

THE APPROVAL OF THE SECURITIES COMMISSION ("SC") SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE AND/OR THE RESTRUCTURING AND FLOTATION OF MEGAN MEDIA HOLDINGS BERHAD ("MMHB") ON THE KUALA LUMPUR STOCK EXCHANGE ("KLSE"). INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT IN MMHB.

THE ISSUE PRICE OF RM2.50 PER MMHB SHARE WAS DETERMINED AND AGREED UPON BY MMHB AND COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, AS 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.

THE 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 MMHB OR OF ITS ORDINARY SHARES.

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

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

"Acquisition of MTSB"	:	The acquisition by MMHB of the entire equity interest in MTSB comprising 41,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM50,200,046 satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each in MMHB at an issue price of approximately RM1.22 per share
"Act"	:	Companies Act, 1965
"ADA"	:	Authorised Depository Agent
"ADA Code"	:	ADA (Broker) Code
"Application"	:	The application for the New Shares by way of Application Forms or by way of Electronic Share Application
"Application Form"	:	The printed application form for application for the New Shares
"ATM"	:	Automated Teller Machine
"CD-R"	:	Compact Disc-Recordable
"CDS"	:	Central Depository System
"CIMB"	:	Commerce International Merchant Bankers Berhad (<i>Company No.: 18417-M</i>)
"DVD-R"	:	Digital Versatile Disc-Recordable
"Electronic Share Application"	:	The application for the New Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"FIC"	:	Foreign Investment Committee
"GDP"	:	Gross Domestic Product
"HK\$"	:	Hong Kong Dollar
"IT"	:	Information Technology
"KLSE"	:	Kuala Lumpur Stock Exchange (<i>Company No.: 30632-P</i>)
"MCD"	:	Malaysian Central Depository Sdn. Bhd. (<i>Company No.: 165570-W</i>), a subsidiary of the KLSE
"MFD"	:	Micro Floppy Diskettes
"MIDA"	:	Malaysian Industrial Development Authority
"MIH"	:	Malaysian Issuing House Sdn. Bhd. (<i>Company No.: 258345-X</i>)
"MITI"	:	Ministry of International Trade and Industry
"MJC(S)"	:	MJC (Singapore) Pte. Ltd.
"MJHK"	:	Memory Japan (Hong Kong) Ltd.

DEFINITIONS (Cont')

"MMHB" or "Company"	:	Megan Media Holdings Berhad (<i>Company No.: 497267-U</i>)
"MMHB Group" or "Group"	:	MMHB and its subsidiaries
"MMSB"	:	Memory Media Sdn. Bhd. (<i>Company No.: 307376-M</i>)
"MTSB"	:	Memory Tech Sdn. Bhd. (<i>Company No.: 252964-T</i>)
"MTSB Minority Shareholders"	:	Twenty-three (23) individual minority shareholders of MTSB, each holding less than 2% of the issued and paid-up share capital of MTSB prior to the Acquisition of MTSB representing an aggregate shareholding of 5,584,000 ordinary shares of RM1.00 each or 13.62% of the issued and paid-up share capital of MTSB
"New Shares"	:	The 13,667,000 new ordinary shares of RM1.00 each to be issued by MMHB at an issue price of RM2.50 per share which are the subject of the Public Issue
"NTA"	:	Net tangible assets
"OEM"	:	Original equipment manufacturer
"Participating Financial Institution(s)"	:	The participating financial institution(s) for Electronic Share Application as listed in paragraph 4.2 of Section XIV of this Prospectus
"PE Multiple"	:	Price earnings multiple
"Public Issue"	:	The public issue of 13,667,000 new ordinary shares of RM1.00 each in MMHB at an issue price of RM2.50 per share to Selected Malaysian Investors, eligible Directors and employees of the MMHB Group and the Malaysian public, subject to the terms and conditions of this Prospectus
"R&D"	:	Research and development
"RM"	:	Ringgit Malaysia
"SC"	:	Securities Commission
"Selected Malaysian Investors"	:	Malaysian investors who are not related to the Directors and substantial shareholders of MMHB and who have been selected by the Board of Directors of MMHB to participate in the Public Issue and whose particulars have been submitted to the SC, as required
"sq. ft."	:	Square feet
"U.K."	:	United Kingdom
"U.S.A" or "U.S."	:	United States of America
"US\$"	:	United States Dollar

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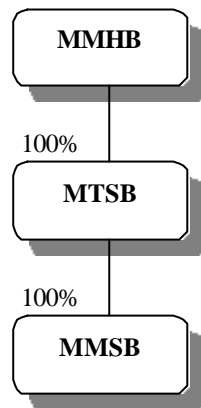
I. PROSPECTUS SUMMARY

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

1. HISTORY AND BUSINESS

MMHB was incorporated in Malaysia under the Companies Act, 1965 on 23 October 1999 as a public limited company.

The group structure of MMHB is as follows:-



MMHB is principally an investment holding company. The principal activities of its subsidiaries are as follows:-

Subsidiaries	Effective equity interest held by MMHB %	Principal activities
MTSB	100	Manufacture of data storage products such as computer diskettes, video cassette tapes, CD-Rs and DVD-Rs and the manufacture of plastic computer parts and accessories
MMSB	100	Precision metal stamping of various computer parts and accessories and the trading of computer accessories, video cassette tapes and computer diskettes

As at the date of this Prospectus, MMHB does not have any associated companies.

2. OWNERSHIP AND MANAGEMENT

The management team of the MMHB Group is headed by its Executive Chairman, Dato' Dr. Haji Mohd Adam bin Che Harun and Executive Directors, Major General (Rtd.) Datuk Nordin Yusof and Yeo Wee Siong. Yeo Wee Siong is one of the co-founders of the MMHB Group and has extensive experience in the manufacturing and marketing of data storage products.

Dato' Dr. Haji Mohd Adam bin Che Harun and Major General (Rtd.) Datuk Nordin Yusof are both substantial shareholders of MMHB with direct shareholdings of 22.87% and 2.56% respectively after the Public Issue. Both Dato' Dr. Haji Mohd Adam bin Che Harun and Major General (Rtd.) Datuk Nordin Yusof do not have any indirect shareholdings in MMHB.

I. PROSPECTUS SUMMARY (Cont'd)

Yeo Wee Siong is also a substantial shareholder of MMHB by virtue of his direct shareholding of 6.86% and indirect shareholding through MJC(S) of 5.49% after the Public Issue.

The key management team of the MMHB Group comprises individuals with capabilities and experience in their respective fields including production, quality control, finance, marketing, business development and corporate planning.

3. INVESTMENT CONSIDERATIONS

Investment considerations set out below are summarised from Section V of this Prospectus.

(i) No prior market for MMHB shares

Prior to this Public Issue, there has been no public market for MMHB shares. There can be no assurance that an active market for MMHB shares will develop upon listing on the Second Board of the KLSE or, if developed, that such market will be sustained.

(ii) Control by substantial shareholder

Following the Public Issue, the single largest shareholder of MMHB will be Dato' Dr. Haji Mohd Adam bin Che Harun who will own 12,499,998 ordinary shares of RM1.00 each in MMHB, representing 22.87% of the Company's enlarged issued and paid-up share capital. There will be 7 other substantial shareholders in MMHB, whose shareholdings range from 2.18% to 15.09% each after the Public Issue. Because of the diversity of the substantial shareholders, there is a possibility of a new controlling shareholder emerging by an acquisition of less than 33% without the necessity of making a take-over offer pursuant to the Malaysian Code on Take-overs and Mergers, 1998.

(iii) Business risks

Like other business enterprises, the MMHB Group is subject to certain business risks. Although the Group seeks to limit these risks through, inter-alia, the utilisation of fully-automated production processes, large pool of suppliers and customer base and prudent management policies, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

(iv) Director's and substantial shareholders' interests in similar business

MJC(S) which is a substantial shareholder of MMHB by virtue of its direct equity interest of 5.49% after the Public Issue, is also involved in the manufacturing and trading of computer diskettes in Singapore. MJC(S) has on 26 May 1999, entered into a Technology Transfer Agreement with MTSB for the transfer of technology, technical know-how and knowledge for the manufacturing of CD-Rs and DVD-Rs to MTSB.

Yeo Wee Siong, a director of MMHB, and Yeo Wee Koon, being 2 of the substantial shareholders of MMHB by virtue of their direct equity interests of 6.86% and 5.49% respectively and indirect equity interest of 5.49% held through MJC(S) after the Public Issue, are both directors and substantial shareholders of MJC(S). Ng Sian Tian and Ho Hoe Kian, being shareholders of MMHB whose direct equity interests in MMHB after the Public Issue will be 1.23% each, are also Directors and shareholders of MJC(S).

I. PROSPECTUS SUMMARY (Cont'd)

As a condition of approval for the listing of MMHB on the Second Board of the KLSE by the SC, MJC(S) has on 28 April 2000 given an undertaking to the SC, that MJC(S) will not be involved in any new business which may give rise to a conflict of interest vis a vis the existing operations of MMHB.

(v) Political and economic considerations

The MMHB Group's future growth and level of profitability are expected to be closely linked to the economic developments in Malaysia and in countries to which the Group's products are exported and from which the Group sources its principal raw materials, including Japan, U.S.A., Canada, U.K., Germany, Singapore, Hong Kong, China and Korea. Any adverse development in the political situations and economic uncertainties in Malaysia and those countries could materially and adversely affect the financial performance of the Group. These include risks of war, global economic downturn and unfavourable change in government policy such as the introduction of new regulations.

(vi) Competition

The MMHB Group faces competition from various local and foreign competitors for its trading and manufacturing operations. No assurance can be given that the MMHB Group will be able to maintain its existing competitive edge and local and export market share in the future.

Although there are other local companies which have been granted manufacturing licence by the MITI for the production of CD-Rs, the MMHB Group is the first licensed local manufacturer of CD-Rs and DVD-Rs to commence operations in Malaysia on 1 January 2000.

(vii) Contracts

The MMHB Group does not have any long-term contracts with neither its customers nor suppliers. Although the Group seeks to limit this risk by establishing a large pool of suppliers and customer base, there is no assurance that the Group will be able to maintain continuous sales/purchases with its customers/suppliers in the future.

(viii) Dependence on key personnel

The Group believes that its continued success depends to a significant extent upon the abilities and continued efforts of its existing Directors, senior management and skilled personnel.

(ix) Estimates and forecasts

This Prospectus contains certain estimates and forecasts of the MMHB Group that have been prepared based on assumptions which the Directors of MMHB believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies. There can be no assurance that the estimates and forecasts contained herein will be realised as actual results may be materially different from those estimated and forecast.

I. PROSPECTUS SUMMARY (Cont'd)

4. FUTURE PROSPECTS OF THE MMHB GROUP

The MMHB Group is principally involved in the manufacturing of data storage products, plastic computer parts and accessories and precision metal stamping of various computer parts and accessories.

The core products of the MMHB Group are computer diskettes, CD-Rs, DVD-Rs, video cassette tapes and plastic components for video cassette tapes, computer diskettes and electronic products. Products manufactured by the MMHB Group are mainly sold to distributors, retailers and diskette assemblers. In addition, the MMHB Group also manufactures computer diskettes and video cassette tapes for OEMs. During the 9 months ended 31 January 2000, the proportion of local and export sales of the MMHB Group were approximately 8.21% and 91.79% respectively. Exports were mainly to U.S.A., Canada, China, Germany, Japan and Singapore.

The Malaysian economy recovered in 1999 from the severe deflationary impact of the regional financial crisis which resulted in a 7.5% contraction of the economy in 1998. The selective exchange controls implemented with effect from September 1998 allowed Malaysia to emerge from the recession with strengthened macroeconomic fundamentals. In 1999, economic activities in Malaysia rebounded from a contraction of 7.5% in 1998 to record a strong positive growth of 5.4% which was higher than the earlier forecast of 4.3%.

The overall output performance of the manufacturing sector recovered strongly in 1999. Manufacturing output as measured by the Industrial Production Index turned around to record a strong positive growth of 12.9% as compared to a contraction of 10.2% in 1998. In terms of level, the manufacturing production index exceeded the pre-recession level to register a record high of 167.8 as compared to 165.6 in 1997, with better than expected recovery output of both the export and domestic oriented industries. In tandem with the strong pick up in production activities, value added of the manufacturing sector turned around to record a positive growth of 13.5% compared to a contraction of 13.7% in 1998. Prospects for the manufacturing sector remain favourable in 2000. Expected sustained external and domestic demand will support further expansion of value added by 10%. A broad-based expansion in the manufacturing sector is expected to continue, with the export and domestic-demand oriented industries recording further increases in output, at 10% and 9.6% respectively. Among the export-oriented industries, the electronics industry, in particular, is expected to maintain a strong output growth, supported by rapid advancement in IT applications such as more widespread usage of the internet, electronic-commerce ("e-commerce") and mobile phones and other telecommunications equipment worldwide. In addition, the production of electrical products is envisaged to increase amidst sustained improvement in demand from the U.S., Japan and the Asia-Pacific region. Furthermore, the Malaysian Government's strong desire to make Malaysia an IT-based country will act as a catalyst for growth for IT-based companies like the MMHB Group.

On the external front, the global economic and financial conditions have improved significantly after 2 years of economic and financial turbulence in emerging markets and a marked slowdown in the world economy. In 1999, real GDP growth in the major industrial countries as a group expanded further by 2.7%, amidst moderating inflation and improved labour market conditions. Growth prospects for the world economy remain positive for the year 2000 with moderate growth in the industrial countries and stronger growth in developing countries. Real GDP growth in the major industrial countries as a group is expected to stabilise at 2.7%.

(Source : Bank Negara Annual Report 1999)

I. PROSPECTUS SUMMARY (Cont'd)

In tandem with the expected recovery of the Malaysian and world economy, the MMHB Group's main strategy is to further consolidate and expand its business to establish itself as a major manufacturer of magnetic and optical data storage media. As such, in 1999, the MMHB Group expanded its production facility to include the production of CD-Rs and DVD-Rs through its wholly-owned subsidiary, MTSB. The Directors of MMHB believe that the current shortage in supply and the continuing growth in the demand expected for CD-Rs and DVD-Rs will create a good opportunity for MTSB. In addition, the MMHB Group is also committed to its on-going R&D to further enhance the productivity of its operations and the quality of its products.

5. FINANCIAL HIGHLIGHTS

The table below sets out a summary of the proforma consolidated results of the MMHB Group for the 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000 prepared based on the audited accounts of MTSB for the 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000 and the audited accounts of MMSB from 12 July 1994 (date of incorporation) to 30 September 1995, 7 months ended 30 April 1996, 3 financial years ended 30 April 1999 and 9 months ended 31 January 2000, on the assumption that the current structure of the Group has been in existence throughout the period under review:-

	<----- Financial years ended 30 April ----->					9 months ended 31 January 2000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Turnover	1,482	17,195	31,338	54,963	67,288	52,909
Profit before depreciation and interest	265	3,444	6,140	11,271	18,748	11,892
Depreciation	(212)	(1,386)	(2,267)	(3,020)	(4,485)	(3,662)
Interest income	-	-	-	70	53	31
Interest expense	(10)	(372)	(951)	(2,124)	(3,631)	(1,738)
Profit before taxation	43	1,686	2,922	6,197	10,685	6,523
Taxation	-	(420)	(989)	(1,603)	51	(2,186)
Profit attributable to shareholders	43	1,266	1,933	4,594	10,736	4,337
No. of ordinary shares assumed in issue ('000)#	41,000	41,000	41,000	41,000	41,000	41,000
Gross EPS (sen) @	0.10	4.11	7.13	15.11	26.06	* 21.21
Net EPS (sen) +	0.10	3.09	4.71	11.20	26.19	* 14.10

Being the number of shares in issue after the Acquisition of MTSB.

@ Based on the profit before taxation divided by the number of ordinary shares assumed in issue.

+ Based on the profit attributable to shareholders divided by the number of ordinary shares assumed in issue.

