station	30.03.1999/ cost and investment method	6,070/ 3,653.87	Leasehold 60 years, expiring on 20.05.2056	3	2,970,000	2,970,000	1,744,274	1,225,726
H.S (D) 21323 PTD No. 1467, Mukim of Sg. Raya, District of Muar, State of Johore (PLO 10)	Industrial/ a block of single-storey factory building with an office annexe	30.03.1999/ cost and investment method	6,358/ 2,259.03	Leasehold 60 years, expiring on 20.05.2056	6	1,710,000	1,710,000	1,094,706	615,294
(ii) CTHH									
H.S (D) 21318, PTD No. 1462, Mukim of Sg. Raya, District of Muar, State of Johore (PLO 9)	Industrial/2 blocks of factory buildings together with extensions and a guard house	30.03.1999/ cost and investment method	10,117/ 6,588.31	Leasehold 60 years, expiring on 20.05.2056	3 to 6	4,290,000	4,290,000	2,304,583	1,985,417
(iii) EFF									
HS (D) 21325, PTD No. 1469, Mukim of Sg. Raya, District of Muar, State of Johore (PLO 8)	Industrial/a block of single-storey factory building and a double- storey office annexe, a guard house and a pump house	30.03.1999/ cost and investment method	10,117/ 6,647.41	Leasehold 60 years, expiring on 20.05.2056	4	5,360,000	5,360,000	3,172,556	2,187,444
(iv) MKK									
H.S (D) 22630 & 22631 PTD Nos. 6042 & 6043, Mukim of Grisek, District of Muar, State of Johore	Industrial/ a single-storey factory building with a double- storey office annexe, 2 blocks of kiln drying factories, 20 units of K-D chambers and ancillary buildings	30.03.1999/ cost and investment method	18,460/ 6,219.85	Freehold	2 to 12	3,925,000	3,925,000	3,528,449	396,551

8. INFORMATION ON LHIB

Location	Existing use/ Description	Date of valuation/ Method of valuation	Land area/ Built-up area (sq. m)	Tenure (years)	Approximate age of building (years)	Open market valuation by independent valuer	Valuation approved by SC on 01.10.1999	Net book value ("NBV") as at 31.12.1998 RM	SC's approved revaluation surplus based on NBV as at 31.12.1998 RM
<i>(v) LHF, CTHH and EFF</i>									
G.M. 347, Lot No. 1915, Mukim of Sg. Raya, District of Muar, State of Johore	Agricultural/ rubber small holding	30.03.1999/ comparison method	31,363/N/A	Freehold	N/A	450,000	450,000	245,882	204,118
<i>(vi) KJSB</i>									
H.S (D) 21971, PTD No. 1475, Mukim of Sg. Raya, District of Muar, State of Johore	Industrial/vacant industrial land	25.05.1999/ comparison method	8,094/N/A	Leasehold 60 years, expiring on 24/09/2056	N/A	1,045,000	N/A	455,325 (as at 28.02. 1999)	N/A
Total						28,400,000	27,355,000	18,363,567	9,446,758

Note: The SC has approved the revaluation surplus amounting to RM9,446,758, which will be incorporated into the accounts of the respective companies for the financial year ending 31 December 2000.

8.7 Directors, Senior Management Team and Employees

8.7.1 Profiles of Directors

Chua Lee Seng, aged 50, is the Chairman and Managing Director of LHIB. He was appointed to the Board of LHIB on 24 May 1994. After completing his Senior Middle Three Diploma from Chung Hwa High School, Muar in 1968, he began his wood-working career as an apprentice before setting up Oasis Furniture, a partnership involved in furniture manufacturing in 1976. Thereafter in 1979, he set up Seng Heng Furniture with three (3) other partners to manufacture wooden sofas and dining furniture for the local market. He co-founded LHF in 1985 and CTHH in 1992 where he also serves as a Director.

Tan Bee Eng, aged 42, is an Executive Director of LHIB. He was appointed to the Board of LHIB on 30 December 1999. He commenced his career as an apprentice in 1971 with a Singaporean woodworking company. During his five(5)-year tenure there, he produced a variety of residential furniture as well as solid-wooden doors, windows and frames. Upon his return to Muar in 1976, he joined Ong Kam Chin Perabot Sdn Bhd as production operator during which time he accepted a number of off-duty renovation contracts mostly operating from his family shop. He then entered into partnership with Neoh Cher Leong to establish Hup Cheong Furniture in 1980 and subsequently set up Eng Furniture Industries in 1989. He was appointed to the Board of EFF on 21 November 1992. Being a reputable entrepreneur with vast practical wood working experience, he has provided technical assistance to the plant and has to-date developed over 150 furniture designs for homes and offices. He is presently Finance Director for the Group.

8. INFORMATION ON LHIB

Tok Heng Leong, aged 43, is an Executive Director of LHIB. He was appointed to the Board of LHIB on 24 May 1994. He began his woodworking career in 1973 as an apprentice where he manufactured a variety of household furniture as well as furniture items for government schools. In 1979, he went into partnership with Chua Lee Seng to set up Seng Heng Furniture. As an experienced furniture craftsman, Mr. Tok is actively involved in product development in his capacity as Director of R&D. To-date, he has produced over 60 furniture designs for the Group. He is also a co-founder and Director of LHF.

Chua Yong Haup, aged 33, is an Executive Director of LHIB. He was appointed to the Board of LHIB on 30 December 1999. He began his woodworking career as an apprentice in Seng Heng Furniture in 1981. In 1987, he was engaged by Taiwan Furniture as a furniture contractor specialising in wood engraving. He left the company a year later and joined Hong Kong Teak, a company principally involving in furniture manufacturing as an R&D Supervisor before establishing Hup Heng Furniture in 1989. He was the co-founder of CTHH and was appointed to the Board of CTHH on 12 September 1992. He is currently responsible for the sales and marketing functions of the Group which include forging business ties with furniture agents and wholesalers in local and overseas market including China, Hong Kong, Philippines, the United Kingdom, United Arab Emirates and the USA. He has created more than thirty (30) furniture designs for the Group and has participated in more than ten (10) international furniture exhibitions. He currently serves as Director of Business Development for the Group.

Mohd Qari bin Ahmad, aged 46, is an Executive Director of LHIB. He was appointed to the Board of LHIB on 30 December 1999. He is also a Director of LHF since 30 August 1996. He obtained his Master of Business Administration Degree (MBA) from the University of Aston in Birmingham, United Kingdom in 1983. He is also a Fellow of the Institute of Chartered Secretaries and Administrators (ICSA), United Kingdom. He joined Perwira Affin Merchant Bank Berhad in 1983 as an Officer/Executive in the Corporate Finance and Advisory Division and rose to the position of General Manager of the Division in 1993. Throughout his 12½ years career in merchant banking, he had considerable exposure in a full range of corporate advisory transactions including initial public offerings, corporate restructuring and capital raising schemes, mergers, acquisitions and take-overs as well as independent valuations. As General Manager, he represented the merchant bank as a council member in the Association of Merchant Banks Malaysia (AMBM), a member of the Corporate Finance Sub-Committee of AMBM and an alternate director on the Board of Malaysian Issuing House Sdn Bhd.

Before joining the said merchant bank, he spent 4½ years in the company secretarial profession. He left the said merchant bank in August 1996 to set up his own corporate advisory and consultancy business under the name Ma-Qari Corporate Advisory Services Sdn Bhd. He has been the Managing Director of Damansara Realty Berhad since 1 September 1998, Executive Director of Amtek Holdings Berhad since 9 December 1996, and a Director of Long Huat Group Berhad since 18 August 1999, and was appointed as Director of The Store Corporation Bhd on 14 February 2000, companies listed on the Kuala Lumpur Stock Exchange.

Chua Tuan Meng JP, aged 56, is an Independent Director of LHIB. He was appointed to the Board of LHIB on 30 December 1999. He graduated in 1984 with a Bachelor of Arts majoring in Management from Central Pacific School, South of Australia. He is a Fellow of the Institute of Commercial Management, England and also a Fellow of the President Council of the American Institute of Management, USA. He has been awarded Degree of Doctor by the St. Clements University on 6 April 1999. Besides LHIB, he is also Chairman and Directors of a few private limited companies for about twenty (20) years which are principally involving in property development and property investment holdings namely Ban Heng Hong Sdn Bhd, Syarikat Sri Meriah Sdn Bhd and Song Lim Groups of Estates. He has been a Justice of Peace since 16 October 1999 and has been actively involved in the community services in Muar.

8. INFORMATION ON LHIB

Dali Kumar @ Dali bin Sardar, aged 41, is an Independent Director of LHIB. He was appointed to the Board of LHIB on 30 December 1999. He graduated in 1981 with a Bachelor of Economics from Knox College, USA. Subsequently, he obtained his Masters in International Management from American Graduate School of International Management, USA in 1982. Upon his graduation, he was attached to Citibank as Accounts and Relationship Manager in the Corporate Banking Unit for five (5) years. He was then promoted to the position of Senior Relationship Manager in 1986. In 1989, he was posted to the Leveraged Buyout & Venture Capital groups at Citibank New York and subsequently in 1990, he was promoted to the position of Vice President. Upon his return, he was attached to Citicorp Capital (Citibank Malaysia Venture Capital Unit) as an Executive Director until 1993 and became the Managing Director in 1994. He then left Citicorp Capital in 1996.

He was the Chief Executive Officer of Utama Merchant Bank Berhad early 1996 prior to setting up his own corporate finance business, DTA Capital Partners Sdn Bhd in September 1996. He is currently the Chairman of the Malaysian Venture Capital Association. He is also an Independent Director of Chuan Huat Resources Berhad, a company listed on the Kuala Lumpur Stock Exchange, and holds a directorship in Mondragon (M) Sdn Bhd.

8.7.2 Senior Management Team

Tok Soon Hing, aged 33, is a co-founder and director of CTHH. His involvement in the furniture trade began in 1985 as a finishing operator with Seng Heng Furniture for three (3) years. In 1988, he joined Hong Kong Teak Sdn Bhd to gain greater exposure in woodworking. Subsequently, he went into partnership in 1989 to set up Hup Heng Furniture. He then co-founded CTHH in 1992, and is presently the Director of Human Resources for the Group.

Neoh Cher Leong, aged 42, is a director of EFF. He started his career in 1971 in Singapore as a Sales Assistant of a provisional store. Upon his return to Muar in 1973, he joined Neo Nam Bee Furniture as an apprentice during which time he attended to numerous house renovation works. In 1974, he worked as a shop assistant for its retail store. In 1980, he went into partnership to set up a furniture manufacturing business called Hup Cheong Furniture. He then worked for Eng Furniture Industries in 1989, and co-founded EFF in 1992. He is presently Director of Purchasing for the Group.