* Annualised

I. PROSPECTUS SUMMARY (Cont'd)

Notes:-

1. *The significant increase in turnover and profit before taxation for the financial year ended 30 April 1996 was mainly due to increase in sales of MFDs, video cassette tapes, custom moulding as well as trading of computer parts and accessories to new export markets such as Canada, Hong Kong, Singapore and Indonesia.*
2. *Turnover and profit before taxation for the financial year ended 30 April 1997 were significantly higher than the previous financial year mainly due to the Group's continuing ability in securing new major customers in the export market.*
3. *The higher turnover and profit before taxation for the financial year ended 30 April 1998 were mainly due to the expansion into new export markets in the U.K. and Germany, coupled with the higher contribution from the trading of computers and CD-Rs in the local market.*
4. *The increase in turnover and profit before taxation for the financial year ended 30 April 1999 was mainly due to the continued increase in export sales. In addition, during the year, MTSB successfully secured a new export market for its custom moulding activity in Japan.*
5. *The increase in turnover of the MMHB Group for the 9 months ended 31 January 2000 (on an extrapolated basis) was mainly due to the continued increase in export sales.*
6. *There was no tax charge for the financial year ended 30 April 1995 due to the utilisation of capital allowances. The effective tax rates for the financial years ended 30 April 1996 and 30 April 1998 were significantly lower than the statutory tax rate mainly due to the utilisation of capital allowances. The effective tax rates for the financial year ended 30 April 1997 and 9 months ended 31 January 2000 was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. There was no tax charge for the financial year ended 30 April 1999 as 1999 has been declared as a tax exempt year in accordance with the Income Tax (Amendment) Act 1999.*
7. *There was no exceptional item for the 5 financial years ended 30 April 1999. However, included in the results of the MMHB Group for the 9 months ended 31 January 2000 is a loss on disposal of a foreign subsidiary amounting to RM527,000.*
8. *There was no extraordinary item for the financial years/period under review.*

6. BASIS OF ARRIVING AT THE ISSUE PRICE

The issue price of RM2.50 per New Share was determined and agreed upon by the Company and CIMB, as Adviser and Managing Underwriter, after taking into consideration the following factors :-

- (i) the Group's operating and financial history and conditions as outlined in Sections IX, X and XI of this Prospectus;
- (ii) the prospects of the MMHB Group and the IT, data storage, plastic products as well as the manufacturing industries as outlined in Section VI of this Prospectus;
- (iii) the prevailing market conditions;
- (iv) the forecast net PE Multiple of 6.35 times based on the weighted average number of shares in issue of 50,111,333 ordinary shares of RM1.00 each for the financial year ending 30 April 2001;
- (v) the proforma NTA per share of RM1.59 as at 31 January 2000; and
- (vi) the forecast tax exempt and non tax exempt dividend yield for the financial year ending 30 April 2001 of 2.8% and 1.2% respectively.

I. PROSPECTUS SUMMARY (Cont'd)**7. PRINCIPAL STATISTICS**

(i) Share Capital	RM	
<i>Authorised</i>		
100,000,000 ordinary shares of RM1.00 each	<u>100,000,000</u>	
<i>Issued and fully paid-up as at the date of this Prospectus</i>		
41,000,000 ordinary shares of RM1.00 each	41,000,000	
<i>To be issued pursuant to the Public Issue</i>		
13,667,000 new ordinary shares of RM1.00 each	13,667,000	
	<u>54,667,000</u>	
(ii) Issue price for each New Share	RM2.50	
(iii) Proforma Group NTA as at 31 January 2000		
Proforma Group NTA <i>(after deducting total estimated listing expenses amounting to RM2,000,000)</i>	RM87,145,000	
Proforma Group NTA per share <i>(based on the enlarged issued share capital of 54,667,000 ordinary shares of RM1.00 each)</i>	RM1.59	
(iv) Proforma Consolidated Profit Estimate for the Financial Year Ended 30 April 2000 and Consolidated Profit Forecast for the Financial Year Ending 30 April 2001		
	Proforma	
	Group	Group
	Estimate	Forecast
	2000	2001
	RM'000	RM'000
Financial year ended/ending 30 April		
Consolidated profit before taxation	11,343	22,838
Taxation	(3,595)	(3,121)
Consolidated profit after taxation	<u>7,748</u>	<u>19,717</u>
Gross EPS (sen)	*27.67	+45.57
Gross PE Multiple (times)	@ 9.04	@ 5.49
Net EPS (sen)	*18.90	+39.35
Net PE Multiple (times)	@ 13.23	@ 6.35

I. PROSPECTUS SUMMARY (Cont'd)

Notes:-

- * *Based on 41,000,000 ordinary shares of RM1.00 each as the Acquisition of MTSB is deemed to have been implemented on 1 May 1999 in line with the principles of the merger method of accounting which have been adopted by the MMHB Group.*
- + *Based on 50,111,333 ordinary shares of RM1.00 each, being the weighted average number of MMHB shares in issue assuming that the Public Issue will be completed by 31 August 2000.*
- @ *Based on the issue price of RM2.50 per New Share.*

(v) Dividend Estimate and Forecast For the Financial Years Ended 30 April 2000 and Ending 30 April 2001

No dividend was declared for the financial year ended 30 April 2000.

The dividend forecast for the financial year ending 30 April 2001 is as follows:-

Dividend per ordinary share	
- Tax exempt	7.0 sen
- Non tax exempt	3.0 sen
Dividend yield <i>(based on the issue price of RM2.50 per New Share)</i>	
- Tax exempt	2.8%
- Non tax exempt	1.2%
Net dividend cover	3.94 times

II CORPORATE INFORMATION

DIRECTORS

The Board of Directors of MMHB is as follows:-

Name	Address	Occupation	Nationality
Dato' Dr. Haji Mohd Adam bin Che Harun <i>(Executive Chairman)</i>	Cenderawasih Lot 995, Air Dingin 16200 Tumpat Kelantan Darul Naim	Company Director	Malaysian
Major General (Rtd.) Datuk Nordin Yusof <i>(Executive Director)</i>	3, Block A Villaria Condominium Bukit Antarabangsa Jalan Mulia 1/5 68000 Ampang Kuala Lumpur	Company Director	Malaysian
Yeo Wee Siong <i>(Executive Director)</i>	No. 3, Tanglin Hill Singapore 248031	Company Director	Singaporean
Dato' Dr. Haji Abdul Murad bin Ahmad <i>(Non-Executive and Independent Director)</i>	116/50 Gedong Lalang Ampangan 70400 Seremban Negeri Sembilan Darul Khusus	Company Director	Malaysian
Y.B. Senator Rosli bin Mat Hassan <i>(Non-Executive and Independent Director)</i>	170H, Kampong Balai Besar 23000 Dungun Terengganu Darul Iman	Company Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Dato' Dr. Haji Abdul Murad bin Ahmad	Chairman of the Committee	Non-Executive and Independent
Y.B. Senator Rosli bin Mat Hassan	Member of the Committee	Non-Executive and Independent
Dato' Dr. Haji Mohd Adam bin Che Harun	Member of the Committee	Executive Chairman

II. CORPORATE INFORMATION (Cont'd)

COMPANY SECRETARY	Wong Ai Leng (Licence No.: MIA 7806) 910, Block B Phileo Damansara 2 No. 15, Jalan 16/11 Off Jalan Damansara 46350 Selangor Darul Ehsan
REGISTERED OFFICE	910, Block B Phileo Damansara 2 No. 15, Jalan 16/11 Off Jalan Damansara 46350 Selangor Darul Ehsan
PRINCIPAL BANKERS	RHB Bank Berhad 3472 & 3473 Jalan Besar Jinjang Utara 52000 Kuala Lumpur Bumiputra-Commerce Bank Berhad <i>(formerly known as Bank of Commerce (M) Berhad)</i> Level 1, Menara Olympia Jalan Raja Chulan 50200 Kuala Lumpur Commerce International Merchant Bankers Berhad 8th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Arab-Malaysian Bank Berhad No. 19, Jalan Niaga 16/3A Seksyen 16 40000 Shah Alam Selangor Darul Ehsan Bank Muamalat Malaysia Berhad <i>(formerly known as Bank Bumiputra Malaysia Berhad)</i> 1st Floor, Podium Block Menara Bumiputra Jalan Melaka 50100 Kuala Lumpur
AUDITORS & REPORTING ACCOUNTANTS	KPMG Public Accountants Wisma KPMG Jalan Dungun Damansara Heights 50490 Kuala Lumpur

II. CORPORATE INFORMATION (Cont'd)

REGISTRAR	M&C Services Sdn. Bhd. 11th Floor, Wisma Damansara Jalan Semantan Damansara Heights 50490 Kuala Lumpur
SOLICITORS	Jeff Leong, Poon & Wong Advocates & Solicitors A-11-3A, Level 11 Megan Phileo Avenue Jalan Yap Kwan Seng 50450 Kuala Lumpur
ISSUING HOUSE	Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
ADVISER AND MANAGING UNDERWRITER	Commerce International Merchant Bankers Berhad 8th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
UNDERWRITERS	CIMB Securities Sdn. Bhd. 9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur HLG Securities Sdn. Bhd. 21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur
LISTING SOUGHT	Second Board of the Kuala Lumpur Stock Exchange

III. INTRODUCTION

This Prospectus is dated 30 June 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.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Act, the KLSE has prescribed MMHB as a Prescribed CDS Counter. In consequence thereof, the New Shares offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

Approval-in-principle has been obtained from the KLSE on 20 June 2000 for admission to the Official List of the Second Board of the KLSE and for permission to deal in and quotation for the entire issued and fully paid-up ordinary shares of MMHB, including the New Shares which are the subject of this Prospectus, on the Second Board of the KLSE. These shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants.

Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 shares each, of which at least 500 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue and at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the Second Board of the KLSE. In the event thereof, monies paid in respect of all applications will be returned.

An applicant should state his/her CDS account number in the space provided in the Application Form if he/she presently has such an account and he/she should then not enter the preferred ADA Code. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. In the case of an application by way of Electronic Share Application, only an applicant who is an individual with a CDS account is eligible to use this facility. A corporation or institution cannot apply for the New Shares by way of Electronic Share Application.

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

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any New 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. The distribution of this Prospectus and the sale of the New Shares in certain other jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

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

IV. SHARE CAPITAL

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
41,000,000 ordinary shares of RM1.00 each	41,000,000
<i>To be issued pursuant to the Public Issue</i>	
13,667,000 new ordinary shares of RM1.00 each	13,667,000
	<u>54,667,000</u>

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

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or 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 ordinary share held. A proxy may but need not be a member of the Company.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of 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 distribution and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

V. INVESTMENT CONSIDERATIONS

Applicants for the New Shares should carefully consider the following in addition to other information contained in this Prospectus, before applying for the New Shares:-

1. NO PRIOR MARKET FOR MMHB SHARES

Prior to this Public Issue, there has been no public market for MMHB shares. There can be no assurance that an active market for MMHB shares will develop upon listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The issue price of RM2.50 per New Share has been determined after taking into consideration a number of factors including, but not limited to, the Group's financial and operating history and conditions, its prospects and the prospects of the industries in which the Group operates and the prevailing market conditions prior to the issue of this Prospectus. Prices for MMHB shares after the Public Issue may be influenced by a number of factors, including the depth and liquidity of the market for MMHB shares, investors' perception of the MMHB Group, the manufacturing industry, in particular, the data storage, plastic products and electrical and electronic industries, the IT industry as well as political, economic and other conditions, in general.

2. CONTROL BY SUBSTANTIAL SHAREHOLDER

Following the Public Issue, the single largest shareholder of MMHB will be Dato' Dr. Haji Mohd Adam bin Che Harun who will own 12,499,998 ordinary shares of RM1.00 each in MMHB, representing 22.87% of the Company's enlarged issued and paid-up share capital. There will be 7 other substantial shareholders in MMHB, whose shareholdings range from 2.18% to 15.09% each after the Public Issue. Because of the diversity of the substantial shareholders, there is a possibility of a new controlling shareholder emerging by an acquisition of less than 33% without the necessity of making a take-over offer pursuant to the Malaysian Code on Take-overs and Mergers, 1998.

3. BUSINESS RISKS

Like other business enterprises, the MMHB Group is subject to certain business risks. These may include shortages in labour and raw material, increases in the costs of labour and raw materials, changes in the general economic, business and credit conditions, fluctuations in foreign exchange rates and changes in government policies. Although the Group seeks to limit these risks through, inter-alia, the utilisation of fully-automated production processes, large pool of suppliers and customer base and prudent management policies, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

4. DIRECTOR'S AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SIMILAR BUSINESS

MJC(S), a substantial shareholder of MMHB by virtue of its direct equity interest of 5.49% after the Public Issue, is also involved in the manufacturing and trading of computer diskettes in Singapore. MJC(S) has on 26 May 1999, entered into a Technology Transfer Agreement with MTSB for the transfer of technology, technical know-how and knowledge for the manufacturing of CD-Rs and DVD-Rs to MTSB.

Yeo Wee Siong, a director of MMHB, and Yeo Wee Koon, being 2 of the substantial shareholders of MMHB by virtue of their direct equity interests of 6.86% and 5.49% respectively and indirect equity interest of 5.49% held through MJC(S), after the Public Issue, are both directors and substantial shareholders of MJC(S). Ng Sian Tian and Ho Hoe Kian, being shareholders of MMHB whose direct equity interests in MMHB after the Public Issue will be 1.23% each, are also Directors and shareholders of MJC(S).

As a condition of approval for the listing of MMHB on the Second Board of the KLSE by the SC, MJC(S) has on 28 April 2000 given an undertaking to the SC, that MJC(S) will not be involved in any new business which may give rise to a conflict of interest vis a vis the existing operations of MMHB.

V. INVESTMENT CONSIDERATIONS (Cont'd)

The Board of Directors of MMHB are of the opinion that the relationship of Yeo Wee Siong, Yeo Wee Koon and MJC(S) in their capacities as Directors, promoters and substantial shareholders of MMHB do not give rise to any material conflict of interest based on the following:-

- (i) The MMHB Group manufactures a wide range of data storage products such as computer diskettes, CD-Rs, DVD-Rs, video cassette tapes and plastic computer parts and accessories. In addition, the MMHB Group is also involved in metal stamping of various computer parts and accessories. In comparison, MJC(S) manufactures mainly computer diskettes.
- (ii) The computer diskettes manufactured by the MMHB Group are marketed mainly in the U.S.A. and Canada while the computer diskettes manufactured by MJC(S) are marketed mainly in Europe. During the 9 months ended 31 January 2000, the sales of computer diskettes contributed approximately 27.31% to the MMHB Group's turnover.

The geographical analysis of the sales of computer diskettes by MTSB and MJC(S) for the 9 months ended 31 January 2000 and financial year ended 31 December 1999 respectively are as follows:-

	Europe	North America	Others	Total
MTSB				
Sales (RM'000)	-	14,319	130	14,449
% of sales	-	99.1%	0.9%	100.0%
MJC(S)				
Sales (RM'000)	10,874	2,119	5,843	18,836
% of sales	57.7%	11.3%	31.0%	100.0%

- (iii) The technology, technical know-how and knowledge for the manufacturing of CD-Rs and DVD-Rs obtained through MJC(S) pursuant to the Technology Transfer Agreement between MJC(S) and MTSB, is expected to enhance the future growth and profitability of the MMHB Group. CD-Rs and DVD-Rs are forecast to be the main product lines and contributors to the future earnings of the MMHB Group commencing from the financial year ending 30 April 2001. The Board of Directors of MMHB believes that it is attributed to MJC(S) that MTSB is the first licensed local manufacturer of CD-Rs and DVD-Rs to commence operations in Malaysia. In addition, by virtue of the Technology Transfer Agreement, MJC(S) shall not transfer and provide the similar technology, technical know-how and knowledge for the production of CD-Rs and DVD-Rs to any other party in Malaysia.
- (iv) By its nature, the IT and data storage industries face rapid and continuous changes and development. The Board of Directors of MMHB believes that its existing relationship with MJC(S) will enable the MMHB Group to tap the R&D expertise of MJC(S) for its future growth and expansion.
- (v) Yeo Wee Siong and MJC(S) have been substantial shareholders of MTSB since the company first started operations in 1994. Yeo Wee Koon has been a substantial shareholder of MTSB since 1995. In addition, Yeo Wee Siong, being a co-founder of the MMHB Group, has contributed significantly to the growth of the MMHB Group over the years. As an Executive Director of MMHB, Yeo Wee Siong is actively involved in the formulation of the corporate strategy and financial planning of the Group.

The Audit Committee of MMHB will monitor any related party transactions to ensure that any transactions between the MMHB Group and its related parties, including MJC(S) are carried out on commercial terms which will not be detrimental to the MMHB Group and to report the position of such related transactions, if any, in the Annual Report of MMHB.

V. INVESTMENT CONSIDERATIONS (Cont'd)

5. POLITICAL AND ECONOMIC CONSIDERATIONS

The MMHB Group's future growth and level of profitability are expected to be closely linked to the economic developments in Malaysia and in countries to which the Group's products are exported and from which the Group sources its principal raw materials, including Japan, U.S.A., Canada, U.K., Germany, Singapore, Hong Kong, China and Korea. Any adverse development in the political situations and economic uncertainties in Malaysia and those countries could materially and adversely affect the financial performance of the Group. These include risks of war, global economic downturn and unfavourable change in government policy such as the introduction of new regulations.

6. COMPETITION

The MMHB Group faces competition from various local and foreign competitors for its trading and manufacturing operations. Although the Group seeks to maintain or increase its competitive edge over its competitors through, inter alia, expansion of its production capacity, intensifying its marketing activities, implementation of cost reduction and cost efficiencies programmes and formalising and expanding its own R&D facility, no assurance can be given that the MMHB Group will be able to maintain its existing competitive edge and local and export market share in the future.

The local manufacturers of MFDs includes Mega High-Tech Corp. (M) Sdn. Bhd. and Discomp Magnetic Sdn. Bhd., a subsidiary of Chuan Huat Resources Bhd., a public listed company while the foreign manufacturers of video cassette tapes, MFDs and CD-Rs includes Star Cassette Tapes Manufactory Ltd., CMC Magnetics Corporation, Datapulse Technology Ltd., General Magnetics Ltd. and Ritek Corporation. Although there are other local companies which have been granted manufacturing licences by the MITI for the production of CD-Rs, the MMHB Group is the first licensed local manufacturer of CD-Rs and DVD-Rs to commence operations in Malaysia on 1 January 2000.

7. CONTRACTS

The MMHB Group does not have any long-term contracts with neither its customers nor suppliers. Although the Group seeks to limit this risk by establishing a large pool of suppliers and customer base, there is no assurance that the Group will be able to maintain continuous sales/purchases with its customers/suppliers in the future.

8. DEPENDENCE ON KEY PERSONNEL

The Group believes that its continued success depends to a significant extent upon the abilities and continued efforts of its existing Directors, senior management and skilled personnel. However, every effort is presently made to groom the younger members of the senior management to slowly take over from the senior members to ensure a smooth transition in the management team should changes occur and to maintain the Group's continued ability to compete in the IT, data storage and plastic products industries.

9. ESTIMATES AND FORECASTS

This Prospectus contains certain estimates and forecasts of the MMHB Group that have been prepared based on assumptions which the Directors of MMHB believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties underlying the estimates and forecasts and because events and circumstances may not occur as expected, there can be no assurance that the estimates and forecasts contained herein will be realised and actual results may be materially different from those estimated and forecast. Investors are deemed to have read and understood the assumptions and uncertainties underlying the estimates and forecasts contained herein.

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP

1. INTRODUCTION

The principal activities of the MMHB Group comprise mainly the manufacture of data storage products, plastic computer parts and accessories and precision metal stamping of various computer parts and accessories. Given its principal activities and the market in which the Group's products are being sold to, the Group's future prospects are closely linked to the general domestic and world economic conditions and outlook of the manufacturing sector, in particular, the data storage, plastic products and electrical and electronic industries as well as the IT industry.

2. OVERVIEW OF THE MALAYSIAN ECONOMY

The Malaysian economy recovered in 1999 from the severe deflationary impact of the regional financial crisis which resulted in a 7.5% contraction of the economy in 1998. In 1999, economic activities in Malaysia rebounded from a contraction of 7.5% in 1998 to record a strong positive growth of 5.4% which was higher than the earlier forecast of 4.3%.

The better than expected performance in 1999 was due to favourable domestic and external developments as well as the prompt policies initiated by the National Economic Action Council in line with the National Economic Recovery Plan to reduce the severity of the impact of the crisis on the Malaysian economy. Fiscal stimulus provided through an expansionary budget in 1999, the easing of monetary policies as well as enhanced efforts to speed up the implementation of approved public projects have assisted in reviving domestic demand associated with public sector spending and private consumption. Reforms introduced by the Malaysian Government to strengthen and restructure the banking system have enabled the banking sector to carry out its intermediation function more effectively and, thereby support the economic recovery process. These policy initiatives, coupled with the strong pick-up in external demands following improvements in the economic conditions of other countries in East Asia as well as continued robust growth in the U.S.A., have spurred output increases in all sectors especially in the manufacturing sector.

On the external front, the overall balance of payments position strengthened further to record a surplus of RM17.8 billion or US\$4.7 billion, driven by favourable external trade balance and a larger net inflow of long-term capital. In the trade account, gross exports (in US\$ terms) have increased for 5 consecutive quarters, while import growth has turned positive since the second quarter of 1999. In US\$ terms, exports of manufactured goods rose by 17.6%, benefiting especially from strong global demand for electronic products such as semi-conductors, personal computers and other information and communications-related products. Following the rebound in exports, imports of intermediate goods in US\$ terms have recorded positive growth since March 1999. Imports of capital goods have turned positive since June 1999 reflecting the recovery in private investment activities in the second half-year. Nevertheless, export growth was stronger at 12% relative to import growth of 9% contributing to a record merchandise surplus of RM83.5 billion or US\$22 billion and another year of a large current account surplus of RM47.4 billion or US\$12.5 billion or 16.9% of Gross National Product in 1999.

Growth in the Malaysian economy is expected to be sustained in the year 2000, while the external sector will continue to strengthen. Against the more favourable external environment and strengthening domestic economy, the forecast GDP growth for 2000 has been revised upwards to 5.8%, from the earlier estimate of 5%. Given the strong recovery in the regional economies and the generally favourable world economic outlook for 2000, export growth is expected to be sustained at a high level. Other assumptions for growth in 2000 include an expansionary fiscal policy supported by an accommodative monetary policy. The external sector is expected to remain strong although the current account will narrow in line with higher output growth.

(Source : *Malaysian Economic Report 1999/2000, Bank Negara Malaysia Annual Report 1999*)

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

3. OVERVIEW OF THE EXTERNAL ECONOMY

The global economic and financial conditions have improved significantly after 2 years of economic and financial turbulence in emerging markets and a marked slowdown in the world economy. For the industrial countries, accommodating policies, low inflation and buoyant equity markets have contributed to domestic demand expansion and reduced the external shocks from the financial crisis in the emerging economies. In 1999, real GDP growth in the major industrialised countries as a group expanded further by 2.7%, amidst moderating inflation and improved labour market conditions. The individual countries, however, continued to show divergent growth trends. The expansion in the U.S. economy remained strong in 1999, growth in the U.K. and the euro-11 area moderated, while Japan recorded a slight improvement.

(Source : Bank Negara Malaysia Annual Report 1999)

The annual change in the real GDP of the industrial countries and several major countries to which the MMHB Group mainly exports its products are as follows:-

	<----- Annual change (%) ----->		
	1998	1999e	2000f
Industrial countries	2.4	2.7	2.7
U.S.	4.3	4.1	3.5
Japan	-2.5	0.3	1.0
U.K.	2.2	2.0	2.7

e - estimate
f - forecast

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

The U.S. economy entered its eighth year of expansion, underpinned by strong domestic demand mainly by the positive wealth effects from a buoyant stock market and, to a lesser extent, due to inventory build-up related to the potential Year 2000 ("Y2K") computer problems. Some recovery was seen in the Japanese economy with a modest growth in 1999. Growth was stronger in the first half of the year due to the large fiscal stimulus and housing investment. Growth in the U.K. and euro-11 area moderated, affected mainly by the weakness of the economies in the early part of the year. However, economic activity in these countries picked up in the second half of 1999, led by domestic demand in the U.K., while in the euro-11 area, growth was driven mainly by the external sector.

In year 2000, growth prospects remain positive for the world economy with moderate growth in the industrial countries and stronger growth in developing countries. Real GDP in the major industrial countries as a group is expected to stabilise at 2.7%, as a moderation in the U.S. economy is likely to be compensated by higher growth in the euro-11 area, the U.K. and Japan. Meanwhile, real GDP of developing countries as a group is projected to expand by 4.8%, reflecting a turnaround in Latin America and higher growth in Asia, Africa and the Middle East. In line with the favourable growth prospects, growth in the volume of world trade is expected to increase significantly by 6% to 7% as compared to 3.7% in 1998.

(Source : Bank Negara Malaysia Annual Report 1999)

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

These recoveries have been built on supportive fiscal and monetary policies, the initiation of much needed structural reforms, an associated return of financial confidence and foreign capital which has stabilised exchange rates and strengthened stock markets, a recovery in non-oil commodity prices which has helped several countries and the improved prospects in the global semiconductor market reflecting a pick-up in demand for internet and e-commerce equipment. The electronics recovery has contributed to stronger manufacturing activity in Singapore, Taiwan, Thailand and Malaysia.

(Source : International Monetary Fund - The Road to a Sustainable Recovery in Asia, 18 October 1999)

4. THE MANUFACTURING SECTOR

The overall output performance of the manufacturing sector recovered strongly in 1999. Manufacturing output as measured by the Industrial Production Index turned around to record a strong positive growth of 12.9% as compared to a contraction of 10.2% in 1998. In terms of level, the manufacturing production index exceeded the pre-recession level to register a record high of 167.8 as compared to 165.6 in 1997, with better than expected recovery output of both the export and domestic oriented industries. In tandem with the strong pick up in production activities, value added of the manufacturing sector turned around to record a positive growth of 13.5% compared to a contraction of 13.7% in 1998.

Apart from the marked improvement in external demand, the manufacturing sector also benefited from the Government's pragmatic policy responses aimed at expediting economic recovery and promoting sustainable growth. With the favourable performance of the sector during the year, the manufacturing sector's contribution to GDP growth rose from 27.9% in 1998 to 30.1% in 1999, while its share of total exports and employment rose to 84.6% and 27.1% respectively as compared to 82.9% and 26.5% respectively in 1998.

The turnaround in manufacturing output which began in February 1999 was predominantly export-led, driven initially by a stronger than expected recovery in the electronics industry. As stability returned to the financial markets and consumer confidence improved following the implementation of pro-recovery measures by the Government, output growth in the domestic-oriented sector gathered strength during the second quarter of the year. Thereafter, growth in manufacturing production accelerated, recording an annual increase of 22.5% in the second half of the year. Against the background of an improvement in external and domestic demand conditions, output of both the export and domestic-oriented industries recorded a growth of 12.9% and 13.1% respectively during the year, thereby contributing to a broad-based recovery in the manufacturing sector.

Increased demand from the industrial countries and the economic recovery in the region led to a strong rebound in exports of manufactured goods in 1999. Total exports of manufactured goods in US\$ turned around to register an annual growth of 17.6% to US\$71.5 billion in 1999 compared to a decline of 4.6% in 1998. In US\$ terms, exports of manufactured goods have exceeded export earnings recorded in the years before the regional crisis. The higher export receipts were mainly on account of a strong pick-up in volume, while export prices measured in US\$ terms continued to decline, albeit more moderately. As a result of the improvement in overseas sales, exports of manufactured goods accounted for a higher share of 84.6% of total gross exports in 1999.

The stability and certainty accorded by the selective exchange controls and fixed exchange rate introduced in September 1998 had facilitated exporters in their costing plans and business operations, thus enabling the Malaysian exporters to retain their export markets.

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

Prospects for the manufacturing sector remain favourable in 2000. Expected sustained external and domestic demand will support further expansion of value added by 10%. A broad-based expansion in the manufacturing sector is expected to continue, with the export and domestic-demand oriented industries recording further increases in output, at 10% and 9.6% respectively. Among the export-oriented industries, the electronics industry, in particular, is expected to maintain a strong output growth, supported by more widespread usage of the internet, e-commerce and mobile phones and other telecommunications equipment worldwide. In addition, the production of electrical products is envisaged to increase amidst sustained improvement in demand from the U.S., Japan and the Asia-Pacific region.

(Source : Bank Negara Malaysia Annual Report 1999)

5. THE PLASTICS INDUSTRY

The outbreak of the regional economic crisis in 1997 contributed to the slowdown of growth of the plastics industry in 1998 and for most of 1999. The most significant impact of the economic crisis is the decrease in domestic demand for both consumer and industrial products. Within the plastics industry, different market sectors experienced different degrees of reduction in demand.

During the first 8 months of 1999, output of plastic products increased by 23.9% compared to an increase of 11.4% in the first 8 months of 1998. This was mainly due to the growth in the motor car industry as well as the food industry. In addition, during the first quarter of 1999, the industrial production index for the plastic industry increased by 2.6% to a level of 245.6 compared to an index of 239.4 recorded during the same period in 1998.

Given that the MMHB Group, through MTSB, is also involved in the manufacturing of plastic computer parts and accessories for the electrical and electronics industry, the performance of the MMHB Group in the plastics industry will also be closely related to the performance of the electrical and electronic products industry. Further details of the electronic and electrical products industry are as set out in Section VI (6) of this Prospectus.

(Source : Dynaquest Sdn. Bhd. Plastic Products Report dated 2 September 1999, Economic Report 1999/2000 – Ministry of Finance, Index of Industrial Production, Department of Statistics, Kuala Lumpur)

The plastics industry is expected to stage a strong recovery and resume its sustainable growth due to its strengths and the efforts of both the private and Government sectors to promote the industry. Demand for electrical and electronic parts and components are expected to achieve continued growth due to strong world demand. The annual turnover of electrical and electronic products which amounts to approximately RM70 billion is expected to grow due to strong demand for electrical appliances which include, amongst others, television sets, video cassette players and refrigerators.

(Source : Plaspecs Industry Report - Malaysian Plastics Manufacturers Association, 2nd Issue of 1999)

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

6. THE ELECTRONICS AND ELECTRICAL PRODUCTS INDUSTRY

The electronics and electrical products industry can be ranked among Malaysia's most successful industries. In 1999, the electronics and electrical products industry registered a substantial increase of 15.6% in output compared to a contraction in output of 7.7% in 1998. Exports of the electronics and electrical products industry increased significantly by 24.1% in 1999 compared to a contraction of 2.4% in 1998, accounting for a higher share of 71.8% of total manufactured exports.

The electronics industry remained the leading industry with a strong output expansion of 21.2% in 1999 compared to a contraction of 4.2% in 1998. During the year, exports of electronic goods expanded strongly by 30.4% in 1999 compared to 1.9% in 1998. This is attributable largely to the more widespread usage of the internet and e-commerce, rising demand for communication chips for use in computer modems, networks and cellular phones from major markets in the U.S., Europe and Japan. In addition, intensified efforts in upgrading facilities to address the Y2K problems also boosted demand for computers worldwide. The turnaround of electronic output was in tandem with the recovery in the global semiconductor industry, which expanded by about 18.9% in 1999, the first double digit growth recorded since 1995.

Output of the electrical products industry rebounded to increase marginally by 2.7% in 1999, following 2 consecutive years of decline. Exports of the electrical products industry which has been declining since 1996, rebounded to increase by 8.8% in 1999 compared to a contraction of 11.4% in 1998. The reversal in trend was mainly due to improved demand for office and computing equipment, consumer durables and air-conditioners from the U.S., Japan and the Asia-Pacific region.

(Source : Bank Negara Malaysia Annual Report 1999)

7. THE IT INDUSTRY

Given that the Group's products are sold to both the domestic and export markets, it is therefore relevant to analyse the prospects of the IT industry, both in Malaysia and outside, as follows:-

(i) The IT industry in Malaysia

The overall key objective of Malaysia's national policy this decade has been to prepare the country for the new millennium. Recognising that IT and multimedia will be the future enabling tool to increase efficiency, productivity and competitiveness of the economy, various initiatives have been taken by the Government to promote the use and development of IT. The thrust of the initiatives will be to develop and expand the IT requisites infrastructure as well as to instil an IT culture among the people to be more receptive to new living and working lifestyles emanating from an information-rich society.

Under the Seventh Malaysia Plan, Malaysia has taken a more integrated approach to incorporate IT into the national development programmes in order to strengthen the basis for creating a knowledge-based society and economy. The plan outlined significant allocations for IT-related programmes, projects and infrastructure development. The mid-term review of the Seventh Malaysia Plan revealed an increase in allocation for IT-related programmes and projects from RM2.0 billion allocated in 1996 to RM4.0 billion in 1999.

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

In spite of the economic slowdown, the IT industry is expected to be a growth sector with the rapid expansion of e-commerce worldwide and strong demand for the related hardware appliances and software, particularly internet-related products and services. The implementation of the Multimedia Super Corridor ("MSC") flagship applications and Y2K solutions are expected to provide growth opportunities for the IT industry. The development of the IT industry is expected to contribute significantly to the expansion of industrial activities as well as the creation of higher levels of technology and skills. The advancement of the industry will be stimulated by encouraging the development of new products and services, fostering strategic alliances between local and international firms and by providing support for R&D in IT. While the Government will continue to be proactive in promoting the IT industry, the private sector especially the technopreneurs are expected to take the lead in creating new innovative products and services, improving their technical know-how as well as strengthening their global competitiveness in order to be successful in the new knowledge economy.

Measures will be taken to improve the business environment, attract new investments, accelerate transfer of technology and promote greater participation of local entrepreneurs in the local IT industry. For industries related to IT hardware and appliances, the emphasis will be to further develop and enhance value-added in those industries by moving into higher technology, higher-end products, R&D and supporting operations such as design, including integrated circuit design, technical support, distribution, marketing and customer services. Focus will be given in particular, to the electrical and electronics industry to upgrade the technology, further enhance automation and deepen local linkages.

The mid-term review of the Seventh Malaysia Plan revealed that investment in IT had expanded at a rate of 8.4% per annum during the review period, increasing from RM3.8 billion in 1995 to RM4.8 billion in 1998. The increase was attributed in part, to a number of fiscal incentives introduced to promote the use of IT. These incentives included the removal of sales tax on computers and components and the granting of accelerated capital allowances for expenses on computers and other IT equipment.