Albert Lim Meng Kam, aged 35, is the Group General Manager responsible for the overall corporate affairs of the Group. He commenced his career in Standard Chartered Bank as a financial control clerk in 1989. During his service up to 1991, he was actively involved in the installation of the company's Management Information System. After completing his Advanced Diploma in Business & Management in 1992 awarded by Swansea Institute, he joined London School of Transplant (M) Sdn Bhd, a United Kingdom-based medical firm, as Branch Manager. He later joined Chow Choon (M) Sdn Bhd in 1994 as Sales Manager and was responsible for the trading of furniture hardware and panel products. He was later promoted to Regional Manager in 1995 to oversee the company's branches in the central, southern and eastern regions of Peninsula Malaysia. He then left and joined LHF in 1996 as Assistant Group General Manager, and was later promoted to Group General Manager in 1998.

Kang Irene, aged 42, is the Group Finance Manager responsible for the implementation of the Group's accounting system and financial reporting. After completing her secondary education, she pursued the Professional Accountancy course (ACCA) in Stamford College (Singapore) in 1974. After completing Parts 1, 2 and 3 of Association of Certified Accountants in 1981, she started her career as a Senior Finance Clerk in General Electric (USA) Sdn Bhd, thereafter renamed to Thomson Audio Muar Sdn Bhd. She was later promoted to Cost & Budget Assistant in 1984 and Cost & Budget Supervisor in 1990. Her area of responsibility included implementation of the company's accounting and internal control systems, budgeting, cost control and the preparation of financial and management reports. She received numerous awards for her active participation in the company's Quality and Cost Improvement Programs. She was later assigned to Thomson Philippines in 1996 to assist in training of personnel in costing and budgeting before she joined LHF as Group Finance Manager in 1997.

8. INFORMATION ON LHB

Shamsuddin bin Ahmad, aged 43, is the Group Operations Manager responsible for the operational affairs and R&D of the Group. He started his career as a technical instructor in wood technology and building construction at Vocational Secondary School from 1981 to 1987. He then obtained his Bachelor of Technology with Education (Civil Engineering) from Universiti Teknologi Malaysia in 1990. Upon his graduation, he served in the Technical Teacher's Training College as a lecturer from 1990 to 1994. Due to his commitment and interest in the furniture related field, he was awarded a scholarship by the Malaysian Government in 1992 to undergo a six (6)-month course in Carrington Polytechnic, Auckland, New Zealand. He was then attached to Reka Management Sdn Bhd in 1994 as Project Manager prior to setting up his own business, Armada Marine Services Sdn Bhd in 1997. Subsequently, he joined the Group as Group Operations Manager in 1998.

Ang Siew Heong, aged 33, is the Human Resource Manager of the Group. She graduated with a Bachelor of Arts (Hons) degree in Arts majoring in Anthropology and Sociology from Universiti Kebangsaan Malaysia in 1992. She started her career with Mieco Chipboard Bhd in 1992 as a personnel officer. Prior to joining LHF as Human Resource Manager in February 1997, she was the Head of Department of Human Resource and Administration of Interactive Electronics Sdn Bhd from 1995 to 1997.

Tok Siew Tin, aged 30, is the Marketing Manager responsible for the marketing affairs of LHF which include the implementation of marketing and promotional strategies and maintaining good rapport with its customers. She obtained her Higher Level Diploma in London Chamber of Commerce and Industry in 1989. Upon completion of her studies, she commenced her career with Leong Hup Holdings Sdn Bhd in 1990 as a Sales Clerk. Subsequently she joined LHF in 1993 as Purchasing Officer and was later promoted to the position of Assistant Marketing Manager in 1997. She has represented the Group in various international furniture exhibitions including those held in United Arab Emirates, South Africa and Singapore and has also participated in a business mission in South Korea. She was appointed to her current position in 2000.

Tee Kok Poh, aged 38, is the Operations Manager responsible for production planning as well as LHF's day-to-day factory operations. He obtained a Certificate of Participation in Business Administration and Bachelor of Science (Honours) in Mathematics from the Universiti Sains Malaysia in 1988. Upon his graduation, he was attached to the Ministry of Education, Malaysia, as an Education Officer for five (5) years. Subsequently, he joined Muar Tools Manufacturer Sdn Bhd as Administration Manager responsible for the overall administration affairs of the company before he joined LHF as Operations Manager in 1996.

Yeo Seok Joo, aged 31, is the Assistant Production Manager responsible for managing the daily administrative and operational affairs of LHF. She joined LHF as Production Officer in 1995 after completing her Bachelor of Arts (Hons) Degree in Psychology from Universiti Kebangsaan Malaysia. She received hands-on production management training from various foreign consultants and was actively involved in productivity improvement programmes carried out by LHF. She has also served as the Management Representative in LHF's ISO 9002 committee since 1997. She was appointed to her current position in 1997.

Lai Ming Gaan, aged 25, is the Assistant Manager of the R&D Division. He obtained his High School Certificate in Furniture Design from Pei Hwa Technical School, Muar in 1994. He also received the Certificate in Auto Cad Operations from Informatics College. His career in the furniture industry started in 1994 when he joined Kimble Furniture Sdn Bhd as Quality Assurance cum Graphic Designer where he gained much experience in drawing up quality procedures as well as furniture designing. He then joined Seng Hup Heng Sdn Bhd as the Head of the Quality Assurance and Design Department in the same year. Subsequently, he joined Tat Sang Sdn Bhd in 1995 as R&D Officer to oversee the product development activities of the company which include designing, production of blue-prints and prototype development. He then left and joined LHF as Assistant Manager in 1997.

8. INFORMATION ON LHIB

Toh Lai Huat, aged 26, is the Assistant Manager of the Management Information System Department responsible for implementing the MRP system and maintaining the Local Area Network. He obtained his Advanced Diploma in computer studies from the University of Oxford, United Kingdom in 1995. Prior to joining the Group, he was with Sin Hua Sen Sdn Bhd in 1996 as a programmer responsible for writing programs under the MRP system and implementing the company's human resource systems. Subsequently, he joined the Group in 1998 as a Senior Management Information System Executive before he assumed his present position in 1999.

8.7.3 Family Relationship

The family relationship among the Directors and the senior management team is given below:-

Name	Relationship
Tok Heng Leong	Brother-in-law to Chua Lee Seng*
Chua Yong Haup	Nephew to Chua Lee Seng
Tok Soon Hing	Brother to Tok Heng Leong/ Brother-in-law to Chua Lee Seng
Neoh Cher Leong	Brother- in-law to Tan Bee Eng
Tok Siew Tin	Sister to Tok Heng Leong/ Sister-in-law to Chua Lee Seng

* *Chua Lee Seng is the Chairman and Managing Director of LHIB .*

Save as disclosed above, there are no family relationships among the Directors and senior management staff of the LHIB Group.

8.7.4 Employees

Presently, the Group has a total of 715 employees. The employees do not belong to any union, and the relationship between management and employees is good.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

9.1 Overview Of The Malaysian Economy

The Malaysian economy has recovered in 1999 from the severe impact of the mid-1997 economic and financial crisis. While the economy contracted by 1.3 % in the first quarter of 1999, the country's real gross domestic product ("GDP") registered a positive growth of 4.1% in the second quarter.

According to the Economic Report 1999/2000, the real GDP growth is expected to accelerate to an annual rate of 7.2% during the second half of 1999. As a result, the country is expected to achieve for the whole of 1999 a real GDP growth of 4.3%, a sharp rise from the government's earlier forecast of 1% growth.

The strong recovery experienced by the economy is attributable to the policies initiated by the National Economic Action Council in line with its National Economic Recovery Plan as well as other favourable domestic and external developments.

The government's initiatives, such as the adoption of an expansionary fiscal policy, the easing of monetary policy, the introduction of selective capital controls and the pegging of the Ringgit to the USD, have succeeded in insulating the Malaysian economy from externally generated risks and vulnerabilities. These policies have restored stability, revived economic activities and strengthened the resilience of the economy. In addition, reforms to restructure the financial system have also enabled the banking system to carry out its intermediation function more effectively, thus supporting the economic recovery process.

The conducive domestic environment, coupled with the rise in external demand following improved economic conditions in East Asia and the continued robust economic growth of the US, have enabled output increase especially in the manufacturing sector. The balance of payments, expected to be RM125.5 billion by the end of 1999 which will be sufficient to finance 6.5 months of retained imports, as well as the relatively low inflation rate, at an average of 3% during the first nine (9) months of 1999 compared to an average of 5.3% in 1998, have further boosted prospects for the economic recovery.

With the recovery expected to gain further momentum in the future, the outlook of the Malaysian economy is positive. For year 2000, the economy is forecast to grow at 5%. The main driver for growth in year 2000 would be domestic demand, which is forecast to strengthen further due to stronger growth in private consumption and a recovery in private sector investment as well as additional fiscal stimulus.

Overall, the economic outlook for the country is rosier with the government's continuous effort to broaden the base of the economic recovery which would in turn provide a stronger foundation for the economy to return to the path of sustainable growth in the next millennium.

(Source: Economic Report 1999/2000, The Edge, 1 November 1999 & New Straits Times, 30 October 1999)

9.2 Malaysian Furniture Industry

Sales of the furniture and fixtures increased by 22.3% to RM1.17 billion during the first seven months of 1998 (January-July 1997:5.3%). An impressive increase of 17% was posted in the total production output of RM937 million during the period of January-May 1999 as compared to the same period in the previous year. Export volume of RM4.36 billion was recorded in 1998 driven largely by the continued strong external demand especially from Japan, the US and the UK with Australia and the European countries fast emerging as new markets.

(Source: Economic Report 1998/99, Department of Statistics June 1999 & The Star, 28 September 1999)

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

Malaysia is now ranked among the top furniture exporting countries in the US and Japan. Even though the major market continue to be the United States with a share of 39.1% of export and Japan with 15.7% in 1998, there has been significant market diversification with exports of furniture and parts going to 142 countries from 116 countries in 1995. The local furniture exporter had started looking for new markets including the Commonwealth of Independent State countries and South-South countries. With the implementation of the Asean Free Trade Area beginning 1 January 2000, the Asean region would become a lucrative market for local manufacturers due to its large population of 350 million people.

(Source: Ministry of Primary Industries February 1999, Business Times, 3 March 1999 & The Star, 28 September 1999)

Part of the government's effort to promote the sales of Malaysian-made furniture abroad is through international trade fairs, most notable being the MIFF, reputed to be the largest specialised furniture trade exhibition in the Asian region. In the three (3) days exposition, MIFF orders alone reached RM1.3 billion in 1998 and in 1999, a total of RM1.58 billion orders were registered. The export sales from MIFF'99 formed a staggering 40% of Malaysia's annual total export of furniture. It managed to attract a total of 18,401 visitors, including 4,986 international furniture buyers from 101 countries namely Asian countries, Europe, Japan and Korea, Australia and New Zealand, the Middle East and the United States and Canada. This represents an increase of visitorship of 16.5% over last year while the number of countries from which these buyers came from increased by 13 countries.