(Source : Seventh Malaysia Plan 1996 - 2000, Mid-Term Review of the Seventh Malaysia Plan 1996 - 2000)

(ii) MSC

In 1991, Prime Minister Datuk Seri Dr. Mahathir Mohammad launched "Vision 2020", a national policy to transform Malaysia into a developed nation by the year 2020. In realising the importance of technology in making Malaysia a developed country, a national policy was introduced in 1996 in preparing the country and giving it a head start in the industry of tomorrow i.e. the information or multimedia-based industry. With this, the MSC was launched to move the country from being manufacturing-based to an information or multimedia-based economy.

The MSC brings together 4 key elements:-

- (a) Best possible physical infrastructure, including the Kuala Lumpur City Centre, a new world-class airport and integrated logistics hub, rapid rail links to Kuala Lumpur, a smart highway and 2 new intelligent garden cities i.e. Putrajaya and Cyberjaya which will be equipped with state-of-the-art telecommunications technology and IT infrastructure;

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

- (b) New laws, policies and practices designed to enable and encourage e-commerce, to facilitate the development of multimedia applications and to position Malaysia as the regional leader in intellectual property protection;
- (c) High capacity global telecommunications and logistics infrastructure built on the MSC's 2.5-gigabit-to-10-gigabit digital optical fibre backbone and using the latest ATM switches to provide fibre to the building. The network will have a 5-gigabit international gateway with direct links to the U.S., Europe and Japan as well as the other nations in the South East Asian region; and
- (d) Fully empowered one-stop shop i.e. the Multimedia Development Corporation ("MDC") was created to manage and market the MSC. The MDC's mission is to create the best environment in the world for private sector companies to pioneer the development and use of multimedia.

The MSC will be used to attract foreign high technology companies, which will be strongly encouraged to transfer their technology, R&D and business methodologies to Malaysia. Over the next 10 years, it is estimated that approximately RM28 million will be spent on the MSC's infrastructure and development.

(Source : *The Edge, 2 June 1997, New Straits Times, 29 May 1997, Malaysian Industrial Development Authority - Investment in Manufacturing Sector - Policies, Incentives and Facilities, 1999*)

(iii) Government Legislation, Policies and Incentives

Under the Second Industrial Master Plan (1996-2005), Malaysia aims to be a fully developed and industrialised nation by the year 2020. Malaysia's industrialisation drive will continue to be private sector and market driven with a strategic shift to knowledge-based, technology-intensive and high-technology industries. A package comprising fiscal and non-fiscal incentives has been drawn up by the Government to encourage investments into these targeted sectors. The incentives for high technology companies include:-

- (a) Pioneer status with full tax exemption at statutory income level for a period of 5 years; or
- (b) Investment Tax Allowances ("ITA") of 60% on the qualifying capital expenditure incurred within a period of 5 years. The ITA can be offset against the statutory income for each assessment year without any restriction.

In addition, companies which have their own in-house research facilities in Malaysia will be eligible to apply for ITA of 50% on the qualifying capital expenditure incurred within 10 years. The ITA can be utilised to offset against 70% of the statutory income in the assessment year.

(Source : *Malaysian Industrial Development Authority - Investment in Manufacturing Sector - Policies, Incentives and Facilities, 1999*)

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

The thrust of all Government policies is to promote and expand exports of primary commodities and manufactured goods to both traditional and new markets. The IT and electrical and electronics industries, being export-oriented, are expected to benefit from the following export incentives:-

- (a) Insurance premiums paid for export of cargo insured with local insurance companies incorporated in Malaysia are proposed to be eligible for double deduction; and
- (b) Certain approved outgoing expenses incurred by resident companies for the promotion of exports from Malaysia are proposed to be for double deduction.

(Source : 1999 Budget Commentary, The Malaysian Association of Certified Public Accountants)

(iv) The external IT industry

The global IT industry led by the personal computer ("PC") has been growing rapidly since the 1980s. At the end of 1998, it is estimated that there were over 364 million PCs in use worldwide. This represents an increase of 142 million PCs over 222 million PCs in use in 1995.

(Source : Computer Industry Almanac Press Release, 11 November 1998)

In the U.S., between 1990 and 1997, the percentage of households owning computers increased from 15% to 35%, and the amount spent by the average household on computers and associated hardware more than tripled.

(Source : U.S. Department of Labor, Bureau of Labor Statistics)

It is projected that, by the end of year 2000, there will be over 500 million of PCs in use.

(Source : Computer Industry Almanac Press Release, 23 March 1999)

This is expected to augur well for the prospects of computer support and data storage products such as MFDs, CD-Rs and DVD-Rs offered by the MMHB Group.

Despite concerns that the Y2K bug might slow down PC sales, the PC market continued to experience robust growth in 1999, according to preliminary statistics conducted. In 1999, worldwide PC shipments surpassed 113.5 million units, representing an increase of 21.7% over 1998 shipments.

(Source : Gartner Group Dataquest Press Release, 24 January 2000)

According to preliminary results, the PC market in the Asia-Pacific countries (excluding Japan) surpassed 14.1 million units in 1999, representing an increase of 35.1% over 1998. The 1999 PC shipment total was the highest annual figure ever recorded and a complete rebound from the previous 2 years when the economic crisis held back PC expansion.

The greatest market accelerator in 1999 was undoubtedly due to Asia's economic recovery. The economic improvement which had spurred lower interest rates, greater consumer and business confidence and strengthening regional currencies heightened commercial spending on PC equipment. In addition, internet proliferation, price erosion and low PC penetration contributed to the market's momentum throughout the year.

(Source : International Data Corporation, 15 February 2000)

VI. INDUSTRY OVERVIEW, FUTURE PLANS AND PROSPECTS OF THE MMHB GROUP
(Cont'd)

(v) The data storage industry

Data storage management essentially represents all of the tools required to manage capacity, performance and availability of data stored on discs, tapes and optical storage devices and can be divided into 3 major segments:-

- (a) storage infrastructure products which provide the basic data organisation functions such as file systems, volume management and physical replication to ensure data integrity and availability by offering fast failure recovery and data redundancy;
- (b) data storage management products which include back-up, restoration, archive and hierarchical storage management tools; and
- (c) enterprise storage resource management products which provide management of various storage resources on the network including magnetic discs, tape and optical storage devices.

The worldwide data storage management market recorded a turnover of approximately US\$2.6 billion (equivalent to RM9.88 billion) in 1998 and is forecast to achieve a turnover of US\$6.6 billion (equivalent to RM25.08 billion) in 2003. Out of the turnover of US\$2.6 billion (equivalent to RM9.88 billion) recorded in 1998, approximately US\$1.6 billion (equivalent to RM6.08 billion) or 61.5% was contributed by the data storage management products segment. By 2003, the data storage management products segment is forecast to achieve a turnover of US\$3 billion (equivalent to RM11.4 billion).

(Source : Dynaquest Incorporated Press Release, 14 July 1999)

8. FUTURE PROSPECTS OF THE MMHB GROUP IN THE IT INDUSTRY IN MALAYSIA AND WORLDWIDE

The opportunities for IT under the Seventh Malaysia Plan augurs well for the local IT industry. Demand for the Group's products are expected to increase in tandem with the Government's concerted efforts to transform Malaysia into a knowledge-based economy. In addition, the strong demand expected for PCs, computer-related products as well as data storage products are expected to augur well for the MMHB Group and increase the demand for its products, both in the domestic and export market.

9. FUTURE PLANS OF THE MMHB GROUP

In tandem with the expected recovery of the Malaysian and world economy, the MMHB Group's main strategy is to further consolidate and expand its business to establish itself as a major manufacturer of magnetic and optical data storage media. As such, in 1999, the MMHB Group expanded its production facility to include the production of CD-Rs and DVD-Rs through its wholly-owned subsidiary, MTSB. The Directors of MMHB believe that the current shortage in supply and the continuing growth in the demand expected for CD-Rs and DVD-Rs will create a good opportunity for MTSB. In addition, the MMHB Group is also committed to its on-going R&D to further enhance the productivity of its operations and the quality of its products.

VII. PARTICULARS OF THE PUBLIC ISSUE

1. PARTICULARS OF THE PUBLIC ISSUE

The 13,667,000 New Shares to be issued pursuant to the Public Issue represents 25% of the enlarged issued and paid-up share capital of MMHB of 54,667,000 ordinary shares of RM1.00 each. The New Shares will be allocated in the following manner:-

- (i) 7,050,000 ordinary shares of RM1.00 each are available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions;
- (ii) 1,150,000 ordinary shares of RM1.00 each have been reserved for eligible Directors and employees of the MMHB Group; and
- (iii) 5,467,000 ordinary shares of RM1.00 each have been reserved for placement to Selected Malaysian Investors.

All the New Shares are fully underwritten at an underwriting commission of 1.25% of the issue price of RM2.50 per New Share.

The New Shares in respect of paragraph (ii) not taken up by the eligible Directors and employees of the MMHB Group and paragraph (iii) not taken up by the Selected Malaysian Investors will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions.

2. OPENING AND CLOSING OF APPLICATION LISTS

The Application Lists for the New Shares will open at 10.00 a.m. on 13 July 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 the Company in their absolute discretion may decide.

3. BASIS OF ARRIVING AT THE ISSUE PRICE

The issue price of RM2.50 per New Share was determined and agreed upon by the Company and CIMB, as Adviser and Managing Underwriter, after taking into consideration the following factors:-

- (i) the Group's operating and financial history and conditions as outlined in Sections IX, X and XI of this Prospectus;
- (ii) the prospects of the MMHB Group and the IT, data storage, plastic products as well as the manufacturing industries as outlined in Section VI of this Prospectus;
- (iii) the prevailing market conditions;
- (iv) the forecast net PE Multiple of 6.35 times based on the weighted average number of shares in issue of 50,111,333 ordinary shares of RM1.00 each for the financial year ending 30 April 2001;
- (v) the proforma Group NTA per share of RM1.59 as at 31 January 2000; and
- (vi) the forecast tax exempt and non tax exempt dividend yield for the financial year ending 30 April 2001 of 2.8% and 1.2% respectively.

VII. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**4. PURPOSES OF THE PUBLIC ISSUE**

The purposes of the Public Issue are as follows:-

- (i) To provide an opportunity for the Malaysian public and eligible Directors and employees of the MMHB Group to participate in the continuing growth of the MMHB Group;
- (ii) To enable MMHB to gain access to the capital market to tap external sources of borrowings and equity funds for the future expansion and continued growth of the Group; and
- (iii) To obtain a listing of and quotation for the entire issued and paid-up share capital of MMHB on the Second Board of the KLSE.

5. PROCEEDS OF THE PUBLIC ISSUE

The total gross proceeds receivable by the MMHB Group arising from the Public Issue of approximately RM34.168 million will be utilised as follows:-

	RM'000	Note
Repayment of bank borrowings	13,000	1
Purchase of factory and land	7,500	2
Working capital	11,668	
Estimated listing expenses	2,000	
	34,168	

Notes:-

1. As at 16 June 2000, the Group's total outstanding bank borrowings amounted to approximately RM23.919 million. The partial repayment of these borrowings is expected to result in total interest savings to the Group of approximately RM559,000 for the financial year ending 30 April 2001. The MMHB Group intends to repay its bank borrowings as follows:-

Bank	Type of facilities	Balance outstanding as at 16 June 2000 (RM'000)	Proposed repayment (RM'000)
MTSB			
CIMB	Structured Revolving Credit	*	10,000.0
RHB Bank Berhad	Overdraft and Trade Financing	14,678.0	1,689.4
Bumiputra-Commerce Bank Berhad (formerly known as Bank of Commerce (M) Berhad)	Overdraft and Trade Financing	4,016.0	860.6
MMSB			
Bank Industri Malaysia Berhad	Revolving Loan	450.0	450.0
		19,144.0	13,000.0

- * The structured revolving credit facility has a limit of RM10.0 million. As at 16 June 2000, the loan to part finance the purchase of the 2nd and 3rd production lines of the CD-Rs and DVD-Rs have yet to be drawdown. The Directors of MMHB believes that the loan will be fully drawdown by end-August 2000.

VII. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2. *As part of the Group's plans to house all of the Group's production lines under one integrated facility as well as to accommodate the expansion of the Group's business into the production of CD-Rs and DVD-Rs, the Group has in October 1999 relocated its operations to a factory in the Subang Jaya Industrial Estate. The said factory is currently leased from Lembaga Tabung Haji at an annual lease rental of RM425,400 for the first term under a 3-year tenancy with an option to renew for a further 2 terms of 3 years per term commencing on 1 September 1999. It is the intention of the Group to acquire the said factory and land and the Group is currently in negotiations with Lembaga Tabung Haji. The Directors of MMHB estimates that the purchase consideration for the said land and factory will be approximately RM7.5 million. However, should the purchase consideration exceeds RM7.5 million, the additional funds required will be financed through the Group's internally generated funds. Should the purchase consideration be lower than RM7.5 million, the surplus funds will be utilised for the Group's working capital requirements.*

Further details of the said land and factory are as follows:-

<i>Description of land and factory</i>	<i>Tenure</i>	<i>Land area (acres)</i>	<i>Built-up area (sq. ft.)</i>	<i>Registered **owner</i>
<i>Lot 4893, H.S. (D) 46978 at Lot 4, Jalan SS13/5, Subang Jaya Industrial Estate, 47500 Petaling Jaya, Mukim of Damansara, Selangor Darul Ehsan</i>	<i>Freehold</i>	<i>1.80</i>	<i>59,084</i>	<i>Lembaga Tabung Haji</i>

*** The said land and factory was purchased by Lembaga Tabung Haji in 1991.*

6. BROKERAGE AND UNDERWRITING COMMISSION

Brokerage is payable by the Company at the rate of 1% of the issue price of RM2.50 per New Share in respect of successful applications which bear the stamps of CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and the Underwriters as mentioned herein have agreed to underwrite all the New Shares. Underwriting commission is payable by the Company at the rate of 1.25% of the issue price of RM2.50 per New Share.

VIII. MORATORIUM ON SALE OF SHARES

The SC, in approving the listing of MMHB, imposed that a moratorium shall be placed on the disposal of shares by certain shareholders of MMHB. The moratorium will be imposed on the sale of 24,602,000 ordinary shares of RM1.00 each representing 45% of the enlarged issued and paid-up share capital of MMHB held by the shareholders of MMHB as set out below. Such shareholders are not allowed to sell, transfer or assign their respective shareholdings in MMHB within one (1) year from the date of admission of MMHB to the Official List of the Second Board of the KLSE. Thereafter, each of them is allowed to sell, transfer or assign, in every subsequent year, up to a maximum of one-third per annum (on a straight line basis) of their respective shareholdings in the Company which are placed under moratorium.

The shareholders and their respective shareholdings which are under moratorium as imposed by the KLSE are as follows:-

	Shareholdings after the Public Issue		Shareholdings under moratorium	
	No. of ordinary shares	% of the issued and paid-up share capital	No. of ordinary shares	% of the issued and paid-up share capital
Dato' Dr. Haji Mohd Adam bin Che Harun	12,499,998	22.87	8,627,000	15.78
Mohammed Rashdan bin Mohd Yusof	8,250,000	15.09	5,691,000	10.41
Yeo Wee Siong	3,750,000	6.86	2,586,000	4.73
Yeo Wee Koon	3,000,000	5.49	2,072,000	3.79
MJC(S)	3,000,000	5.49	2,072,000	3.79
Major General (Rtd.) Datuk Nordin bin Yusof	1,400,000	2.56	968,000	1.77
Kok Liew Sen	1,500,000	2.74	1,033,000	1.89
Lee Lai Kuen	375,000	0.69	259,500	0.47
Chung Siang Jun	375,000	0.69	259,500	0.48
Ng Sian Tian	675,000	1.23	465,000	0.85
Ho Hoe Kian	675,000	1.23	465,000	0.85
Tan Sri Dato' Dr. Haji Abdullah bin Abdul Rahman	150,000	0.27	104,000	0.19
	35,649,998	65.21	24,602,000	45.00

The restriction, which is fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates and notices of allotment representing the respective shareholdings of the aforesaid shareholders which are under moratorium. This is to ensure that the Company's share registrar does not register any transfer which is not in compliance with the restriction imposed by the SC and KLSE.

The statement to be endorsed on the said certificates is as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("Moratorium Period"). Accordingly, 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."

IX. INFORMATION ON THE MMHB GROUP**1. INCORPORATION**

MMHB was incorporated in Malaysia under the Companies Act, 1965 on 23 October 1999 as a public limited company. MMHB is principally an investment holding company.

2. RESTRUCTURING EXERCISE

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of MMHB on the Second Board of the KLSE, the Company undertook a restructuring exercise which was approved by the MITI on 22 February 2000, the FIC on 4 January 2000 and the SC on 30 March 2000 and 17 May 2000, involving the following inter-conditional transactions:-

(i) Acquisition of MTSB

On 15 May 2000, MMHB entered into a conditional Sale and Purchase Agreement with the shareholders of MTSB for the acquisition by MMHB of the entire equity interest in MTSB comprising 41,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM50,200,046 satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each in MMHB, at an issue price of approximately RM1.22 per share as follows:-

Name of shareholders	No. of MTSB shares acquired	% of MTSB paid-up capital	No. of new MMHB shares issued as consideration
Dato' Dr. Haji Mohd Adam bin Che Harun	12,500,000	30.49	12,499,998
Mohammed Rashdan bin Mohd Yusof	8,250,000	20.12	8,250,000
Yeo Wee Siong	3,750,000	9.15	3,750,000
MJC(S)	3,000,000	7.32	3,000,000
Yeo Wee Koon	3,000,000	7.32	3,000,000
Major General (Rtd.) Datuk Nordin bin Yusof	1,400,000	3.41	1,400,000
Kok Liew Sen	1,500,000	3.66	1,500,000
Boedi Arifianto	1,190,000	2.90	1,190,000
David Julian Fox	826,000	2.01	826,000
MTSB Minority Shareholders	5,584,000	13.62	5,584,000
	41,000,000	100.00	40,999,998

The 41,000,000 ordinary shares of RM1.00 each in MTSB was acquired free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements now and thereafter attaching thereto.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

The purchase consideration of RM50,200,046 has been arrived at after taking into account the following:-

	RM
Consolidated audited NTA of MTSB as at 30 April 1999	32,981,211
Events subsequent to financial year ended 30 April 1999:-	
• Issuance of new MTSB shares:-	
17,550,000 MTSB ordinary shares of RM1.00 each at par	17,550,000
450,000 MTSB ordinary shares of RM1.00 each at an issue price of RM1.20 per share	540,000
	18,090,000
• Disposal of a foreign subsidiary:-	
Loss on disposal of MJHK, a foreign subsidiary	(492,532)
Deconsolidation adjustments	(378,633)
	(871,165)
Purchase consideration	<u>50,200,046</u>

The issue price of approximately RM1.22 per share for the Acquisition of MTSB was arrived at based on the purchase consideration of RM50,200,046 divided by 41,000,000 ordinary shares of RM1.00 each in MTSB.

The Acquisition of MTSB was completed on 19 May 2000.

(ii) Public Issue

Following the completion of the Acquisition of MTSB and in conjunction with the flotation of MMHB on the Second Board of the KLSE, the Company is implementing a public issue of 13,667,000 new ordinary shares of RM1.00 each in MMHB at an issue price of RM2.50 per New Share.

(iii) Listing and Quotation

The admission to the Official List of the KLSE and the listing of and quotation for the entire issued and paid-up share capital of MMHB comprising 54,667,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

3. BUSINESS OVERVIEW**(i) History and Business**

The MMHB Group through MTSB, was founded in early 1994 by the late Tan Sri Dato' Mohd Yusof bin Abdul Rahman, the former Chairman of the Affin Group, Tan Sri Dato' Dr. Haji Abdullah bin Abdul Rahman, the former Director General of the Ministry of Health, and Yeo Wee Siong, a businessman. The principal activity of the MMHB Group then was the provision of plastic injection services to the electronics and automotive industries through MTSB. In early 1994, with an initial staff force of 35 employees and leasing its first factory building measuring approximately 18,000 sq. ft. in the Kepong Industrial Estate, MTSB took delivery of 10 injection machines with injection tonnage ranging from 75 tonnes to 220 tonnes and began providing plastic injection services to the electronics and automotive industries. By late 1994, seeing the potential in the data storage products, in particular computer diskettes, MTSB expanded its product range to include plastic shells for computer diskette assemblers in Singapore, China and Indonesia. In 1995, recognising the potential and future prospects of the data storage products, MTSB further expanded its activities to include the assembly of computer diskettes and in 1996, the company acquired its first automatic assembly line and certification machines.

In 1996, MMSB was established as a wholly-owned subsidiary of MTSB to complement the manufacturing operations of MTSB. The principal activities of MMSB comprise precision metal stamping of various computer parts and accessories and the trading of computer accessories, video cassette tapes and computer diskettes.

In 1999, the MMHB Group, in the light of changing technology and demand, ventured into the manufacturing of optical storage media products, namely CD-Rs and DVD-Rs with the purchase of machinery from Japan. In addition, during the same year, as part of the Group's plans to house all of the Group's production lines under one integrated facility as well as to accommodate the expansion of the Group's business into the production of CD-Rs and DVD-Rs, the Group relocated its operations to its existing factory in the Subang Jaya Industrial Estate. Prior to this, the MMHB Group was operating from 3 separate factories located at the Kepong Industrial Estate, Kuala Lumpur. The existing factory is currently leased from Lembaga Tabung Haji at an annual lease rental of RM425,400 for the first term under a 3-year tenancy with an option to renew for a further 2 terms of 3 years per term.

(ii) Product range

Products produced by the MMHB Group can be broadly classified into 3 main categories, namely data storage products, metal parts and accessories and plastic parts and accessories.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

The breakdown of turnover of the 3 main categories of products manufactured by the MMHB Group for the past 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000 are as follows:-

	-----Financial years ended 30 April-----										9 months ended 31 January 1999	
	1995		1996		1997		1998		1999		RM'000	%
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Data storage products	275	18.55	11,674	67.89	23,568	75.20	46,695	84.96	45,973	68.32	33,302	62.94
Metal parts and accessories	-	-	-	-	3,261	10.41	6,065	11.03	8,252	12.26	6,610	12.49
Plastic parts and accessories	699	47.17	1,146	6.66	1,068	3.41	2,203	4.01	13,063	19.42	12,708	24.02
Others	508	34.28	4,375	25.45	3,441	10.98	-	-	-	-	289	0.55
Total	1,482	100.0	17,195	100.0	31,338	100.0	54,963	100.0	67,288	100.0	52,909	100.0

(a) Data Storage Products

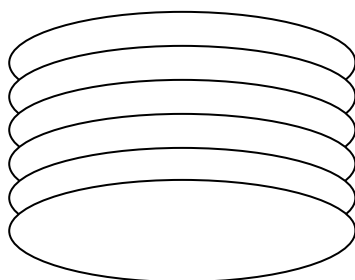
Data storage products manufactured by the MMHB Group can be further classified into magnetic media and optical media.

The MMHB Group only commenced the production of optical media on 1 January 2000. For the financial year ended 30 April 2000, magnetic media and optical media are expected to contribute approximately 54.32% and 10.45% respectively to the Group's turnover.

Magnetic media comprise products such as computer diskettes and video cassette tapes. Computer diskettes manufactured by the Group are 3.5-inch high density MFDs with memory capacity of up to 1.44 Megabytes. These are manufactured and marketed under the Group's "Memory" brand. In addition, the Group also manufactures MFDs for OEMs under the IBM brand since 1998. The 3.5-inch MFD is the main diskette format that is widely in use at present as the majority of all microcomputers come equipped with at least one 3.5-inch MFD drive. The video cassette tapes manufactured by the Group are for OEMs such as BASF and Grundig as well as commercial/home duplicators. In addition, the MMHB Group also manufactures video cassette tapes under its "Memory" brand.

Optical media comprise products such as CD-Rs and DVD-Rs.

A CD-R is a special disc that contains a unique polymer dye that will chemically react with light and hence, allows its user to record and read multimedia data. Physically, a CD-R has the same dimension and shape as a Compact Disc ("CD") but a CD-R is distinguishable by the colour on its surface as it has a very thin layer of 24-karat ("24K") gold or a silver coloured alloy moulded into the disc. The construction of a basic CD-R is as follows:-



Label (*Optional*)
 Scratch-resistant and/or printable coating (*Optional*)
 Ultraviolet-cured lacquer
 Reflective layer (24K gold or a silver coloured alloy)
 Organic polymer dye
 Polycarbonate substrate (the clear plastic part)

IX. INFORMATION ON THE MMHB GROUP (*Cont'd*)

CD-Rs are write-once read-multiple media that work just like standard CDs. However, the CD-Rs have a number of advantages over the conventional CD-Read Only Memory ("CD-ROM") as it enables users to record data on the discs while the CD-ROMs are used for playback only and no data can be written on it. As such, once data is recorded on to a CD-R, it essentially becomes a CD-ROM. It is also possible to add data onto the CD-R through multisession recordings. This means that once data is recorded into a brand new CD-R, the CD-R can be reused to add information to the existing information. However, the existing data cannot be erased as once data is recorded on the CD-R, it will remain on the disc permanently. The CD-R is very versatile and can be used to store almost any type of digital data such as computer data, multimedia data, audio data and video data.

Another advantage of CD-Rs over other types of optical media is that a user can read the data recorded on the disc with a standard CD drive. A related technology called the CD-Rewritable ("CD-RW") allows a user to erase the existing data stored on the disc and to reuse the disc, but the disadvantage of the CD-RW media is that the CD-RW does not work on all CD drives. The CD-RW is not writable by a standard CD-R drive, nor readable by most older CD drives as the reflectivity of the CD-RW is below that of the CD and CD-R. In addition, CD-RWs and CD-RW drives are very costly as compared to the CD-R and CD-R drives. With this disparity, it is predicted that the CD-RW will not replace the CD-R but will however, survive as a market niche player.

A CD-R has a storage capacity of 650 Megabytes, this being equivalent to approximately 451 standard MFDs with storage capacity of 1.44 Megabytes per MFD. With the increasing use of multimedia applications which requires large storage space, the CD-Rs have been well-received as a digital storage medium. The CD-Rs manufactured by the MMHB Group have a storage capacity of 650 Megabytes.

In the past, CD-Rs were very expensive, ranging from US\$20 to US\$30 per piece. Today, the price of a CD-R has fallen to an affordable level at approximately US\$2 per piece in singles and approximately US\$1 per piece in quantity. With the decrease in price and the increasing need for large storage space, the CD-Rs have become a very popular multimedia storage medium and have become increasingly used for a wider range of applications.

In order to break entry and capture market share as a newcomer in this product, the strategy of the MMHB Group will focus on two aspects: high quality product and competitive pricing.

A DVD-R is similar to a CD-R in that it is also a write-once medium which allows users to store any type of information such as video, audio, images, data, files, multimedia programs, etc.. However, compared to a CD-R, a DVD-R has 12 times the storage capacity and 9 times the speed in which data can be written to or read from. This gives multimedia developers ample space to increase and enhance their applications.

DVD-Rs manufactured by the Group are single-sided and consist of two substrates, which are the clear plastic parts of a DVD-R bonded together. One 0.6-millimeter thick substrate will contain recordable dye to record data while the other will be a blank substrate. The recordable substrate is a polycarbonate substrate, light sensitive recordable dye and a thin layer of gold reflector.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

The first generation of single-sided DVD-R had a storage capacity of 3.9 Gigabytes, but this was later extended to 4.7 Gigabytes. Although the DVD-Rs' indicated capacities are 3.9 Gigabytes and 4.7 Gigabytes, the actual recordable space after taking into account other data that is required to be in a DVD-R disc, is usually only 3.6 Gigabytes and 4.35 Gigabytes respectively. The DVD-Rs manufactured by MTSB have an indicated storage capacity of 4.7 Gigabytes.

Compared to a video cassette recordable, when a CD-R or DVD-R is played, data recorded on the disc are read using a beam of laser light and as such, the disc is not touched by any mechanical part of the player. Therefore, even after many playbacks, a CD-R or DVD-R would have no wear.

Some examples of the applications of the CD-Rs and DVD-Rs are as follows:-

(i) *Data storage and archive*

Due to the higher memory capacity of a CD-R and DVD-R compared to the commonly used MFD, CD-Rs and DVD-Rs have become a popular storage media for large amounts of data for archive and back-up purposes.

(ii) *Beta testing device*

CD-Rs and DVD-Rs are commonly used by multimedia developers in the testing of multimedia applications. Once a multimedia application is completed, testing is required before the application is put into mass production as CD-ROMs and Digital Versatile Disc-Read Only Memory ("DVD-ROMs"). This is done by recording a prototype of the multimedia application onto the CD-Rs and DVD-Rs for testing the application on the CD-ROM and DVD-ROM drives respectively. If any modification is required, the process will be repeated until the application is ready for mass production.

(iii) *Medium for distribution*

CD-Rs and DVD-Rs are also useful when the distribution of a limited quantity is required. As most CD-ROMs and DVD-ROMs manufacturers require a minimum number of CD-ROMs and DVD-ROMs to be produced (usually at least a thousand pieces), the use of CD-Rs and DVD-Rs becomes more practical and cost-effective.

In addition, CD-Rs and DVD-Rs are also used as delivery mediums to the CD-ROM and DVD-ROM duplication plants as master copy for mass production. For example, CD-Rs are used for mastering purposes within the music industry, particularly by recording studios and broadcasters for testing and sampling, compilations and promotional purposes.

The CD-Rs and DVD-Rs manufactured by the Group are under generic bulk packaging (without brands) as well as under the Group's "Memory" brand. In addition, negotiation for the manufacturing of CD-Rs and DVD-Rs under the Grundig brand for Standford Electronics Ltd., a company incorporated in U.K., who is a distributor of media products for the Grundig brand is currently underway. With the increasing popularity of CD-Rs and DVD-Rs as a form of data storage medium, the MMHB Group expects to capitalise on the potential growth of the CD-R and DVD-R markets.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)**(b) Metal parts and accessories**

Products manufactured by the Group under this category include flat shutters for MFDs which are solely for external sales. Flat shutters forms part of the components of a MFD.

(c) Plastic parts and accessories

Products under this category which are solely for external sales mainly comprise various plastic parts for the data storage and electronic products. Main products include floppy diskette shells, plastic video library cases, CD jewel cases, mini hubs and other products under contract manufacturing. The main customers of the MMHB Group under contract manufacturing includes Akane Bussan Co. Ltd. and Mediatech Co. Ltd..

(iii) Product Quality

To ensure a high level of quality standard of the Group's products, quality control checks are carried out by the Quality Control and Assurance ("Q&A") team which comprises 17 employees throughout the manufacturing process, from the inspection of raw materials to the finished products. The Q&A team which was set up in 1995 is currently headed by Mr. Voon Thiam Fatt who is a qualified mechanical engineer.

The following table sets out the equipment used by the Q&A department in carrying out its quality control checks for MFDs, MFD shells, flat shutters, video cassette tapes, video cassette parts and components and other products manufactured by the Group:-

Equipment Description	Function of Equipment	Products
Profile Projector	For two dimensional measurement of products and general measurements of plastic parts	MFDs, MFD shells, flat shutters, customised plastic parts, video cassette parts and components
Digimatic Indicator with Stand	Thickness and height measurement of products	MFDs, MFD shells, flat shutters and customised plastic parts
Kygar Measuring Gauge	Special gauge for measuring width and length of MFDs and MFD shells	MFD and MFD shells
Digital Micrometer	Thickness measurement	MFDs, MFD shells, flat shutters, customised plastic parts, video cassette parts and components
Calliper	General dimensional measurement	All products
Weighing Scale	Weight measurement	All products
Flatness Gauge	Flatness measurement of video cassette tapes	Video cassette tapes
Clamping Force Gauge	Clamping force measurement of magnetic tapes and leader tape (video cassette tapes)	Video cassette tapes
Window Force Gauge	Video cassette tapes window welding force measurement	Video cassette tapes

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

The on-line monitoring of the quality of the CD-Rs and DVD-Rs will be performed by the Company's Q&A team using a Measuring Machine which examines the coating of the dye layers, followed by a final inspection of the cosmetic appearance of the CD-Rs and DVD-Rs. The off-line inspection will encompass the monitoring of the electrical and reflective characteristics and appropriate writing power of the CD-Rs and DVD-Rs. The Photo Spectrum Meter will be used to check on the absorbent characteristics of the dye layer. Inspection will also be performed on the substrates of the CD-Rs and DVD-Rs to ensure homogeneity of the CD-Rs and DVD-Rs. As part of this process, the inner and outer diameters of the CD-Rs and DVD-Rs will be measured.

(iv) Production Facilities

The MMHB Group operates from its factory situated on a piece of freehold land at Lot 4, Jalan SS13/5, Subang Jaya Industrial Estate, 47500 Petaling Jaya, Selangor Darul Ehsan. The said factory is currently leased from Lembaga Tabung Haji for a period of 3 years with an option to further renew for 2 terms of 3 years per term commencing 1 September 1999. It has a built-up area of 59,084 sq. ft. and currently houses all of the Group's operations under one integrated facility. It is the intention of the MMHB Group to acquire the said factory and land from the proceeds of the Public Issue and the Group is currently in negotiations with Lembaga Tabung Haji.