(Source: Malaysian Furniture Industry Council, 19 March 1999, New Straits Times, 22 March 1999 & The Star, 4 August 1999)

9.3 Wooden Furniture Industry

The Malaysian wooden furniture industry experienced phenomenal change in the mid-80s following the successful utilisation of rubberwood as a "newly discovered" resource. Rubberwood as raw material used has received great acceptance due to improved cultivation of the wood, producing better texture, grain and light cream colour of natural beauty. Coupled with the fact that rubberwood can be easily cultivated and replanted which would assure continuous supplies, rubberwood furniture has been accepted as an environment friendly product.

(Source: Malaysian Furniture Industry Council, 24 February 1998)

Following this, demand for rubberwood in the local and international scene quickly gained popularity, particularly from Western countries looking to Malaysia for rubberwood products. This has dramatically boosted the downstream timber industry in the country and spurred the tremendous growth of the furniture industry. Rubberwood furniture is beginning to become the mainstay of Malaysia's wooden furniture exports, with easy-to-assemble and knockdown furniture gaining increasing popularity. Most wooden furniture products shipped were for the lower priced export market segment.

(Source: Economic Report 1998/99)

The average annual export growth of wooden furniture from 1990-1996 has been phenomenal with exports for furniture as a whole at 35.8% and for wooden furniture at 36.7%. The exports reached a value of RM3.3 billion during year 1998 as compared to the only RM270 million in 1990. Import growth rate increased more slowly at 17.2% because domestic production was able to meet increase in domestic demand and thus reducing import needs.

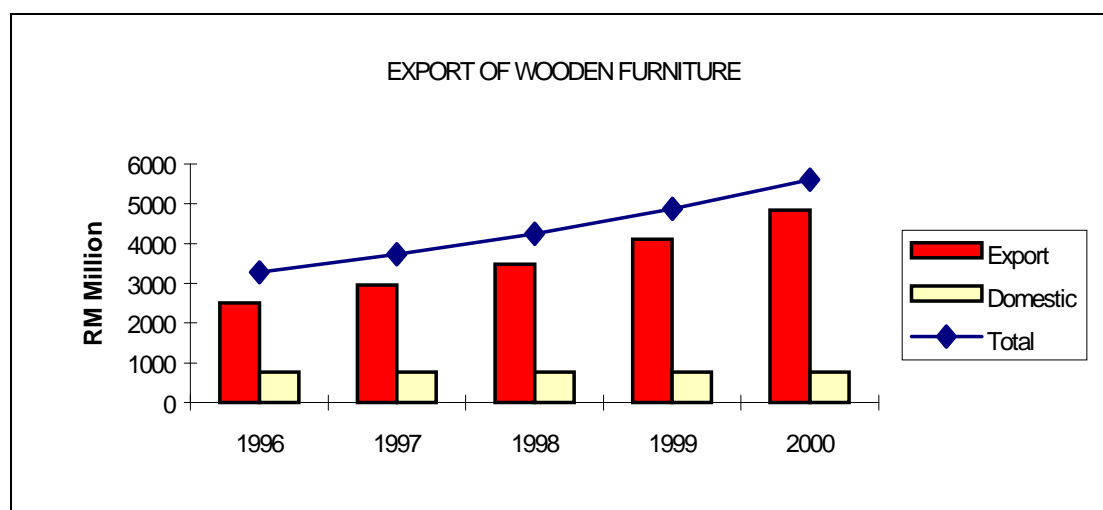
(Source: Department of Statistics & The Star, 18 October 1999)

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

A further breakdown by type of furniture indicates that exports consist overwhelmingly of household furniture and from 1990 to 1996, household furniture exports increased from RM255 million to RM2.2 billion. The industry contributes more than RM2 billion in export earnings, with growth of between 10-15% from 1998 to 2000 being envisaged. It is further forecasted that, by breakdown, the exports of wooden furniture shall constitute 86.3% of total wooden furniture output by year 2000.

(Source: MTC Furniture Industry Study March 1999 & Economic Report 1998/99)

Shown below is the breakdown of the growth of the wooden furniture industry together with the projection and forecast for the year 2000:-



(Source: Malaysian Timber Industrial Board)

The following table illustrates the breakdown of Malaysia's wooden furniture export destinations:-

Country	Export value					
	1993 RM'million	1994 RM'million	1995 RM'million	1996 RM'million	1997 RM'million	1998 RM'million
EU	80.1	98.7	133.5	162.0	225.1	390.3
Germany	6.6	10.4	11.4	13.7	16.3	19.2
Belgium	7.2	5.4	5.7	12.1	14.4	21.7
Netherlands	10.1	13.0	17.4	13.4	18.5	27.2
U.Kingdom	41.5	54.0	62.6	76.4	107.0	213.8
Japan	191.4	289.3	414.5	468.9	465.6	509.0
Taiwan	28.2	41.0	49.1	46.0	55.8	74.2
Hong Kong	10.7	26.4	37.7	54.3	68.2	55.3
Singapore	123.0	166.9	164.7	215.8	256.6	279.2
USA	387.5	637.1	661.9	823.9	970.3	1,269.6
Australia	35.0	48.4	59.5	78.2	115.9	169.0
Others	79.7	105.6	152.9	239.6	373.5	499.5
Total	935.6	1,413.4	1,673.8	2,088.7	2,531.0	3,246.1

(Source: Malaysian Timber Industrial Board)

As can be seen from the table, USA and Japan are the two largest importers of furniture from Malaysia in 1998, with a combined market portion of 54.8% between them.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

9.4 Government Legislation, Policies And Incentives

Under the Second Industrial Master Plan (“IMP2”), productivity growth is expected to propel the manufacturing sector into the next millennium. The government expects that a total of RM250 billion is invested in the manufacturing sector by 2005. Under the IMP2 and the National Economic Recovery Plan, the wood-based industry has been identified as one of the resource-based industry poised for growth. Between year 1994 and 1998, a total of 182 projects were approved for the furniture and fixtures industry, with capital investments of RM1.1 billion, of which 69.5% or RM760.6 million were domestic investment.

(Source: Second Industrial Master Plan, MIDA Industry Briefs on Furniture and Furniture Components, April 1999 & New Straits Times, 3 March 1999)

In order to further promote the development of the furniture industry, the government has established two (2) furniture villages in Selangor and Perak. The Primary Industries Ministry has allocated a further RM30 million under the Seventh Malaysian Plan to expand the government’s furniture village project. In addition to this, the government has also introduced financial support to assist the industry, including the Industrial Technical Assistance Fund, Industrial Adjustment Fund and Industrial Adjustment Programme.

(Source: Business Times, 16 December 1996 & The Star, 11 December 1996)

Moreover, the Malaysian Furniture Timber Council and the Malaysia Furniture Industry Council has jointly established the first Malaysian Furniture Design and Exhibition Centre in 1998 which aims to be a one-stop furniture centre as well as to invite international designers from Italy, Germany and France to assist in enhancing the quality of local furniture to par with international furniture standards. The international designers would be sought to assist Malaysian designers churn out up-to-date designs to meet the current trends of the export markets. This would enable the local furniture industry to penetrate further into the global upmarket sector, while continuing to produce and improve on utility value, design, superiority and quality of the furniture which are accepted world-wide.

(Source: Maskayu & New Straits Times, 22 March 1999)

According to the International Tropical Timber Organisation, the government has allocated a RM2.5 billion budget under the new economic plan (1996-2000) on forest management activities and replanting programmes. This will ensure adequate supply of rubberwood for future years.

(Source: The Star, 13 February 1997)

The 1996/97 Budget outlines the continuous incentives for this sector. These include the Pioneer Status, Investment Tax Allowance and Reinvestment Allowance which allow each manufacturing company to apply for a tax exemption or deduction. In addition, Malaysian Industrial Development Authority (“MIDA”), being the governing body for manufacturing concerns, has been providing necessary assistance and support for the manufacturing companies.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

9.5 Outlook Of The Industry

Although the industry's growth for the previous decade had been phenomenal at 27 to 30 per cent, Malaysia's contribution to the world market is still less than 0.5 per cent of the global furniture market valued at about RM1.14 trillion. Thus, there is much room for growth and many new markets to explore. Strong assistance from the government through its various agencies abroad has helped make Malaysia a destination to source for furniture.

(Source: Ministry of Primary Industries, February 1999 & New Straits Times, 1 March 1999)

The government has been pushing local furniture industrialist to carve a bigger slice of the global furniture market estimated at around USD193 billion in 1998 with furniture exports world-wide constituting USD46.7 billion. From 1999-2001, it is estimated that the market will grow by 1.0% whilst production will increase by 2.0% per annum on average. By 2001, the world furniture export trade is estimated to hit USD56 billion.

(Source: CSIL, 1999)

Exports of Malaysian furniture are expected to reach a total of RM7 billion in 2005 from an estimated RM5 billion expected in 1999 in line with the global demand. The annual MIFF is set to generate higher export of US\$450 million from next year's MIFF against the US\$415 million recorded in 1999 and 10% increase of foreign arrivals. With the establishment of the Malaysian Furniture Design Centre, the increasing popularity and success of MIFF and the government's support in various other incentives, the Malaysian furniture industry is set to corner a sizeable market of the global furniture trade.

(Source: The Star, 4 August 1999)

In tandem with the projected growth of the Malaysian economy at 8.0% per annum over the next five years, and the contribution from the manufacturing sector, the annual average growth of the furniture industry is expected to be at 15% per annum. Growth is expected to be sustained in the future due to the private investment in this sector.

(Source: The Star, 13 February 1997)

In conclusion, the Malaysian furniture industry has no barriers lying in its path. Its manufacturers are versatile in producing home furnishings as well as commercial items. The range of easy to assemble and knock-down furniture goes along the modern streamline of today's society. Existing competitors from neighbouring countries should only be a source of motivation to the industry. Malaysia has already captured the market and carved out its own niche which it needs. The challenge now lies in maintaining that large portion of sales and keeps it on the uptrend. In conclusion, under the findings of the Malaysian Timber Council, the following remarks were noted:

"Those producing and distributing furniture in the domestic market should rightly brace themselves for a slowdown in domestic demand, whilst those producing for exports should be given ample encouragement to expand. Furniture exports tend to be quoted in US dollars so that the Ringgit depreciation has made Malaysian furniture cheaper with respect to competitor countries, such as China. The export-oriented segment of the industry therefore should not be deprived of funds to expand."

(Source: MTC Furniture Study 1999)

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

9.6 Future Plans Of The LHIB Group

In order to establish itself as a leading furniture name in the international market, the Group plans to emphasise on continuous product development, plant expansion, upstream integration, marketing and human resource development which are detailed as follows:-

- ***Product Development***

In view of promoting itself as an own brand manufacturer, the Group's R&D division is continuously developing new products in order to compete effectively in the world market. In addition to solid rubberwood manufacturing, the Group has been successful in developing quality furniture which employ particle-boards and medium-density fibreboard. This range includes office furniture and the occasional series such as telephone stands, coffee tables and bistro sets. As a contingent measure to reduce over-dependence on solid rubberwood, the Group plans to further develop furniture products which incorporate alternative raw materials such as reconstituted panels and veneers. The other potential alternative that has been identified to have marketable qualities akin to rubberwood is Sentang. Known to be harvested in ten (10) years, Sentang is currently planted on an experimental scale but is reported to take prominence as a plantation timber species like rubber trees in future. A light to medium tropical hardwood, it has been highly rated in terms of its suitability as a base material for furniture, housing tools, general construction, window frames and as carving artefacts.

Furthermore, the Group has recently in 1997 introduced and developed total furniture concepts under the "*MEGA Furniture™*" trade mark for its home and office furniture. The Group plans to launch such concepts aggressively in line with its future marketing plans. The Group's product range shall be thematic and comprehensive, ranging from basic furniture items to furniture accessories. This move is envisaged to pave the way for greater brand awareness and customer loyalty. The Group plans to co-operate with local original equipment manufacturers to develop these ranges of home and office furniture. However, the designs and finishing work for the furniture will be carried out by its in-house R&D and production departments.

- ***Plant Expansion***

The Group plans to further expand its dining furniture line in order to meet the increasing demand in the foreseeable future. As such, a new spray line will be added and additional woodworking machinery for the production of chairs will be brought into the existing line, which is expected to increase production output by 15%. The new spray line is expected to be installed by June 2000. The Group has also planned to raise its laminated board component plant for table-top production in order to further integrate its table production line. This plant will produce 175 cubic metres per month in year 2001 which will translate into RM0.60 million cost savings for the year. It is expected to generate cost savings of RM1.19 million per annum once it is fully operational by year 2002.

Furthermore, the Group will also install an additional CNC borer and panel saw for in its office furniture plant in order to further increase the operational output by 15%. Kiln dry chambers will be added to MKK's plant to boost its current capacity in order to meet the Group's future requirements for treated rubberwood.

The total expected cost for plant expansion is approximately RM5.8 million.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

- ***Upstream Integration***

The Group is currently adequately supported by a network of sawmills that supply treated rough sawn rubberwood to its pressure treatment and kiln dry plant. The Group also plans to increase its preservation treatment and kiln drying capacity in MKK which currently supplies 50% of the Group's rubberwood requirements. The remaining 50% is out-sourced at present in treated rough sawn rubberwood or rubberwood components form from numerous pressure treatment and kiln dry plants and component manufacturers.

- ***Marketing***

The Group presently has approximately 250 local and foreign distributors in over 40 countries. In order to further enhance its international presence, the Group plans to tap into its existing marketing base to promote its house brand, *MEGA Furniture™*, which carries a complete range of furniture items for homes and offices. The Group plans to engage retailers to participate in its brand marketing programmes in order to launch its concepts and brand name effectively. As such, the Group is targeting to appoint a retailer from the UK to launch its first comprehensive collection under the *MEGA Furniture™* trade mark.

- ***Human Resource Development***

In order to reduce its labour dependency while stepping up its manufacturing efficiency to compete effectively in the world market, the Group has been gradually increasing its plant automation levels. As such, the Group has initiated numerous training programmes to equip its staff with the necessary skills to operate in an advanced/automated manufacturing environment. These programmes were mostly conducted by productivity consultants, engineers and technicians. The Group plans to further invest in skills development in tandem with changes in technology employed in its plants in order to promote a highly productive work force. The cost of the training programmes is estimated at approximately RM36,000 per annum.

9.7 Prospects Of The LHIB Group

The prospects of the Group will very much depend on its ability to enhance its manufacturing, marketing and product development capabilities. With the following competitive advantages, it would be reasonable to expect that the prospects of the Group is bright:-

- ***Integrated Operations***

The Group is involved in a wide range of activities spanning from rubberwood pressure treatment and kiln drying and furniture component manufacturing to the end-production and finishing of dining, office and other household furniture. The finished products are marketed to its numerous distributors comprising of furniture importers, wholesalers and retailers in over 40 countries world-wide. Its integrated manufacturing approach has provided the Group an added leverage in terms of better control over the pricing and quality of its finished goods. In addition, the Group also has the flexibility to respond to changing customer preferences and market trends. There is also more control in terms of meeting furniture delivery deadlines which is crucial to gain trust and loyalty from its customers.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

- ***Diversified Export Base***

Approximately 70% of its production is catered for the export market which comprises of over 40 countries world-wide. Having a broad export-based market reduces the Group's exposure to any specific market, allowing it to effectively reposition its business in the event of a regional economic downturn. According to the Frank Small & Associates' Independent Market report dated 15 October 1997, the Group has a very strong presence in the overseas market and its total export sales are growing faster than the total Malaysian export sales for similar products. A copy of the report has been made available for inspection as set out under Section 14.8 of this Prospectus.

- ***Niche Market***

Besides maintaining its world-wide market base, the Group has also managed to secure a niche in the colonial design category for the Australian market in particular. Furniture sales to the country in 1998 was RM9.8 million or approximately 24% of total export sales, making it the single largest importer for the Group. According to Frank Small & Associates, the Group is particularly strong in the Australian market where its dining furniture exports in 1996 accounted for 24% of the total Malaysian dining furniture exports to this market. The Group is presently focusing on the United Kingdom market to further promote its colonial furniture range.

- ***Diversified Product Base***

The Group produces over 200 designs of household and office furniture. Its diversified product base would enable the Group to secure its business in the event of fluctuations in the demand for any specific product line.

- ***Distribution Strength***

The Group's wide marketing network has enabled it to distribute its products world-wide as well as to find an inroad into potential markets both local and overseas. The Group also exports its products directly to the overseas market via its distributors comprising of furniture importers, wholesalers and retailers which makes it more price competitive. In 1998, approximately 68% of the Group's sales was derived through its direct marketing arms. The Group currently employs approximately thirty (30) furniture agents.

- ***ISO 9002***

In 1997, two (2) of the Group's subsidiaries were awarded the *ISO 9002 Certification* by Sirim QAS Sdn Bhd in line with the Management's commitment to achieve continuous improvement in its business operations and product quality. The certification has also proved successful in generating confidence among large buyers who were particularly quality-sensitive during the recent trade shows participated by the Group. Furthermore, the Group's emphasis on quality has generated repeat orders from customers with a number of key accounts having consistent business relations with the Group for a period of five (5) years or more. The Group has also been awarded *Certificates of Product Excellence* by major Australian importers in recognition of its product standards and quality.

10. FINANCIAL INFORMATION

10.1 Profit And Dividend Records

The following table sets out a summary of the proforma consolidated financial results of the LHIB Group for the five (5) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999, prepared based on their audited accounts and on the assumption that the current structure of the Group had been in existence throughout the period under review. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out under Section 12 of this Prospectus.

	<-----Financial years ended 31 December----->					9-month period ended 30 September 1999
	1994	1995	1996	1997	1998	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	17,238	18,288	31,568	46,585	57,960	59,871
Profit before taxation	2,202	2,715	5,619	7,927	10,446	9,188
Exceptional items	25	-	39	-	-	-
Share of loss of associated company	-	(56)	-	-	-	-
Taxation	(360)	(485)	(887)	(983)	(2,228)	(206)
Profit after taxation	1,867	2,174	4,771	6,944	8,218	8,982
Issued and paid-up share capital assumed to be in issue (‘000 shares)	25,598	25,598	25,598	25,598	25,598	25,598
Gross EPS (RM)	0.09	0.10	0.22	0.31	0.41	*0.48
Net EPS (RM)	0.07	0.08	0.19	0.27	0.32	*0.47

* Annualised

Notes:-

- The gross EPS has been calculated based on the profit before taxation divided by the issued and paid-up share capital in respect of the financial years/period under review.
- The net EPS has been calculated based on the profit after taxation divided by the issued and paid up share capital in respect of the financial years/period under review.
- The exceptional item for 1994 was attributable to the compensation for the assets written off as the result of fire. The exceptional items in 1996 were in respect of the disposal of an associated company and provision for diminution in value of investment.
- Save for item (iii) above, there were no other extraordinary/exceptional items in respect of the financial years/period under review.
- No dividends have been declared by the Group in respect of the financial years/period under review.

Commentary:-

- The increase in turnover and profit before taxation in 1996 was primarily due to the significant rise in export sales as the Group had successfully penetrated into new export markets. The number of importing countries rose to twenty-six (26) in 1996 as compared to twenty-one (21) countries in the preceding year. Furthermore, the commencement of EFF's operation also contributed approximately RM8.6 million to the total increase in turnover.
- In 1997, the Group registered a 47.6% and 41.1% increase in the turnover and profit before taxation respectively as compared to 1996 mainly due to a 100% increase in domestic sales for office and other household furniture range and also a 21.0% increase in export sales as a result of aggressive marketing and promotional activities which resulted in an increase in the number of importing countries to thirty-four (34) (1996:26 countries). The pre-tax margin dropped slightly from 17.8% in 1996 to 17.0% in 1997 mainly due to an increase in interest charges on bankers' acceptance and bank overdraft, a rise in the administrative costs as the result of an increase in staff costs and marketing expenses as well as higher percentage of sales for office furniture in the domestic market which has a relatively lower profit margin as compared to the other household furniture range.

10. FINANCIAL INFORMATION

- (iii) *In 1998, despite the softening of the local economy, the Group managed to register a 24.4% and 31.8% increase in turnover and profit before taxation respectively. This was primarily attributable to the significant increase in its export sales of dining, office and other household furniture which rose by 53.3%, 62.0% and 825.7% respectively from the previous year as the Group shifted its focus to the overseas market. The significant increase in total export sales of 70.6% from the preceding year has contributed to an increase in export ratio to total sales to 70.3% from 51.3% in 1997. The increase in pre-tax margin in 1998 was mainly attributed to higher value-added furniture for the export market which has higher profit margin in addition to an increase in sales tax exemption due to growth in export sales.*
- (iv) *The taxation has been adjusted to reflect the under/(over) provision in respect of the financial years/period under review as follows:-*

	<-----Financial years ended 31 December----->					9-month period ended 30 September 1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Taxation as stated in audited accounts	520	347	917	994	2,172	206
Adjustment to reflect the taxation in the respective years	(160)	138	(30)	(11)	56	-
Adjusted taxation as stated in this report	360	485	887	983	2,228	206

- (v) *The effective tax rates for 1994 to 1998 were lower than the statutory tax rates mainly due to:-*
- (a) *availability of reinvestment allowances for LHF and CTHH; and*
- (b) *EFF has been granted pioneer status under the Promotion of Investment Act, 1986 which abates 70% of its statutory income for its furniture products for a period of five (5) years. The production date has been fixed on 1 May 1996.*
- (vi) *The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on the income of the Group for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.*

10. FINANCIAL INFORMATION

10.2 Working Capital, Borrowings, Contingent Liabilities And Capital Commitments**10.2.1 Working Capital**

The Directors of LHIB are of the opinion that after taking into account the cashflow projections and the banking facilities available, as well as the proceeds from the Rights Issue and Public Issue, the Company and its subsidiary companies will have adequate working capital for their foreseeable future requirements.