The production output and capacity of the MMHB Group based on 3 shifts of 7½ hours per shift are as follows:-

Product	⁽¹⁾ Annual production capacity ('000 units)	⁽³⁾ Expected production output ('000 units)
MFDs	⁽⁴⁾ 40,000	⁽⁴⁾ 30,000
CD-Rs	⁽⁵⁾ 11,200	⁽⁵⁾ 5,450
DVD-Rs	⁽⁵⁾ 1,400	⁽⁵⁾ 925
MFD shells	⁽⁶⁾ 45,000	⁽⁶⁾ 43,200
Video cassette tapes	⁽⁷⁾ 7,000	⁽⁷⁾ 5,415
Other plastic parts ⁽²⁾	⁽⁸⁾ 27,000	⁽⁸⁾ 19,103

Notes:-

⁽¹⁾ Based on the forecast annual production capacity for the financial year ending 30 April 2001.

⁽²⁾ Other plastic parts comprise plastic video library cases, CD jewel cases, mini hubs and other contract manufacturing.

⁽³⁾ Based on the forecast production output for the financial year ending 30 April 2001.

⁽⁴⁾ Based on 1 production line.

⁽⁵⁾ Based on 3 production lines, of which the first production line has commenced in January 2000. The second and third production lines are expected to commence by end-September 2000.

⁽⁶⁾ Based on 6 production lines.

⁽⁷⁾ Based on 12 production lines.

⁽⁸⁾ Based on 16 production lines.

(v) Manufacturing Process

The MMHB Group's manufacturing processes are either fully automated or semi-automated. The MMHB Group employs a diverse range of modern and technologically advanced machinery imported mainly from Japan and Germany.

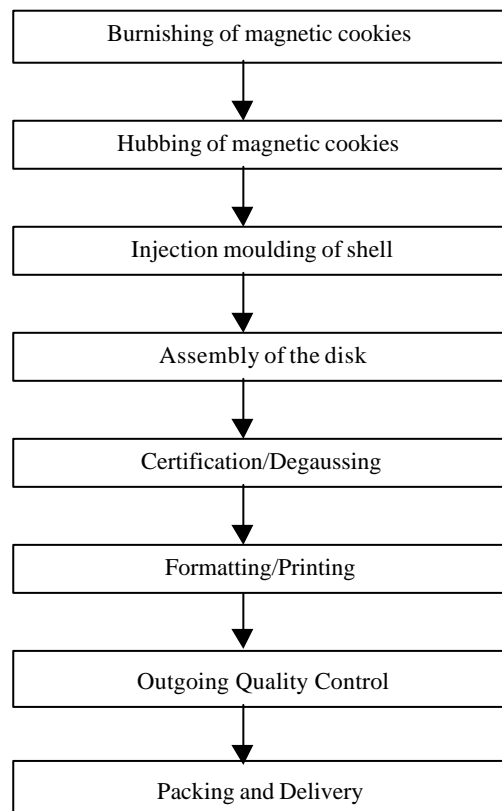
IX. INFORMATION ON THE MMHB GROUP (Cont'd)

Computer diskettes

The main process in the manufacturing of MFD which is semi-automated is set out below:-

- (i) Burnishing and hubbing of magnetic cookies – Magnetic cookies or media are polished by a burnisher to smoothen the surface. The adhesive ring and centre core are then assembled together with the burnished magnetic cookies to form the magnetic cookies with a metal hub.
- (ii) Injection moulding of shell – Plastic resins are moulded to produce protective casings for the magnetic media.
- (iii) Assembly of the disk – Liners, which are made from a soft non-woven material, are placed between the magnetic media and the upper and lower shells of the MFD. The liners are used to clean the magnetic cookies as they rotate. Other components, including a centre plate, lifters and write protectors, are then inserted. The shutter, shutter spring and magnetic media and shells are then assembled to form the MFD.
- (iv) Certification – Certifiers are used to examine the electromagnetic properties of the magnetic cookies to ensure the data storage ability of the MFDs.
- (v) Degaussing – This process is carried out to remove the remnant signals from a certified disk.
- (vi) Formatting and/or printing – The MFDs are formatted if required. Customers' logos and other information are printed on the flat shutters.
- (vii) Outgoing Quality Control – A quality control check on a random sampling basis is carried out to ensure that the quality of completed MFDs is within acceptable specifications before packaging and shipment.

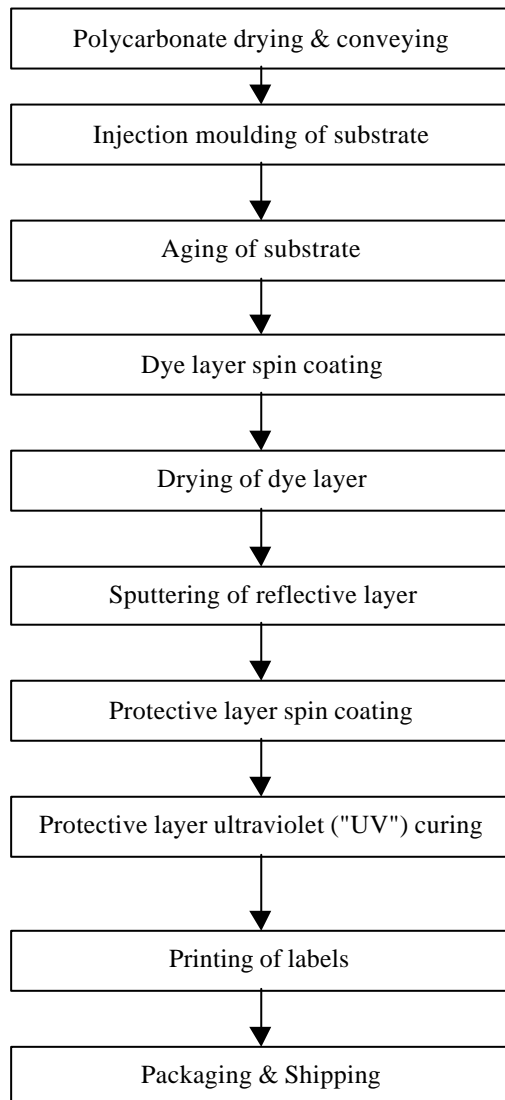
The production diagram is as follows:-



IX. INFORMATION ON THE MMHB GROUP (Cont'd)***CD-Rs***

The manufacturing of CD-Rs is fully automated. Substrates are moulded from optical grade polycarbonate resins and then passed to spin-coating stations where the active dye layer is deposited. This is a delicate operation whereby only thickness variations of only a few Angstroms (i.e. 10^{-10} meter) are permitted. After the curing of the dye, the disc enters a vacuum sputter chamber where the gold or silver reflective layer is deposited. Layers of protective coating are then spin-coated over the gold or silver layer using lacquer and data shield coating. Optical inspection and visual inspection are then carried out before packing.

Set out below is a diagram setting out the manufacturing process of a CD-R:-

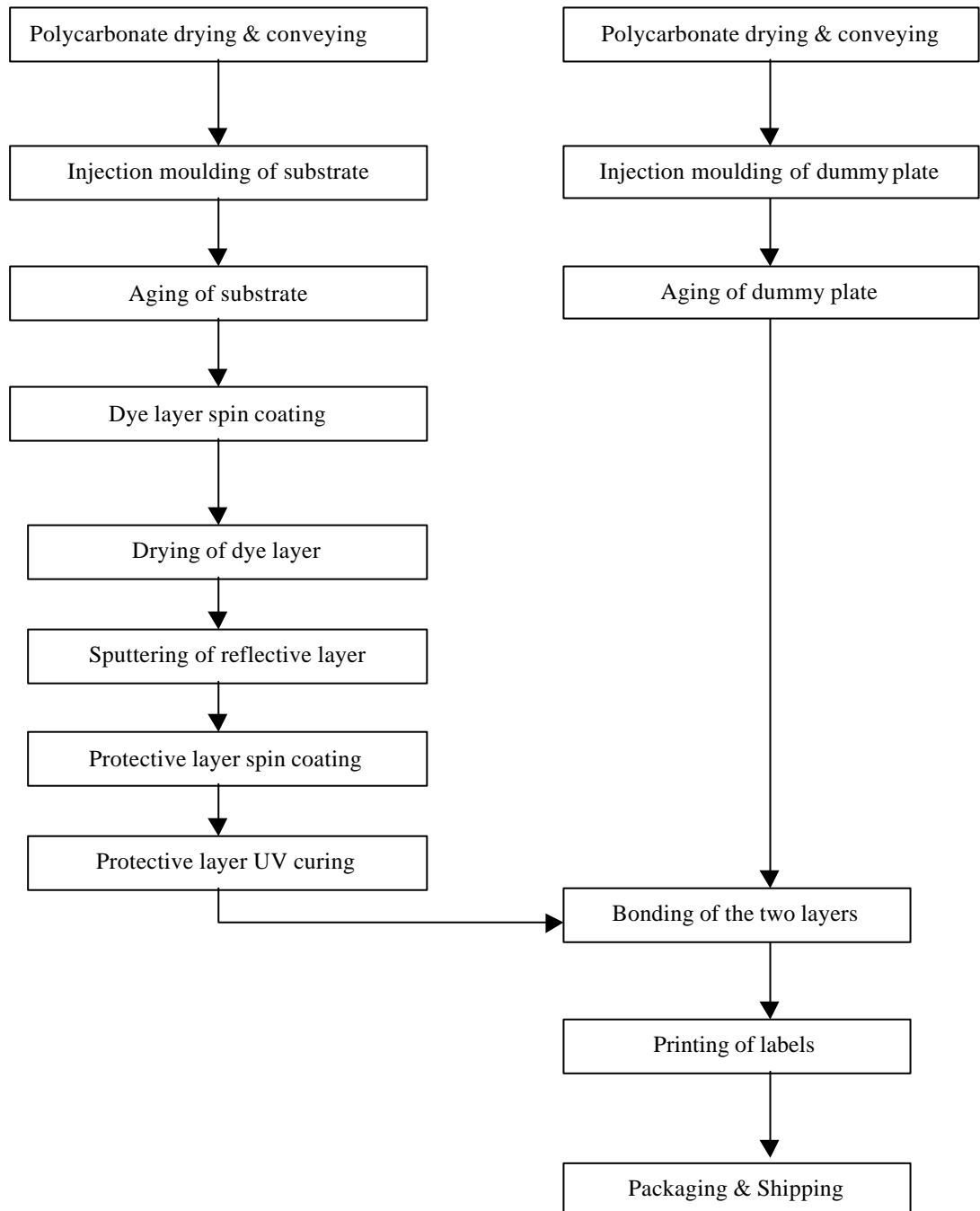
***DVD-Rs***

The manufacturing process of DVD-Rs is very similar to that of CD-Rs. Substrates are moulded from optical grade polycarbonate resins, and then passed to spin-coating stations where the active dye layer is deposited. Upon curing the dye, the disc enters a vacuum sputter chamber whereby the gold or silver reflective layer is deposited.

The additional process required for the production of a DVD-R is bonding, where one of the coated substrates is glued to a dummy disc, before going into final inspection and packaging.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

Set out below is a diagram setting out the manufacturing process of a DVD-R:-

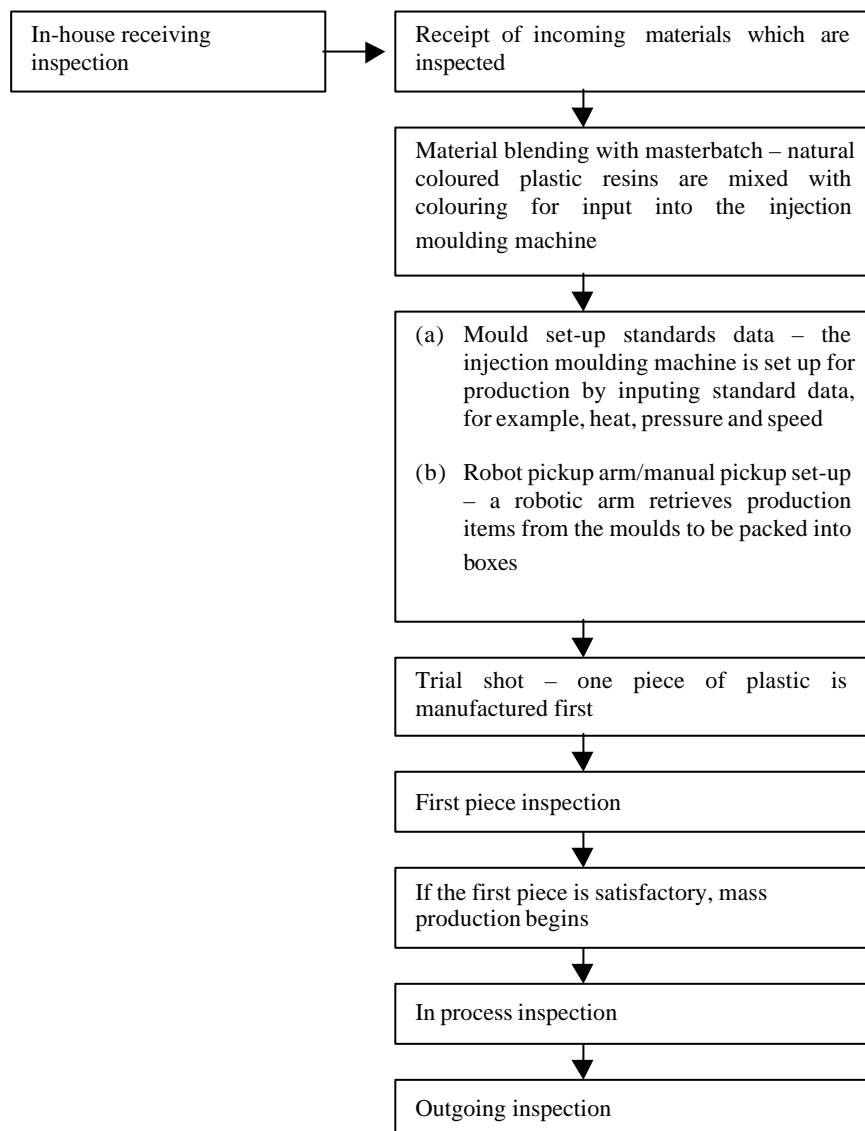
***Plastic injection moulding***

Plastic injection moulding involves the mounting of a mould on an injection moulding machine to produce plastic components. MTSB currently has 22 units of injection moulding machines with clamping forces ranging from 75 tonnes to 220 tonnes. The clamping force is the force that holds the two parts of the mould together during the injection cycle. The type of injection moulding machine used for a plastic part varies according to the plastic components' ultimate size and weight. Plastic parts of different sizes would require different clamping forces to hold the mould during the injection cycle. In addition, different types of plastic resins will be used depending on the type of product, finishing and usage.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

The production process of plastic parts begins with the loading of plastic resins in the hopper on the injection moulding machine which is then dropped into a cylinder where it is heated, compressed and melted into liquid form. The liquefied plastic resins are then injected into the mould at temperatures of up to 200 degrees Celsius. In the second phase, chilled water is passed through the mould to solidify the melted plastic into the desired shape. In the third phase, the mould opens and the plastic part is ejected and removed from the mould. The entire cycle of the moulding process takes between 6 seconds to 9.5 seconds depending on the size of the plastic part moulded and the type of plastic resin used. The plastic part is then inspected and is either packed and taken to the store for delivery to the customer or subjected to secondary processes, depending on whether finishing is required.

The production diagram is as follows:-



IX. INFORMATION ON THE MMHB GROUP (Cont'd)***Metal Stamping***

MMSB is principally involved in precision metal stamping. The company has a high speed precision stamping machine which is equipped with a servo for rapid, high volume stamping work, enabling greater precision and accuracy and hence, consistency in quality. Products manufactured by the company include flat shutters for MFDs.

The production process commences when a stainless steel or aluminium metal coil is placed on a turntable and fed into the stamping machine. A press mould based on individual product design is then mounted on the machine. As the metal sheet moves through the stamping machine, the press mould will stamp on the metal sheet at high speed to produce the product based on the press mould design. The stamped product will then go through a cleaning process to remove any oil stain.

(vi) Markets

Products manufactured by the MMHB Group are mainly exported. During the 9 months ended 31 January 2000, export sales accounted for approximately 91.79% of the Group's total turnover while domestic sales accounted for approximately 8.21%.

The breakdown of export and domestic sales of the MMHB Group for the past 5 financial years ended 30 April 1999 are as follows:-

	-----Financial years ended 30 April----->									
	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	714	48.18	761	4.43	2,456	7.84	8,984	16.35	9,777	14.53
Export	768	51.82	16,434	95.57	28,882	92.16	45,979	83.65	57,511	85.47
Total	1,482	100.0	17,195	100.0	31,338	100.0	54,963	100.0	67,288	100.0

The major countries to which the Group's products are exported are as follows:-

Product	Main export countries
CD-Rs and DVD-Rs	Canada and Singapore
MFDs	U.S.A., Canada and China
Video cassette tapes	U.K., Canada and Germany
Plastic parts	Japan

The MMHB Group's principal local customers include Wawasan Videovan Sdn. Bhd. and Andex Worldwide Trading. The MMHB Group's principal overseas customers includes amongst others, EMTEC Magnetics GMBH, Cantech Magnetics Inc., Akane Bussan Co. Ltd. and Duplimax Incorporated.