10.2.2 Borrowings

As at 8 March 2000 (*being the last practicable date prior to the printing of this Prospectus*), the total borrowings of the Group amounted to approximately RM14.18 million

10.2.3 Contingent Liabilities

As at 8 March 2000 (*being the last practicable date at which such amounts can be calculated prior to the printing of this Prospectus*), the LHIB Group does not have any outstanding contingent liabilities save for counter indemnities to banks for bank guarantees issued amounting to RM764,500 and corporate guarantees for credit facilities granted to subsidiary companies for hire purchase and bank borrowings amounting to RM6,508,040. The Group does not have any other loan capital outstanding or created but unissued nor any mortgages or charges outstanding.

10.2.4 Capital Commitments

As at 8 March 2000 (*being the last practicable date at which such amounts can be calculated prior to the printing of this Prospectus*), the Company and its subsidiary companies have capital commitment amounting to approximately RM2.07 million, for the purchase of additional plant, machinery and equipment.

10. FINANCIAL INFORMATION

10.3 Consolidated Profit Estimate And Forecast Together With The Assumptions Thereto
(Prepared for inclusion in this Prospectus)

10. FINANCIAL INFORMATION

10. FINANCIAL INFORMATION

10.4 Reporting Accountants' Letter On The Consolidated Profit Estimate And Forecast
(Prepared for inclusion in this Prospectus)

10. FINANCIAL INFORMATION**10.5 Dividend Estimate And Forecast**

It is the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

On the basis of the profit estimate and forecast for the years ended 31 December 1999 and ending 31 December 2000 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of LHIB anticipate that the Company will be in a position to propose a tax-exempt dividend of 7.5% for the financial year ending 31 December 2000.

The intended appropriation of the profit estimate and forecast for the financial years ended 31 December 1999 and ending 31 December 2000 will be as follows:-

	Proforma Estimate 1999 RM'000	Forecast 2000 RM'000
Financial Year Ended/Ending 31 December		
Consolidated profit before taxation	12,267	14,238
Less: Taxation	*(163)	(3,476)
Consolidated profit after taxation	12,104	10,762
Less: Proposed dividend (net)	-	(3,000)
Retained profit	12,104	7,762
Tax-exempt dividend per share (sen)	**-	7.50
Tax-exempt dividend cover (times)	**-	3.59
Dividend yield based on Issue/Offer Price of RM1.60 per ordinary share (%)	**-	4.69

* *The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on the income of the Group for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.*

** *The Company will not declare any dividend in respect of the financial year ended 31 December 1999.*

10. FINANCIAL INFORMATION

10.6 Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

10. FINANCIAL INFORMATION

10. FINANCIAL INFORMATION

10. FINANCIAL INFORMATION

10. FINANCIAL INFORMATION

10.7 Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

10. FINANCIAL INFORMATION

11. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

12. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

12. ACCOUNTANTS' REPORT

13. VALUERS' LETTER

(Prepared for inclusion in this Prospectus)

13. VALUERS' LETTER

13. VALUERS' LETTER

13. VALUERS' LETTER

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

14.1 Share Capital

- (i) No ordinary shares will be allotted on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (iii) Save for the 2,000,000 ordinary shares of RM1.00 each reserved for the eligible employees and Directors of the LHIB Group, there is no other scheme for or involving the employees of the Group in the capital of the Company or its subsidiaries.
- (iv) Save as disclosed in Sections 8.2, 8.4 and 8.5 of this Prospectus, no shares, stocks and debentures of LHIB and its subsidiary companies have been issued or are proposed to be issued as partly or fully paid-up for cash or otherwise within two (2) years preceding the date hereof.

14.2 Articles Of Association

The following provisions are reproduced from the Company's Articles of Association which has been approved by the KLSE:-

(a) Changes in Capital and Variation of Class Rights

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons on such terms and conditions with such (whether in regard to dividend, voting or return of capital) preferred, deferred or other special rights and either at a premium or otherwise, and subject to such restrictions and at such time or times as the Directors may think fit but the Directors in making any issue of shares shall comply with the following conditions:-

- (i) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (ii) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than one hundred per centum (100%) of the nominal amount of the share;
- (iii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (iv) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members of the Company in general meeting;
- (v) every issue of shares or options to employees of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares or options to employees unless:-
 - (a) the Members in general meeting have approved of the specific allotment to be made to such Directors; and
 - (b) such Director holds office in the Company in an executive capacity;

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Provided Always that a non-executive Director may participate in an issue of shares or options pursuant to a public offer or public issue such participation to be approved by the relevant authorities;

- (vi) subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot securities and despatch notices of allotment to the allottees within twenty (20) market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange.

Article 7

Notwithstanding Article 9 hereof, the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholder rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Article 9

Whenever the capital of the Company is divided into different classes of shares or groups, the special rights attached to any class or group may subject to the provisions of these Articles (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of these Articles relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively.

Article 51

Subject to any direction to the contrary that may be given by the Company in general meeting any shares for the time being unissued and not allotted and any new shares from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors be conveniently offered under this Article.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Article 52

Notwithstanding the preceding Article, but subject always to the Act, the Company may apply to the Exchange upon which the Company is listed for waiver of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where in accordance with the provisions of Section 132D of the Act, there is still in effect, a resolution approving the issuance of shares by the Company and the aggregate of the shares issued of which in any one financial year (other than by way of bonus issue or rights issue) do not exceed ten per cent (10%) of the issued share capital of the Company.

Article 54

(1) The Company may by Ordinary Resolution:-

- (i) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (iii) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the other or any other of such shares; and
- (iv) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken, agreed to be taken by any persons or shares which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

(2) All new shares created as a result of any increase or change in the Company's capital shall be subject to the same provisions of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

(b) Transfer of shares

The provisions in the Articles of the Company in relation to arrangements of the transmission of securities of the Company and such restrictions thereto on the ease of transferability, in addition to those provided for in the Companies Act, 1965, Rules of the Malaysian Central Depository and KLSE listing requirements, among other are as follows:-

(i) *Articles of Association of the Company*

Article 26

The transfer of any class of shares shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository notwithstanding Sections 103 and 104 of the Act but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of shares.

Article 27

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Article 28

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Eighteen (18) market days notice of intention to close the said Register of Members shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice should state the period and purpose or purposes for which the Register of Members is being closed. The Company shall give notice to the Central Depository to enable the Central Depository in accordance with the Rules to prepare the appropriate Record of Depositors.

Article 29

Subject to the provisions of these Articles the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

(ii) Companies Act, 1965

The provisions within the Companies Act, 1965 on the transferability of securities are as follows:-

Section 103 (1)

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

Section 103 (1A)

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

Section 107C (1)

On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of a book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities or class of securities which have been deposited.

Section 107C (2)

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

(iii) Second Board Listing Requirements

The rules within the Second Board Listing Requirements of KLSE on the transferability of securities are as follows:-

Clause 9.5A - Transfers

The transfer of any securities or class of securities of the company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965 but subject to subsection 107C (2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of securities.

Clause 9.5B - Transmission of securities from Foreign Register

(1) Where-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment Act), 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as “the Foreign Register”), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as “the Malaysian Register”) subject to the following conditions:-

- (i) there shall be no change in the ownership of such securities; and
 - (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.
- (2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of clause 9.5B(1) shall allow any transmission of securities from the Malaysian Register in to the Foreign Register.

(iv) Rules of the MCD

The rules within Malaysian Central Depository on the transferability of securities and restriction on their free transferability are as follows:-

Rule 8.01 (2)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor thereunder, where the reason for the said transfer does not fall within any of the approved reasons as stipulated under Rule 8.03 (1)(c).

Rule 8.05A

Transfers made by the authorised depository agent from the agent’s principal or nominee account shall be subject to the Rules in this Chapter.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Rule 9.03 (2)

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as “the inter-account transfer”), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows:-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the Depositor’s spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code On Take-over and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

(c) Qualification Shares and Remuneration of Directors

The provisions in the Articles of the Company dealing with qualification shares and remuneration of the Directors are as follows:-

Article 90

The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed, no shareholding qualification for Directors shall be required. All Directors shall be entitled to receive notice of and to attend all general meetings of the Company.

Article 91

- (a) The fees payable to the Directors (except salaries payable to executive Directors for their services) shall from time to time be determined by a resolution of the Company in general meeting. Provided that such fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (b) The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company as the Directors may determine.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (c) Save as provided in Article 92(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another but shall not include a commission on or percentage of turnover) as the Directors may determine.
- (d) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
- (e) Any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 92

- (a) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or by a percentage of profits (applicable only if he is an executive Director) or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors, provided that no Director shall be remunerated by a commission on or percentage of turnover.

For the avoidance of doubt, no fees paid to any non-executive Director shall include or be based upon any commission or percentage of profits or turnover of the Company.

- (b) No payment shall be made to any Directors by way of compensation for loss of office or as consideration for or in consideration with his retirement from office unless particulars with respect to the proposed payment (including the amount thereof) have been disclosed to the Members and the proposal has been approved by the Company in general meeting.

(d) **Borrowing and Voting Powers of Directors**

The provisions in the Articles of Association of the Company dealing with voting powers of the Directors in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

Article 96

- (a) The Directors may exercise all the powers of the Company to borrow any sum or sums of money from any person, bank, firm or company (expressly including any person holding the office of Director) and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its wholly owned subsidiaries or of any related or associated corporation. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for the payment of money, the performance of contracts or obligations, or for the benefit or interest of the Company or of any subsidiary corporation.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Article 114

A Director may vote in respect of:-

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

14.3 Directors And Substantial Shareholders

- (i) The names, addresses and occupations of the Directors are set out in Section 2 of this Prospectus.
- (ii) Directors are not required to hold any qualification shares in the Company.
- (iii) There are no existing or proposed service contracts between the Directors and the Company or its subsidiary which are not expiring or terminable within one (1) year by notice or otherwise without payment of compensation (other than statutory compensation).
- (iv) No director, senior executive officer or person nominated to become a Director or senior executive is or was involved in any of the following events:-
 - (a) A petition under any bankruptcy laws was filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
 - (b) Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) The subject of any order, judgement or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (v) The aggregate fees, remuneration and emoluments paid to the Directors for services rendered in all capacities to the Company and its subsidiary companies amounted to RM523,041 for the financial year ended 31 December 1999. For the financial year ending 31 December 2000, the amount payable to the Directors, for services rendered in all capacities to the Company and its subsidiary companies is estimated to be RM662,000.
- (vi) Save as disclosed under Section 6.1(ii) of this Prospectus, no director was granted or had exercised any options to subscribe for securities of the Company or its subsidiary companies during the last financial year ended 31 December 1999.
- (vii) None of the Directors has any interest in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (viii) Save as disclosed below, none of the Directors or substantial shareholders of the Company was or is interested, directly or indirectly, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of by or leased to or proposed to be leased to the Company or any of the subsidiaries within the two (2) years preceding the date of this Prospectus:-

Sale and Purchase agreement dated 26 January 2000 between LHIB and the vendors of LHF for the acquisition by LHIB of the entire issued and paid-up share capital of LHF comprising 900,000 ordinary shares of RM1.00 each for a total purchase consideration of RM25,598,305 satisfied by an issuance of 25,598,305 new ordinary shares of RM1.00 each in LHIB to the vendors at par credited as fully paid in LHIB.

- (a) Directors of LHIB

Name	Nature of interest in LHF (before the Acquisition of LHF)		
	Directorship in LHF	Direct Interest In Shareholdings	Indirect Interest In Shareholdings
		%	%
Chua Lee Seng	Yes	18	-
Tok Heng Leong	Yes	18	-
Chua Yong Haup	No	1	-
Mohd Qari Ahmad	Yes	-	30*
Tan Bee Eng	No	2	-

* By virtue of his substantial shareholdings in Tirai Gernerlapan Sdn Bhd.

- (b) Substantial shareholders of LHIB

Name	Nature of interest in LHF (before the Acquisition of LHF)		
	Directorship in LHF	Direct Interest In Shareholdings	Indirect Interest In Shareholdings
		%	%
Tirai Gernerlapan Sdn Bhd	-	30	-
Soo Tee Heng	Yes	18	-
Chua Lee Seng	Yes	18	-
Tok Heng Leong	Yes	18	-
Mohd Qari bin Ahmad	Yes	-	30^
Jamaliah binti Ismail	No	-	30^
Tan Bee Eng	No	2	-
Neoh Cher Leong	No	2	-
Panglima-Era Holdings	-	4	-
Ciri Hasil Sdn Bhd	-	3	-
Vintage Leisure Sdn Bhd	-	3	-

^ By virtue of their substantial shareholdings in Tirai Gernerlapan Sdn Bhd.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (ix) According to the Register of Directors' shareholding in the Company as at 8 March 2000 (*being the last practical date prior to the printing of this Prospectus*), the Directors' beneficial interests, whether direct or indirect, in the shares of the Company before and after the Public Issue and Restricted Offer For Sale are as follows:-

	<-----Before----->				<-----After----->			
	Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Chua Lee Seng	201	0.59	[^] 17,741	52.21	-	-	[^] 17,741	44.35
Tok Heng Leong	201	0.59	[^] 17,741	52.21	-	-	[^] 17,741	44.35
Chua Yong Haup	283	0.83	-	-	283	0.71	-	-
Tan Bee Eng	739	2.18	-	-	739	1.85	-	-
Mohd Qari bin Ahmad	-	-	*10,194	30.00	-	-	*10,194	25.49
Chua Tuan Meng	-	-	-	-	-	-	-	-
Dali Kumar @ Dali bin Sardar	-	-	-	-	-	-	-	-

[^] By virtue of their substantial shareholding in AMSB.

* By virtue of his substantial shareholding in Tirai Gernerlapan Sdn Bhd.

- (x) Based on the Register of substantial shareholders as at 8 March 2000 (*being the last practicable date prior to the printing of this Prospectus*), the substantial shareholders with 2% or more shareholding direct and indirect, in the issued and paid-up share capital of the Company before and after the Public Issue and Restricted Offer For Sale are as follows:-

	<-----Before----->				<-----After----->			
	Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Tirai Gernerlapan Sdn Bhd	10,194	30.00	-	-	10,194	25.49	-	-
Mohd Qari bin Ahmad	-	-	*10,194	30.00	-	-	*10,194	25.49
Jamaliah binti Ismail	-	-	**10,194	30.00	-	-	**10,194	25.49
Chua Lee Seng	201	0.59	[^] 17,741	52.21	-	-	[^] 17,741	44.35
Tok Heng Leong	201	0.59	[^] 17,741	52.21	-	-	[^] 17,741	44.35
Tan Bee Eng	739	2.18	-	-	739	1.85	-	-
Soo Tee Heng	201	0.59	[^] 17,741	52.21	-	-	[^] 17,741	44.35
AMSB	17,741	52.21	-	-	17,741	44.35	-	-
Neoh Cher Leong	739	2.18	-	-	739	1.85	-	-
Panglima-Era Holdings	1,252	3.69	-	-	809	2.02	-	-
Ciri Hasil Sdn Bhd	1,073	3.16	-	-	693	1.73	-	-
Vintage Leisure Sdn Bhd	1,073	3.16	-	-	693	1.73	-	-

[^] By virtue of their substantial shareholding in AMSB.

* By virtue of his 70% interest held in Tirai Gernerlapan Sdn Bhd.

** By virtue of her 30% interest held in Tirai Gernerlapan Sdn Bhd.

- (xi) None of the Directors or substantial shareholders are interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary companies and which is not quoted on a recognised stock exchange.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

14.4 General

- (i) The nature of Company's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 have been disclosed in Section 8 of this Prospectus.
- (ii) The last day and time of the opening of the Application Lists is set out in Section 15.2 of this Prospectus.
- (iii) The amount payable in full on application in relation to the Public Issue and Restricted Offer For Sale is RM1.60 per share.
- (iv) As at the date of this Prospectus, the Company and its subsidiaries do not have any convertible debt securities.
- (v) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 15 of this Prospectus.
- (vi) The names and addresses of the Auditors and Reporting Accountants of the Company are set out in Section 2 of this Prospectus.
- (vii)
 - (a) Underwriting commission is payable by the Company to the Managing Underwriter and Underwriters at the rate of 1.75% of the Issue Price of RM1.60 per share on the Issue Shares being underwritten;
 - (b) Brokerage will be paid by the Company at the rate of 1% of the Issue Price of RM1.60 per share in respect of successful applicants bearing the stamp or Perdana Bankers, member of the companies of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia, or MIDFCCS; and
 - (c) Other fees incidental to the listing of and quotation for the entire issued and paid-up share capital of LHIB on the Second Board of the KLSE will be borne by LHIB.
- (viii) Save as disclosed in paragraph (vii) (a) and (vii) (b) above, no commissions, discounts, brokerages or other special terms have been paid or are payable to the Company and its subsidiaries within the two (2) preceding years of the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company and its subsidiary companies, and no Director or proposed Director or promoter or expert is entitled to receive any such payment.
- (ix) No amount or benefit has been paid or given within the two (2) preceding years of the date hereof, nor is it intended to be so paid or given, to any promoter.
- (x) The Group has not established a place of business outside Malaysia.
- (xi) The Directors are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and its subsidiary companies.
- (xii) Except for the Public Issue, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (xiii) The financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:-
 - (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
 - (b) Material commitments for capital expenditure, except as disclosed in Section 10.2 of this Prospectus;
 - (c) Unusual or infrequent events or transaction or any significant economic changes that materially affect the amount of reported income from the operations; and
 - (d) Known trends or uncertainties that have had or that the Group reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.
- (xiv) During the last and current financial year, there were no:-
 - (a) Public take-over offers by third parties in respect of the Company's shares; and
 - (b) Public take-over offers by the Company in respect of other companies' shares.
- (xv) Save for the 2,000,000 ordinary shares reserved for eligible Directors and employees of the Group pursuant to this Prospectus, there are at present no schemes involving the staff in the capital of the Company or its subsidiary companies.
- (xvi) Save as disclosed in Section 6.1 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary companies. Further, no option for any shares, stocks, or debentures of the Company or its subsidiary companies has been granted to or exercised by any Director within the two (2) preceding years.

14.5 Material Litigation

Neither LHIB nor its subsidiary companies is engaged in any litigation which has a material effect on the financial position of the Company or its subsidiary companies and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and/or its subsidiaries.

14.6 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two (2) years preceding the date of this Prospectus:-

- (i) Sale and Purchase agreement dated 26 January 2000 between LHIB and the vendors of LHF for the acquisition by LHIB of the entire issued and paid-up share capital of LHF comprising 900,000 ordinary shares of RM1.00 each for a total purchase consideration of RM25,598,305 to be satisfied by an issuance of 25,598,305 new ordinary shares of RM1.00 each in LHIB to the vendors at par credited as fully paid in LHIB.
- (ii) Sale and Purchase agreement dated 2 July 1999 between LHIB and the vendors of KJSB for the acquisition by LHIB of the entire issued and paid-up share capital of KJSB comprising 2 ordinary shares of RM1.00 each for a total purchase consideration of RM1,046,183 to be satisfied by cash in full.

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (iii) Underwriting Agreement dated 28 January 2000 between the Company, Perdana Bankers and the Underwriters, mentioned earlier in this Prospectus to underwrite 4,020,000 ordinary shares of RM1.00 each which are available for application by the Malaysian public and 2,000,000 ordinary shares of RM1.00 each which are not taken up by the eligible Directors and employees for an underwriting commission of 1.75% of the value of the shares underwritten at an Issue Price of RM1.60.

14.7 Consents

- (i) The written consent of the Adviser and Managing Underwriter, Underwriters, Auditors, Reporting Accountants, Principal Bankers, Issuing House, Solicitors, Registrars and Valuers to the inclusion in this Prospectus of their names in the manner and form in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and their letters relating to the Consolidated Profit Estimate and Forecast for the financial year ended 31 December 1999 and ending 31 December 2000 respectively and Proforma Consolidated Balance Sheets as at 30 September 1999 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Valuers to the inclusion in this Prospectus of their name and letter on the landed properties in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.8 Documents Available For Inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Prospectus:-

- (a) Memorandum and Articles of Association of the Company and its subsidiary companies;
- (b) Directors' Report and Accountants' Report as included herein;
- (c) The Reporting Accountants' Letter relating to the consolidated profit estimate and forecast for the financial years ended 31 December 1999 and financial year ending 31 December 2000, and letter on the Proforma Consolidated Balance Sheets as at 30 September 1999, as included herein;
- (d) The letters of consent referred to in Section 14.7 of this Prospectus;
- (e) Audited accounts of LHIB for the period from 24 May 1994 (being the date of incorporation) to 30 September 1999;
- (f) Audited accounts of LHF for the five (5) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999;
- (g) Audited accounts of CTHH for the two (2) financial years ended 31 March 1998, nine (9)-month period ended 31 December 1995, three (3) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999;
- (h) Audited accounts of EFF for the five (5)-month period ended 30 April 1994, two (2) financial years ended 30 April 1996, eight (8)-month period ended 31 December 1996, two (2) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999;

14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (i) Audited accounts of MKK for the two (2) financial years ended 1995, fifteen (15)-month period ended 1996, two (2) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999;
- (j) Audited accounts of KJSB for the five (5) financial years ended 31 December 1998 and the nine (9)-month period ended 30 September 1999;
- (k) Material contracts referred to under Section 14.6 of this Prospectus;
- (l) Valuers' Letter on the Group's landed properties as included herein;
- (m) Valuation Report on the Group's landed properties; and
- (n) Independent Market Report by Frank Small & Associates dated 15 October 1997.