(vii) Raw materials

The raw materials used by the MMHB Group are sourced locally as well as imported. To ensure competitive pricing and reliability of supply, the Group sources its raw materials from a pool of suppliers with established business relationships with the Group. To minimise dependence on any one particular supplier, effort is made to ensure that each type of raw material is sourced from several suppliers.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

Set out below are the major types of raw materials used in the Group's manufacturing operations:-

Product	Principal raw material	Principal source
CD-Rs/DVD-Rs	Polycarbonate resins/ Dye Polymer	Japan
MFDs	Clampshells/ Magnetic cookies/ Centre cores/A-Rings	China and Hong Kong
MFD shells	Plastic resins	Local
Video cassette tapes	Video pancake	Korea and Singapore
Other plastic parts	Plastic resins	Local

The principal raw materials used in the precision metal stamping are stainless steel and aluminium sheets. These are imported mainly from Singapore, U.S.A. and Japan.

The breakdown of raw materials used by the MMHB Group in terms of percentage, secured locally and imported for the past 5 financial years ended 30 April 1999 are as follows:-

	<-----Financial years ended 30 April----->				
	1995	1996	1997	1998	1999
	%	%	%	%	%
Local	96.0	11.0	10.0	20.0	12.0
Imported	4.0	89.0	90.0	80.0	88.0
Total	100.0	100.0	100.0	100.0	100.0

The MMHB Group's principal local suppliers includes Nova Plastic Industries Sdn. Bhd. and Megatrax Plastics Industries Sdn. Bhd.. The MMHB Group's principal overseas suppliers includes amongst others, Sunshine Pacific Enterprises Ltd., Canson Magnetics Ltd. and Jinsung Industry Co. Ltd..

(viii) R&D

On 26 May 1999, MTSB entered into a Technology Transfer Agreement with MJC(S), pursuant to which MJC(S) will transfer and provide the necessary technology, technical know-how and knowledge in relation to the manufacturing of CD-Rs and DVD-Rs for a fee consideration of US\$100,000 upon the successful transfer of technology, technical know-how and knowledge. The fee consideration of US\$100,000 pursuant to the Technology Transfer Agreement is expected to be paid from the Group's internally generated funds. Approval for the Technology Transfer Agreement from the MITI was obtained on 15 March 2000.

The scope of the transfer of technology, technical know-how and knowledge comprise, amongst others, the following:-

- (a) Specification of the necessary utilities and environment including the layout design of the utility;
- (b) Technology for the formulation of the dye polymer;
- (c) Process know-how for the production of the dye polymer solution;
- (d) Technology for the product evaluation;
- (e) Stamper design to comply with the dye polymer formulation;
- (f) Operation parameters for the machinery and equipment;
- (g) Operation parameters for online inspection;

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

- (h) Inspection procedures for offline inspection;
- (i) Theoretical explanation on the oxidation of the silver reflective layer and how to protect it from oxidation;
- (j) Analysis of rejected products by online inspection machines; and
- (k) Analysis of rejected products by offline inspection machines.

The Technology Transfer Agreement also requires that product specifications for the CD-Rs and DVD-Rs shall be in accordance with the Orange Book of Phillips Co. Ltd., an industry technical guide book which sets out the specifications of a CD-R.

In addition to the technical training to be provided to the staff of MTSB, it is also stipulated in the Technology Transfer Agreement that MJC(S) will second supervisors/engineers to MTSB to oversee the installation and commissioning of the plant and machinery for the manufacturing of CD-Rs and DVD-Rs. Where a test run of the production line is conducted and the results of the test run meet the standards specified in the Technology Transfer Agreement, the transfer of technology, technical know-how and knowledge will be deemed completed and the Technology Transfer Agreement will lapse. The Directors of MMHB believes that the transfer of technology, technical know-how and knowledge in relation to the manufacturing of CD-Rs and DVD-Rs will be completed before the end of the financial year ending 30 April 2001.

Recognising the importance of R&D to ensure further improvement of the quality of the Group's products and to ensure that the Group's products are able to meet the rapid pace of the technological development while reducing reliance on technologies provided by third parties, it is the intention of the Group to formalise and expand its own R&D facility in Malaysia. In this respect, the Group has plans to develop its own R&D team with up to 6 employees by recruiting qualified personnel with experience in the field of chemical and electrical engineering before the end of the financial year ending 30 April 2001. The Board of Directors of MMHB believes that the cost of setting-up its own R&D facility will be approximately RM500,000 and which will be financed through the Group's internally generated funds.

(ix) Manufacturing Licences

MTSB is operating under manufacturing licences issued by the MITI as follows:-

Date issued	Licence No./ Serial No.	Type of business approved
11.11.94	A009464/ A014318	Manufacturing licence for the production of MFDs and cookies for MFDs
15.07.95	A009464/ A014887	Manufacturing licence for plastic injection of moulded parts/components
26.09.95	A009464/ A015059	Manufacturing licence for the production of video cassettes, blank video cassette tapes, plastic components/parts for video cassettes and parts of MFDs
22.06.99	A011865/ A018241	Manufacturing licence for the production of CD-Rs and DVD-Rs

On 19 April 1999, MTSB was granted pioneer status from MIDA under the Industrial Assistance Act, 1986 for the production of CD-Rs and DVD-Rs for a period of 5 years commencing from the date of production. With the pioneer status, MTSB is allowed tax exemption of up to 70% of its statutory income for a period of 5 years to 31 December 2004 from the date of initial production of 1 January 2000.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)**4. CHANGES IN SHARE CAPITAL**

The authorised share capital of MMHB is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of MMHB is RM41,000,000 comprising 41,000,000 ordinary shares of RM1.00 each.

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

Date of Allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
23.10.99	2	Subscribers' shares	2
19.05.00	40,999,998	Issued pursuant to the Acquisition of MTSB	41,000,000

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The principal activities of the subsidiaries of MMHB, all of which were incorporated in Malaysia, as at the date of this Prospectus are as follows:-

Name	Date of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Effective interest %	Principal activities
MTSB	19.11.92	50,000,000	41,000,000	100	Manufacture of data storage products such as computer diskettes, video cassette tapes, CD-Rs and DVD-Rs and the manufacture of plastic computer parts and accessories
MMSB*	12.07.94	5,000,000	1,000,000	100	Precision metal stamping of various computer parts and accessories and the trading of computer accessories, video cassette tapes and computer diskettes

Note:-

* MMSB is a wholly-owned subsidiary of MTSB.

MMHB does not have any associated company as at the date of this Prospectus.

Further details of the subsidiaries of MMHB are as follows:-

MTSB**(i) History and Business Overview**

MTSB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 19 November 1992 under the name of Wangsa Bintang (M) Sdn. Bhd. and assumed its present name on 6 June 1994.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

MTSB is principally engaged in the manufacture of data storage products such as computer diskettes, video cassette tapes, CD-Rs and DVD-Rs and the manufacture of plastic computer parts and accessories.

MTSB first ventured into plastic injection services catering to the electronics and automotive industries in early 1994. In late 1994, the management of MTSB, in realising the phenomenal growth and potential in the data storage industry, especially in computer diskettes, expanded its range of plastic products by venturing into the manufacturing of plastic shells for computer diskettes assemblers in Singapore, China and Indonesia. In 1995, MTSB expanded into the assembly of complete computer diskettes in addition to producing just plastic components and in 1996, the company acquired its first automatic assembly line and certification machines. In an on-going effort to ensure the continuous growth and future of MTSB as well as to further consolidate the company's position as a major player in the data storage industry, MTSB, in late 1999, diversified into the manufacturing of optical data storage products, namely CD-Rs and DVD-Rs. In line with the Government's efforts to promote the manufacture of high technology products and to encourage the transfer of technology into Malaysia, MTSB was granted pioneer status by MIDA under the Industrial Assistance Act, 1986 on 19 April 1999 and manufacturing licence by MITI on 22 June 1999 for the manufacturing of CD-Rs and DVD-Rs. The Directors of MMHB believe that the production of CD-Rs and DVD-Rs are expected to contribute positively to the future earnings of the Company.

(ii) Share Capital

The authorised share capital of MTSB is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of MTSB is RM41,000,000 comprising 41,000,000 ordinary shares of RM1.00 each.

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

Date of Allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
19.11.92	2	Subscribers' shares	2
30.04.94	1,499,998	Cash	1,500,000
15.09.94	2,500,000	Cash	4,000,000
22.02.95	2,000,000	Cash	6,000,000
11.08.95	4,000,000	Cash	10,000,000
28.11.96	2,000,000	Cash	12,000,000
23.04.98	1,000,000	Cash	13,000,000
18.06.99	7,000,000	Cash	20,000,000
09.09.99	10,000,000	Bonus issue of 1 for 2	30,000,000
07.10.99	10,550,000	Cash	40,550,000
28.10.99	450,000	Cash	41,000,000

IX. INFORMATION ON THE MMHB GROUP (Cont'd)**(iii) Subsidiaries and Associated Companies**

Details of the subsidiary of MTSB as at the date of this Prospectus are as follows:-

Name	Date of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Effective interest %	Principal activities
MMSB	12.07.94	5,000,000	1,000,000	100	Precision metal stamping of various computer parts and accessories and the trading of computer accessories, video cassette tapes and computer diskettes

MTSB does not have any associated company as at the date of this Prospectus.

(iv) Employees

MTSB has 122 employees as at 16 June 2000.

The management and employees have a harmonious relationship and none of the employees of the company belong to any union.

MMSB**(i) History and Business Overview**

MMSB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 12 July 1994.

A wholly-owned subsidiary of MMHB, held through MTSB, the company is principally engaged in precision metal stamping of various computer parts and accessories. In addition, MMSB also markets and sells data storage and computer products to the distributors and retailers of data storage and computer products.

MMSB commenced operations in October 1996 and was principally engaged in the trading of video cassette tapes, computer, computer diskettes and mass media products. MMSB further ventured into the manufacturing of video cassette tapes in 1998. However, the manufacturing operations of video cassette tapes were transferred to MTSB as part of a streamlining process in 1998. In 1999, MMSB ventured into the manufacturing of flat shutters for MFDs.

(ii) Share Capital

The authorised share capital of MMSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of MMSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

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

Date of Allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
12.07.94	2	Cash	2
19.03.97	999,998	Cash	1,000,000

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

(iii) Subsidiaries and Associated Companies

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

(iv) Employees

MMSB has 19 employees as at 16 June 2000.

The management and employees have a harmonious relationship and none of the employees of the company belong to any union.

6. PROPERTIES

The MMHB Group does not have any properties as at the date of this Prospectus. Currently, the MMHB Group is leasing its factory under a 3-year tenancy agreement with an option to renew for a further 2 terms of 3 years per term from Lembaga Tabung Haji. It is the intention of the MMHB Group to acquire the said factory and land and the MMHB Group is currently negotiating with Lembaga Tabung Haji. Further details of the said factory and land are set out in Section VII(5) of this Prospectus.

7. DIRECTORS AND MANAGEMENT TEAM

(i) Board of Directors

The relevant particulars of the Directors of MMHB are as follows:-

DATO' DR. HAJI MOHD ADAM BIN CHE HARUN, aged 56, is the Executive Chairman of MMHB. He was appointed to the Board of MMHB on 27 May 2000. He holds a Bachelor of Science in Building Construction and Management degree from Connaught University, Ireland, a Bachelor of Accounting degree from North West London University, U.K., a Diploma in Banking from Institute of Bankers, U.K., and a Masters' degree in Business Administration from North West London University, U.K. He began his career with the banking industry and held various positions in Hong Kong Bank Limited (now known as HSBC Bank Malaysia Berhad) ("HKBL") and Bumiputra Merchant Bankers Berhad ("BMBB"). He was attached to HKBL for 10 years and was a Banking Manager of BMBB for 4 years before leaving in 1978 to pursue a post-graduate course. Upon attaining his Doctorate of Philosophy in Business Administration from Pacific Western University, Los Angeles, U.S.A. in 1992, he returned to Malaysia and was appointed to the Board of several Government agencies. He is a former Deputy President of the Malay Chamber of Commerce and Industry of Malaysia as well as the former Vice President of the National Chamber of Commerce & Industry of Malaysia for 3 years. He has been the Chairman and Executive Director of MTSB since 1997. In addition, he also sits on the Board of Directors of Anjaria Properties Sdn. Bhd., a property development and construction company since 1976, Konsortium Dewan Kelantan Sdn. Bhd., an investment holding company since 1988 and Adam Harun Holdings Sdn. Bhd., an investment holding company since 1977.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

MAJOR GENERAL (RTD.) DATUK NORDIN YUSOF, aged 59, is an Executive Director of MMHB. He was appointed to the Board of MMHB on 27 May 2000. He started his career in the Malaysian Armed Forces in 1960 as a Second Lieutenant and retired in 1995 as Major General. During his military service, he attended various professional courses including the Command and Staff Management Course at the Command and Staff College in Kansas, U.S.A., Management of Defence Course in Monterey, U.S.A., National Defence Course in New Delhi, India and Basic Accounting Course at Institut Pentadbiran Negara, Kuala Lumpur. His last military appointment was Chief of Personnel, in charge of human resource development such as recruitment, promotions and posting of military personnel in the Malaysian Armed Forces. He has been the Executive Director of MTSB since 1997 and is responsible for the overall day-to-day management of the company. In addition, he also sits on the Board of Directors of MIFO Sdn. Bhd., a company principally involved in the trading of toys since 1995, Perbadanan Perwira Harta Malaysia Sdn. Bhd., a real estate company since 1997 and Syarikat Perniagaan Shahira Maju Sdn. Bhd., a company principally involved in the trading of military equipment since 1997.

YEO WEE SIONG, aged 30, was appointed as an Executive Director of MMHB on 27 May 2000. He holds a Bachelor's degree in Finance and Management from the University of Wisconsin, U.S.A.. He started his career in 1991 when he joined Limco Products Manufacturing Pte. Ltd. ("Limco"), a company principally involved in the assembling of computers, as Marketing Manager. He was attached to Limco and was in the computer industry for 2 years prior to setting up his own company, MJC(S), which is principally involved in the manufacturing of computer peripherals and data storage products, in 1993. He is also an Executive Director of MTSB, a position he has held since 1994, and is responsible for the corporate strategy and financial planning of the company.

DATO' DR. HAJI ABDUL MURAD BIN AHMAD, aged 44, was appointed as a Director of MMHB on 27 May 2000. He holds a Bachelors' degree in Business Administration from Kensington University in Los Angeles, U.S.A., a Master's degree in Business Administration from Pacific Western University, Los Angeles, U.S.A. and a Doctorate of Philosophy in Business Administration from Pacific Western University in Los Angeles, U.S.A.. He is currently pursuing a Bachelors' degree in Jurisprudence from Universiti Malaya. He is presently a Director of the Negeri Sembilan State Economic Development Corporation, a position he has held since 1990. He has been the President of the Malay Chamber of Commerce and Industry (Negeri Sembilan) since 1990 and a Vice President of the National Chamber of Commerce and Industry since 1990 since 1995. He sits on the Board of Directors of Taiping Consolidated Berhad since 1984 and is also a Chairman of Kuantan Flour Mills Berhad since 1998, both of which are public listed companies in Malaysia.

Y.B. SENATOR ROSLI BIN MAT HASSAN, aged 44, was appointed as a Director of MMHB on 27 May 2000. He holds a Bachelors' degree in Applied Science from Universiti Teknologi Mara. He has served the Government in various positions for more than 4 years before leaving in 1982 to start his own business. He is a member of the Parliament of the upper house since his appointment as a Senator in 1997. In addition, he also sits on the Board of Directors of Palas Berhad, a company involved in the trading of construction materials since 1982.

Save as disclosed above, none of the Directors hold any other directorships in Malaysia.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

(ii) Management Team of the Group

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

KOK LIEW SEN, aged 54, has been the Financial Controller of the Group since 1994. He holds a Senior Cambridge Certificate and started his career in 1966 as an Audit Assistant in Tan Toh Hua & Partners, a certified public accountants firm, where he remained until 1968. He was subsequently attached to Sucaba Holdings Bhd., an investment holding company, as Company Secretary and Financial Controller until 1979. Between 1980 to 1983, he ran Dunia Utama Sdn. Bhd., his own insurance underwriting agency and later ventured into the manufacturing of sticker labels. In 1986, he joined Denison (HK) Ltd., a company involved in the manufacturing of audio equipment in Hong Kong, as Financial Controller and remained there until 1990. In 1991, he joined Microlingo (M) Sdn. Bhd. as Financial Controller and was actively involved in the computer hardware and related business.