14.9 Responsibility Statements

- (i) Perdana Bankers acknowledge that to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Issue and the LHIB Group, and is satisfied that the consolidated profit estimate and forecast of the Group for the financial years ending 31 December 1999 and 31 December 2000 respectively (for which the Directors are solely responsible) have been stated by the Directors after due and careful inquiry.
- (ii) The Reporting Accountant's responsibility with regard to this Prospectus does not extend beyond the Accountants' Report, and apart from the said report, the Reporting Accountants have had no involvement in the preparation of this Prospectus.
- (iii) This Prospectus has been seen and approved by the Directors of the Company and they individually and collectively accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable inquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.1 Opening and Closing Of Application Lists

The Application Lists for the Public Issue will open at 10.00 a.m. on 4 April 2000 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of LHIB in their absolute discretion may decide.

15.2 Application Forms

Applications for the Issue Shares may be made by way of Application Forms. Applications made by way of Application Forms must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form. In accordance with Section 37(1) of the Companies Act, 1965, the Application Forms together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein or which are illegible will not be accepted.

The following Application Forms are enclosed with this Prospectus and are deemed to form part hereof:-

- (i) **Pink** Application Forms for application by the eligible Directors and employees of the LHIB Group; and
- (ii) **White** Application Forms for application by Bumiputra investors approved by MITI and Malaysian citizens, companies, societies, co-operatives and institution, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from Perdana Bankers, member companies of the KLSE, members of the Association of Bank in Malaysia, members of the Association of Merchant Banks in Malaysia and, MIDFCCS.

15.3 Procedures For Application Through Application Forms

(i) Application by the eligible Directors and employees of the LHIB Group

Applications for the 2,000,000 Public Issue Shares reserved for the eligible Directors and employees of the LHIB Group must be made on the **Pink** Application Forms provided.

(ii) Application by the Malaysian Public

Applications for the 4,020,000 Public Issue Shares made available for application by the Malaysian public must be made on the **White** Application Forms provided.

Only one (1) Application Form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** The amount payable in full on application is RM1.60 per ordinary share. Directors and employees of MIDFCCS and their immediate family are strictly prohibited from applying for the Public Issue Shares.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

Applications for the 2,000,000 ordinary shares reserved for Directors and eligible employees of the Lii Hen Group must be made only on the special “PINK FORMS” provided and not on any other Application Form. The amount payable in full on application is RM1.60 per ordinary share.

EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN MALAYSIAN RINGGIT FOR THE FULL AMOUNT BY:-

- (1) BANKER’S DRAFT OR CASHIER’S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTRA APPLICANTS); OR
- (2) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- (3) GUARANTEED GIRO ORDER (“GGO”) FROM BANK SIMPANAN NASIONAL (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTRA APPLICANTS); OR
- (4) ATM STATEMENTS OBTAINED ONLY FROM ANY OF THE FOLLOWING:-
 - ARAB-MALAYSIAN BANK BERHAD (295576-U);
 - ARAB-MALAYSIAN FINANCE BERHAD (5493-X);
 - ASIA COMMERCIAL FINANCE (Malaysia) BERHAD (6521-U);
 - BAN HIN LEE BANK BERHAD (1147-M);
 - BANK UTAMA (MALAYSIA) BERHAD (27714-A);
 - BUMIPUTRA-COMMERCE BANK BERHAD (13491-P)
 - BSN COMMERCIAL BANK BERHAD (23877-T);
 - CREDIT CORPORATION MALAYSIA BERHAD (5023-H);
 - EON BANK BERHAD (92351-V);
 - EON FINANCE BERHAD (9296-K);
 - HOCK HUA BANK BERHAD (111501-D);
 - HOCK HUA FINANCE CORPORATION BERHAD (9010-H)
 - HONG LEONG BANK BERHAD (97141-X);
 - HONG LEONG FINANCE BERHAD (7797-V);
 - INTERNATIONAL BANK MALAYSIA BERHAD (*formerly known as Hock Huc (Sabah) Bank Berhad*) (22671-U);
 - MALAYAN BANKING BERHAD (3813-K);
 - MAYBAN FINANCE BERHAD (3905-T);
 - MBf FINANCE BERHAD (8515-D);
 - MULTI-PURPOSE BANK BERHAD (88103-W);
 - ORIENTAL BANK BERHAD (845-W);
 - ORIENTAL FINANCE BERHAD (50555-A);
 - PHILEO ALLIED BANK (MALAYSIA) BERHAD (306350-K);
 - PUBLIC BANK BERHAD (6463-H);
 - PUBLIC FINANCE BERHAD (6471-U);
 - RHB BANK BERHAD (6171-M);
 - SABAH BANK BERHAD (45788-D);
 - SIME BANK BERHAD (3404-T)
 - THE PACIFIC BANK BERHAD (5024-T); OR
 - UNITED MERCHANT FINANCE BERHAD (3838-T).

AND MADE OUT IN FAVOUR OF

“MIDF SHARE ISSUE ACCOUNT NO. 499”

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

AND CROSSED “A/C PAYEE ONLY” (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM).

THE NAME AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT IN THE APPLICANT’S IDENTITY CARD (NRIC) (TOGETHER WITH THE CHANGE OF ADDRESS CARD OR “RESIT PENUKARAN KAD PENGENALAN JPN1/22” WHERE APPLICABLE) OR “RESIT PENGENALAN SEMENTARA JPN 1/9” IN THE CASE OF AN INDIVIDUAL APPLICANT EXCEPT ARMED FORCES/POLICE PERSONNEL WHICH SHOULD BE BASED ON THE ADDRESS OF THE APPLICANT’S RESPECTIVE CAMP/BASE/STATION. IN THE CASE OF A CORPORATE/ INSTITUTIONAL APPLICANT, THE NAME OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT IN THE APPLICANT’S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED OFFICE.

APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCE MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORM.

Each Completed Application Form must be dispatched by **ORDINARY POST** or **DELIVERED BY HAND** in the official envelopes provided, to the following address:-

MIDF Consultancy and Corporate Services Sendirian Berhad
195 A, Jalan Tun Razak
P.O. Box 1122
50736 Kuala Lumpur

so as to arrive not later than 8.00 p.m. on 4 April 2000.

Applications may also be delivered by hand to Oriental Bank Berhad branches at the following addresses:-

- | | |
|--|---|
| 1. Klang Branch
No. 2, Jalan Kapar
41400 Klang | 7. Wangsa Maju Branch
No. 10, Jalan 1/27B
Bandar Baru Wangsa Maju
53300 Kuala Lumpur |
| 2. Kepong Branch
No. 60, Jalan 2
52100 Kuala Lumpur | 8. Balakong Branch
No. S-7, Jalan 1/6
Taman Indah
Batu 11, Jalan Balakong
43200 Cheras
Selangor Darul Ehsan |
| 3. Kuala Lumpur Main Branch
Bangunan Oriental Bank
No. 1 Jalan Hang Lekiu
50100 Kuala Lumpur | 9. Segambut Branch
No. 36-38
Jalan Segambut Utara
51200 Kuala Lumpur |
| 4. Selayang Branch
No. 141-143, Jalan 2/3A
Kompleks Pasar Borong Selayang
68100 Kuala Lumpur | 10. SS2 Branch
No. 20, Jalan SS2/6
47300 Petaling Jaya
Selangor Darul Ehsan |

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

- | | |
|--|---|
| <p>5. Taman Sungai Besi Branch
No. 38, Jalan 7/108C
Jalan Sungai Besi
68100 Kuala Lumpur</p> | <p>11. Bandar Park Branch
No, 152, Jalan Mega Mendung
Kompleks Bandar Batu 5
Jalan Klang Lama
58000 Kuala Lumpur</p> |
| <p>6. Bukit Bintang Branch
Ground Floor, Wisma KLIH
126, Jalan Bukit Bintang
55100 Kuala Lumpur</p> | <p>12. Pulau Pinang Branch
Bangunan FOP
123, Jalan Anson
10400 Pulau Pinang</p> |

during banking hours (9.30 a.m. to 4 p.m. from Monday to Friday and 9.30 a.m. to 12.00 noon on Saturday).

No acknowledgement of the receipt of Application Forms or application monies will be made by the Company.

Copies of this Prospectus together with the Application Forms, and the official envelopes may be obtained, subject to availability from:-

Perdana Merchant Bankers Berhad
11th Floor, Wisma Genting
28, Jalan Sultan Ismail
50250 Kuala Lumpur

or from member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

15.4 Applications And Acceptances

The Directors of the Company reserve the right to reject any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason thereof.

THE SUBMISSION OF AN APPLICATION FORM DOES NOT NECESSARILY MEAN THAT THE APPLICATION WILL BE SUCCESSFUL.

In the event of an over-subscription, acceptance of applications may be subject to ballot to be conducted in the manner as approved by the Directors. The basis of allocation shall be in such manner as to spread the shareholding base in LHIB over a reasonable number of applicants with a view to establish an adequate market in LHIB Shares. In compliance with SC's revised shareholding spread requirement as at April 1999, at least 25% of the issued and paid-up share capital of the Company is in the hands of public shareholders, and the Company should have a minimum number of 750 public shareholders holding no less than 1,000 shares each. Applications will be selected in a manner to be determined by the Directors.

In the event of an under-subscription by the Malaysian public, all the Public Issue Shares not applied for will be made available for subscription by the Underwriters in proportions specified in the Underwriting Agreement dated 28 January 2000.

WHERE AN APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST TO THE APPLICANT WITHIN TWENTY ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST, RESPECTIVELY, TO THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTRA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WHICH WOULD SUBSEQUENTLY BE REFUNDED WITHOUT INTEREST TO THE APPLICANT WITHIN TWENTY ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST TO THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

15.5 CDS Accounts

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the shares of Lhib including the Public Issue Shares will be by book entries through CDS Accounts. No share certificates will be issued to successful applicants.

An applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. A list of the ADA Codes is set out in Section 15.7 of this Prospectus. Where an applicant already has a CDS account, he SHOULD NOT complete the preferred ADA code.

If a successful applicant fails to state either his CDS Account number or the preferred ADA Code, the Company may, in the exercise of its absolute discretion, instruct its Issuing House to insert a preferred ADA Code on the Application Form and further instruct MCD to open a CDS Account on his behalf at the specified ADA and credit the share allotted to him into his CDS Account.

Failure to comply with these specific instructions or inaccuracy in the CDS Account number or the preferred ADA Code may result in the application being rejected. The Directors of the Company reserve the right to reject any incomplete or inaccurate application.

15.6 Notice Of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS Accounts. A notice of successful allotment will be dispatched to the successful applicants to their addresses shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application. This is the only acknowledgement of acceptance of the application.

15.7 Formalising CDS Accounts

Successful applicants whose CDS Accounts have been opened by MCD at their preferred ADA or the ADA caused to be inserted by, are required to formally open their accounts in person by submitting to the ADA the necessary documents and the account opening fee. No transaction of shares credited to the account can be effected until the accounts have been formally opened.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.8 List Of Authorised Depository Agents

The list of the ADAs and their respective Broker Codes are as follows:-

Name	Address and Telephone Number	Broker Code	Name	Address and Telephone Number	Broker Code
KUALA LUMPUR			KUALA LUMPUR (Cont'd)		
AFFIN-UOB SECURITIES SDN BHD (431338-P)	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-2438668	028-001	KUALA LUMPUR CITY SECURITIES SDN BHD (126994-W)	Lot 3.07, Level 3 Angkasaraya Building Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2449322	076-001
ARAB-MALAYSIAN SECURITIES SDN BHD (92977-U)	15th Floor Arab-Malaysian Building 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2382788	086-001	LEONG & COMPANY SDN BHD (8789-P)	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-2928899	061-001
BBMB SECURITIES SDN BHD (164534-K)	Level 2, 3, 4 Letter Box No. 2 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2019900	099-001	MAYBAN SECURITIES SDN BHD (165630-M)	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel No: 03-2323822	098-001
BIMB SECURITIES SDN BHD (290163-X)	1st & 2nd Floor, Podium Block AMDB Building 1, Jalan Lumut 50350 Kuala Lumpur Tel No: 03-4433533	024-001	MGI SECURITIES SDN BHD (682-X)	1st & 2nd Floors Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel No: 03-2911889	052-001
CIMB SECURITIES SDN BHD (163712-V)	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No: 03-2532288	065-001	MIDF SISMA SECURITIES SDN BHD (423833-U)	17th & 18th Floor Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-2668888	026-001
FIMA SECURITIES SDN BHD (210959-K) <i>(formerly known as Capitalcorp Securities Sdn Bhd)</i>	No. 45-14, Plaza Level and Level One Plaza Damansara Jalan Medan Setia 1 Damansara Heights 50490 Kuala Lumpur Tel No: 03-2549966	018-001	OSK SECURITIES BHD(14152-V)	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2624388	056-001
HLG SECURITIES SDN BHD (127855-D)	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2452998	066-001	PB SECURITIES SDN BHD (20027-W)	27th Floor, Bangunan Public Bank No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-2013011	051-001
INTER-PACIFIC SECURITIES SDN BHD (12738-U)	Level 7 Shahzan Insas Tower 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2441888	054-001	PENGKALEN SECURITIES SDN BHD (66299-A)	1st Floor, Menara Pengkalen 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2448055	064-001
JUPITER SECURITIES SDN BHD (48703-W)	7th, 8th & 9th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2041888	055-001	RASHID HUSSAIN SECURITIES SDN BHD (95060-A)	Level 9 Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-9852233	087-001
K & N KENANGA BHD (15678-H)	8th Floor, Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2469080	073-001	KAF-SEAGROATT & CAMPBELL SDN BHD (134631-U) <i>(formerly known as Seagrott & Campbell Sdn Bhd)</i>	26th-30th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2081600	053-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code	Name	Address and Telephone Number	Broker Code
KUALA LUMPUR (Cont'd)			MELAKA (Cont'd)		
SIME SECURITIES SDN BHD (165878-V)	21st Floor, Sime Bank Building 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-2749288	097-001	STRAITS SECURITIES SDN BHD (74070-T)	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel No: 06-2833622	011-001
TA SECURITIES BHD (16029-V)	13th Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No: 03-2321277	074-001	PERAK DARUL RIDZUAN		
SELANGOR DARUL EHSAN			BOTLY SECURITIES SDN BHD (14948-M)	1st Floor Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No: 05-2531313	058-001
AMSTEEL SECURITIES (M) SDN BHD (51253-A)	1st, 2nd & 3rd Floor Wisma Amsteel Securities No 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Tel No: 03-3439999	080-001	KIN KHOON & CO SDN BHD (17816-P)	A23 & A29, Wisma Kota Emas Jalan Dato' Tahwil Azhar P.O. Box 421 30910 Ipoh Perak Darul Ridzuan Tel No: 05-2543311	017-001
HALIM SECURITIES SDN BHD (107442-X)	68, Jalan Selangor (52/4) P.O. Box No. 561 46770 Petaling Jaya Tel No: 03-7555777	091-001	MBf NORTHERN SECURITIES SDN BHD (14782-V)	71, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel No: 05-2548999	067-001
HWANG-DBS SECURITIES BERHAD (14389-U) (<i>Shah Alam branch</i>)	16th, 18th & 20th Floor Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Tel No: 03-5533288	068-002	M&A SECURITIES SDN BHD (15017-H)	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Tel No: 05-2419800	057-001
JF APEX SECURITIES BERHAD (47680-X)	3rd Floor, Wisma Apex 145A-C, Jalan Bukit 43007 Kajang Tel No: 03-87361118	079-001	PHILEO ALLIED SECURITIES SDN BHD (25397-M)	Wisma Philco 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2558233	071-001
MOHAIYANI SECURITIES SDN BHD (140238-A)	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Tel No: 03-7197345	095-001	SBB SECURITIES SDN BHD (100518-M)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	090-001
SJ SECURITIES (141671-T)	Level 3, Holiday Villa No. 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Tel No: 03-7340202	096-001	TAIPING SECURITIES SDN BHD (113521-K)	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No: 05-8060888	092-001
MELAKA			PREMIER CAPITAL SECURITIES SDN BHD (64149-M)	Wisma Premier Capital 21, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415100	082-001
MALACCA SECURITIES SDN BHD (16121-H)	No 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box No 248 75250 Melaka Tel No: 06-3371533	012-001	PULAU PINANG		
OCBC SECURITIES (MELAKA) SDN BHD (18884-P)	No. 580 -581A & B Taman Melaka Raya 75000 Melaka Tel No: 06-2825211	072-001	A.A. ANTHONY & COMPANY SDN BHD (13622-K)	No. 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No: 04-2299318	014-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code	Name	Address and Telephone Number	Broker Code
PULAU PINANG (Cont'd)			NEGERI SEMBILAN DARUL KHUSUS (Cont'd)		
HWANG-DBS SECURITIES BHD (14389-U)	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-2636996	068-001	MALPAC SECURITIES SDN BHD (159143-V)	1st, 2nd & 3rd Floor Nos 19 - 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623131	063-001
KE-ZAN SECURITIES SDN BHD (89986-P)	1st - 4th Floor Wisma Ke-Zan 64, Bishop Street 10200 Pulau Pinang Tel No: 04-2634222	085-001	JOHOR DARUL TAKZIM		
MERCURY SECURITIES SDN BHD (113193-W)	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Perai Pulau Pinang Tel No: 04-3322123	093-001	ENG SECURITIES SDN BHD (53333-T)	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2231211	081-001
SMITH ZAIN SECURITIES SDN BHD (13901-H)	7th & 8th Floor, Wisma PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	016-001	JB SECURITIES SDN BHD (17812-U)	Suite 8.2, Level 8 Menara Sarawak Enterprise 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3332000	078-001
SOON THEAM SECURITIES SDN BHD (14147-K)	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-2281868	060-001	KESTREL SECURITIES SDN BHD (97150-A)	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9532222	088-001
THONG & KAY HIAN SECURITIES SDN BHD (14592-P)	Level 5 & 6 Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang Tel No: 04-2635481	070-001	PENINSULA SECURITIES SDN BHD (57258-V)	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3333600	077-001
UT SECURITIES SDN BHD (20710-W) <i>(formerly known as United Traders Securities Sdn Bhd)</i>	12th Floor Mayban Trust Building 3, Penang Street 10200 Pulau Pinang Tel No: 04-2626644	059-001	PJB PACIFIC SECURITIES SDN BHD (430550-H)	Podium 2A & 3, Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2222692	027-001
KEDAH DARUL AMAN			SOUTH JOHOR SECURITIES SDN BHD (53647-D)	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4317033	069-001
ALOR SETAR SECURITIES SDN BHD (123654-H)	Lot T-30, 2nd Floor Wisma PKNK, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No: 04-7317088	094-001	PAHANG DARUL MAKMUR		
PERLIS INDRA KAYANGAN			WK SECURITIES SDN BHD (70978-V)	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No: 09-5660800	083-001
UPEN SECURITIES SDN BHD (254920-D)	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel No: 04-9765299	023-001	TERENGGANU DARUL IMAN		
NEGERI SEMBILAN DARUL KHUSUS			FA SECURITIES SDN BHD (251711-V)	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
KIMARA EQUITIES SDN BHD (228587-U)	2nd, 9th & 10th Floors Yayasan Negeri Sembilan Building, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7638999	084-001	PTB SECURITIES SDN BHD (425317-T)	1st, 2nd & 3rd Floors No. 61, Jalan Sultan Ismail Peti Surat 151, Pejabat Pos 20700 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6235546	025-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code	Name	Address and Telephone Number	Broker Code
KELANTAN DARUL NAIM			SARAWAK (Cont'd)		
KOTA BHARU SECURITIES SDN BHD (15629-M)	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7432288	075-001	Sarawak Securities Sdn Bhd (Miri branch) (219322-W)	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No: 085-435577	019-002
SABAH			LABUAN		
INNOSABAH SECURITIES SDN BHD (194990-K)	No. 11, Equity House, Block K, Sadong Jaya Kompleks Karamunsing 88100 Kota Kinabalu Sabah Tel No: 088-234099	020-001	LABUAN SECURITIES SDN BHD (239683-W)	Level 2, Wisma Oceanic Jalan OKK Awang Besar 87007 Wilayah Persekutuan Labuan Tel No : 087-410621	022-001
SARAWAK					
SARAWAK SECURITIES SDN BHD (219322-W)	Wisma Mahmud Jalan Sg Sarawak 93100 Kuching Sarawak Tel No: 082-338000	019-001			