VOON THIAM FATT, aged 42, is the Quality Control & Assurance Manager of MTSB. He graduated with a Bachelor's degree in Mechanical Engineering from Mc Gill University of Montreal, Canada in 1984. He started his career in 1984 as a Service Engineer with Unicla (M) Sdn. Bhd., a company principally involved in the manufacturing of air-conditioners for cars, where he remained until 1986. He was attached to Swilynn (M) Sdn. Bhd., a company principally involved in the manufacturing of magnetic media for the video industry, from 1987 to 1993 as Quality Control Manager and Goldtronics Sdn. Bhd., a company principally involved in the manufacturing of plastic products and magnetic media products, from 1994 to 1998 as Material & Quality Manager. In the same year, he joined MTSB as Quality Control & Assurance Manager. He has accumulated more than 12 years of experience in the area of quality control and assurance prior to joining MTSB.

LAUBENG CHIN, aged 30, is the Production Manager of MTSB. He graduated with a Diploma in Electrical Engineering and Warehouse Management from the International Correspondent School in 1992. Upon his graduation, he joined Videx (M) Sdn. Bhd., a company involved in the production of video tapes, where he served from 1992 to 1997. In 1993, he was sent to Victor Company of Japan Limited, Mito City, a company involved in video tape assembly and hot runner mould, where he received extensive training in plastic injection moulding for a period of 1 month. He has accumulated more than 5 years of experience in the manufacturing sector prior to joining MTSB in 1998.

CHONG JIUN SHYANG, aged 35, is the Accountant of MTSB. He is a member of the Association of Chartered Certified Accountants and is a Registered Accountant in Malaysia. He started his career in 1988 as an Accounts Clerk with Multiguna Construction & Development Sdn. Bhd., a company involved in construction, and was promoted to the position of Assistant Accountant in 1997. In the same year, he joined Kumpulan ZAQ Sdn. Bhd., a company involved in construction, where he served as an Accountant until 1998. From 1998 to 1999, he was an Accountant with Kolej Legenda Sdn. Bhd., a private college. He has more than 10 years of experience in the accounting field prior to joining MTSB in 1999.

IX. INFORMATION ON THE MMHB GROUP (Cont'd)

MAH LAI CHING, aged 35, is the Quality Control Manager of MTSB and is responsible for the quality control of the CD-Rs and DVD-Rs manufactured by MTSB. She graduated with a Bachelor of Science degree majoring in Chemistry from Universiti Sains Malaysia in 1989. She later completed her Masters of Business Administration in 1996 at Universiti Malaya. She started her career in 1989 as Head of Quality Control in May Plastic Industries Berhad, a public listed company principally involved in plastic injection moulding. From 1990 to 1993, she was a R&D chemist with Tenco Industries Bhd., a public listed company principally involved in the manufacturing of paint, wood coating, adhesives and industrial chemicals, before joining Technitone (M) Sdn. Bhd. ("Technitone"). During her 6 years of service as a Quality Control/Technical Manager in Technitone, a manufacturer of toner for copiers and printers, she was involved in the technical and quality control aspects of the operations and was responsible for the management of procurement, logistics, production planning and costing. She has accumulated 10 years of working experience in quality management systems, particularly chemical manufacturing, prior to joining MTSB in November 1999.

TEE SENG TONG, aged 31, is the Production Engineer of MMSB. He has more than 11 years of experience in areas of mould-making, injection moulding and precision metal stamping. From 1986 to 1990, he was attached to Dykas Industries Sdn. Bhd., a company involved in mould-making, as a Supervisor in the Stamping and Moulding Department. From 1990 to 1992, he worked at Videx Industries Sdn. Bhd., a company involved in the production of video tapes, as a Supervisor in the Moulding Department. He was attached to Sato Automatic Services Centre, a company involved in the servicing and repairing of robotic arms for injection machines, as Supervisor from 1992 until 1993. Prior to joining MTSB in 1999, he was attached to Formosa Prosonic Industries Sdn. Bhd., (now a public listed company known as Formosa Prosonic Industries Berhad), which is involved in mould-making, as a Technician in the Moulding Department from 1993 to 1996 and RH Electric Sdn. Bhd., a company involved in electrical installation, as an Electrical Supervisor from 1996 to 1999. In his current position, he is in charge of the metal stamping division, supervising the production process and the maintenance of stamping moulds.

TONG KOK YOONG, aged 36, is the Financial Executive of MMSB. He holds a diploma from the London Chamber of Commerce and Industry. He started his career in 1985 as an Audit Assistant with Sha & Co. Public Accountants and served the company until 1988. From 1989 to 1994, he was attached to Concord Chemicals Corporation Sdn. Bhd., a company involved in the trading of chemicals, as an Accounts Executive. In 1995, he joined Meeta Trading Sdn. Bhd., a company involved in the trading of building materials, as Accounts Manager and served the company until 1997. He has accumulated more than 10 years of experience in the field of accountancy prior to joining MMSB in 1998. In his current capacity, he is responsible for overseeing the overall accounting function of MMSB. He was appointed as a Director of MMSB on 23 February 2000.

(iii) Staff on Secondment/Contract

Pursuant to the Technology Transfer Agreement between MJC(S) and MTSB as set out in Section IX(3) and Section XIII(3) of this Prospectus, the following staff have been seconded to the Group:-

AKIRA KITA, aged 48, is a Qualified Engineer – National Level II (Japan), Qualified Engineer for Electrical Contracting of Category 1 works (Japan) and a Qualified Handler of Dangerous Goods of Category 4 Second Class (Japan). He has more than 20 years of working experience, having held key positions from 1990 to 1995 in Teichiku (Japan) Ltd., a subsidiary of Matsushita Electric Co. Ltd., specialising in technology and know-how on CD, CD-R, CD-ROM, DVD and DVD-R. Pursuant to the Technology Transfer Agreement, he was appointed as a Technical Consultant to MTSB in December 1999 to oversee the start up of the production lines of CD-Rs and DVD-Rs for MTSB. He will be seconded to MTSB for one year until December 2000.

IX. INFORMATION ON THE MMHB GROUP (*Cont'd*)

NG SIAN TIAN, aged 33, was appointed the International Sales Director of MTSB in 1999. He graduated with a Bachelor of Arts degree majoring in Economics from the University of Wisconsin, U.S.A. in 1991. He started his career in 1991 as a Business Development Executive in Daewoo Singapore Pte. Ltd. ("Daewoo"), a company principally involved in general trading, where he was responsible for the marketing of heavy machinery, plastic, chemical and electronic products. While he was with Daewoo, he was also responsible for managing the sales distributorships of the company in the South East Asian region. In 1993, he joined Okura Co. Ltd., a company incorporated in Singapore and principally involved in general trading, as Assistant Sales Manager, where he was responsible for the marketing of heavy machinery, plastic, chemical and electronic products as well as managing the sales distributorships of the company in the South East Asian region. He joined MJC(S) in 1993 as Sales Director and was in charge of the sales activities of the company in the Asian region. In 1999, he was permanently seconded from MJC(S) to MTSB to assist in the set-up and development of the company's sales function for the marketing of CD-Rs and DVD-Rs in the export market.

(iv) Family Relationships

None of the Directors and senior management of the MMHB Group are related to each other.

8. EMPLOYEES

The MMHB Group has 141 employees as at 16 June 2000. None of the employees of the Group belong to any union and the management of the MMHB Group has a harmonious relationship with its employees.

X. FINANCIAL INFORMATION**1. PROFIT AND DIVIDEND RECORD****(i) MMHB - Company**

MMHB was incorporated on 23 October 1999 and was dormant until it became an investment holding company on 15 May 2000 pursuant to the implementation of the restructuring exercise, as detailed in Section IX(2) of this Prospectus.

(ii) MMHB Group - Proforma

The following table sets out a summary of the proforma consolidated results of the MMHB Group for the 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000, prepared based on the audited accounts of MTSB for the 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000 and the audited accounts of MMSB from 12 July 1994 (date of incorporation) to 30 September 1995, 7 months ended 30 April 1996, 3 financial years ended 30 April 1999 and 9 months ended 31 January 2000 on the assumption that the current structure of the Group has been in existence throughout the period under review:-

	<-----Financial years ended 30 April ----->					9 months ended 31 January
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	1,482	17,195	31,338	54,963	67,288	52,909
Profit before depreciation and interest	265	3,444	6,140	11,271	18,748	11,892
Depreciation	(212)	(1,386)	(2,267)	(3,020)	(4,485)	(3,662)
Interest income	-	-	-	70	53	31
Interest expense	(10)	(372)	(951)	(2,124)	(3,631)	(1,738)
Profit before taxation	43	1,686	2,922	6,197	10,685	6,523
Taxation	-	(420)	(989)	(1,603)	51	(2,186)
Profit attributable to shareholders	43	1,266	1,933	4,594	10,736	4,337
Number of ordinary shares assumed in issue ('000) #	41,000	41,000	41,000	41,000	41,000	41,000
Gross EPS(sen) @	0.10	4.11	7.13	15.11	26.06	* 21.21
Net EPS (sen) +	0.10	3.09	4.71	11.20	26.19	* 14.10
Gross dividend rate (%)	-	-	-	-	-	-

Being the number of shares in issue after the Acquisition of MTSB.

@ Based on the profit before taxation divided by the number of ordinary shares assumed in issue.

+ Based on the profit attributable to shareholders divided by the number of ordinary shares assumed in issue.

* Annualised.

Notes:-

- The significant increase in turnover and profit before taxation for the financial year ended 30 April 1996 was mainly due to an increase in sales of MFDs, video cassette tapes, custom moulding as well as trading of computer parts and accessories to new export markets such as Canada, Hong Kong, Singapore and Indonesia.
- Turnover and profit before taxation for the financial year ended 30 April 1997 were significantly higher than the previous financial year mainly due to the Group's continuing ability in securing new major customers in the export markets.

X. FINANCIAL INFORMATION (Cont'd)

3. *The higher turnover and profit before taxation for the financial year ended 30 April 1998 were mainly due to the expansion into new export markets in the U.K. and Germany, coupled with the higher contributions from the trading of computers and CD-Rs in the local market.*
4. *The increase in turnover and profit before taxation for the financial year ended 30 April 1999 was mainly due to the continued increase in export sales. In addition, during the year, MTSB successfully secured a new export market for its custom moulding activity in Japan.*
5. *The increase in turnover of the MMHB Group for the 9 months ended 31 January 2000 (on an extrapolated basis) was mainly due to the continued increase in export sales.*
6. *There was no tax charge for the financial year ended 30 April 1995 due to the utilisation of capital allowances. The effective tax rates for the financial year ended 30 April 1996 and the financial year ended 30 April 1998 were significantly lower than the statutory tax rate mainly due to the utilisation of capital allowances. The effective tax rate for the financial year ended 30 April 1997 and 9 months ended 31 January 2000 was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. There was no tax charge for the financial year ended 30 April 1999 as 1999 has been declared as a tax exempt year in accordance with the Income Tax (Amendment) Act 1999.*
7. *There was no exceptional item for the 5 financial years ended 30 April 1999. However, included in the results of the MMHB Group for the 9 months ended 31 January 2000 is a loss on the disposal of a foreign subsidiary of RM527,000.*
8. *There was no extraordinary item for the financial years/period under review.*

(iii) MTSB

The following table sets out a summary of the audited profit and dividend record of MTSB for the past 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000:-

	<-----Financial years ended 30 April ----->					9 months ended 31 January
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	1,482	17,195	29,763	44,631	54,979	45,904
Profit before depreciation and interest	265	3,444	6,077	10,891	18,198	12,488
Depreciation	(212)	(1,386)	(2,251)	(2,922)	(4,356)	(3,615)
Interest expense	(10)	(372)	(951)	(2,124)	(3,613)	(1,715)
Interest income	-	-	-	70	53	31
Profit before taxation	43	1,686	2,875	5,915	10,282	7,189
Taxation	-	(420)	(975)	(1,531)	-	(2,110)
Profit attributable to shareholders	43	1,266	1,900	4,384	10,282	5,079
Weighted average number of ordinary shares in issue ('000)	3,422	8,882	10,838	12,019	13,000	28,620
Gross EPS(sen) @	1.26	18.98	26.53	49.21	79.09	+ 33.49
Net EPS (sen) *	1.26	14.25	17.53	36.48	79.09	+ 23.66
Gross dividend rate (%)	-	-	-	-	-	-

@ *Based on the profit before taxation divided by the weighted average number of ordinary shares in issue.*

* *Based on the profit attributable to shareholders divided by the weighted average number of ordinary shares in issue.*

+ *Annualised.*

X. FINANCIAL INFORMATION (Cont'd)**Notes:-**

1. *The significant increase in turnover and profit before taxation for the financial year ended 30 April 1996 was mainly due to an increase in sales of MFDs, video cassette tapes, custom moulding as well as trading of computer parts and accessories to new export markets such as Canada, Hong Kong, Singapore and Indonesia.*
2. *Turnover and profit before taxation for the financial year ended 30 April 1997 were significantly higher than the previous financial year mainly due to the company's continuous success in securing new major customers in the export markets.*
3. *The higher turnover and profit before taxation for the financial year ended 30 April 1998 were mainly due to the expansion into new export markets in the U.K. and Germany, coupled with the higher contribution from trading of computers and CD-Rs in the local market.*
4. *The increase in turnover and profit before taxation for the financial year ended 30 April 1999 was mainly due to the continued increase in export sales. In addition, during the year, MTSB successfully secured a new export market for its custom moulding activity in Japan.*
5. *The increase in turnover for the 9 months ended 31 January 2000 (on an extrapolated basis) was mainly due to continued increase in export sales.*
6. *There was no tax charge for the financial year ended 30 April 1995 due to the utilisation of capital allowances. The effective tax rates for the financial year ended 30 April 1996 and the financial year ended 30 April 1998 were significantly lower than the statutory tax rate mainly due to the utilisation of capital allowances. The effective tax rate for the financial year ended 30 April 1997 was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. There was no tax charge for the financial year ended 30 April 1999 as 1999 has been declared as a tax exempt year in accordance with the Income Tax (Amendment) Act 1999.*
7. *There was no exceptional item for the 5 financial years ended 31 April 1999. However, included in the results for the 9 months ended 31 January 2000 is a gain on the disposal of a foreign subsidiary amounting to RM406,000.*
8. *There was no extraordinary item for the financial years/period under review.*

(iv) MMSB

The following table sets out a summary of the audited profit and dividend record of MMSB from 12 July 1994 (date of incorporation) to 30 September 1995, 7 months ended 30 April 1996, 3 financial years ended 30 April 1999 and 9 months ended 31 January 2000:-

	12.07.94 to 30.09.95 RM'000	7 months ended 30 April 1996 RM'000	Financial years <-----ended 30 April-----> 1997 1998 1999 RM'000 RM'000 RM'000			9 months ended 31 January 2000 RM'000
Turnover	-	-	1,575	10,332	12,309	7,237
Profit before depreciation and interest	-	-	252	380	550	337
Depreciation	-	-	(63)	(98)	(129)	(47)
Interest expense	-	-	-	-	(18)	(23)
Profit before taxation	-	-	189	282	403	267
Taxation	-	-	(58)	(72)	51	(77)
Profit attributable to shareholders	-	-	131	210	454	190
Weighted average number of ordinary shares in issue ('000)	*	*	115	1,000	1,000	1,000
Gross EPS(sen) @	-	-	164.35	28.20	40.30	# 35.60
Net EPS (sen) +	-	-	113.91	21.00	45.40	# 25.33
Gross dividend rate (%)	-	-	-	-	-	-

* Representing 2 ordinary shares of RM1.00 each.

X. FINANCIAL INFORMATION (Cont'd)

- @ Based on the profit before taxation divided by the weighted average number of ordinary shares in issue.
- + Based on the profit attributable to shareholders divided by the weighted average number of ordinary shares in issue.
- # Annualised.

Notes:-

1. MMSB commenced operations only during the financial year ended 30 April 1997 and turnover relates mainly to sales of video cassette tapes and CD-ROMs in the local market.
2. The significant increase in turnover for the financial year ended 30 April 1998 was mainly due to the first full year of results being recorded and the increase in sales to export market. Despite the significant increase in turnover, profit before taxation only increased marginally due to high factory overhead costs.
3. Turnover and profit before taxation for the financial year ended 30 April 1999 were higher than the previous financial year mainly due to the introduction of flat shutters for MFD for export. However, the growth in turnover was not significant due to transfer of its video cassette tapes production and sales to MTSB.
4. The decrease in turnover and profit before taxation for the 9 months ended 31 January 2000 (on an extrapolated basis) was mainly due to the decrease in sales to export market during that period.
5. The effective tax rate for the financial year ended 30 April 1997 was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. The effective tax rate for the financial year ended 30 April 1998 however was lower than the statutory tax rate mainly due to the utilisation of capital allowances brought forward. There was no tax charge for the financial year ended 30 April 1999 due to the waiver of taxation in accordance with the Income Tax (Amendment) Act 1999. The tax credit recorded for the financial year was mainly due to the reversal of the overprovision for deferred taxation in prior years.
6. There were no extraordinary or exceptional items for the financial periods/years under review.

2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**(i) Working Capital**

The Directors of MMHB are of the opinion that, after taking into account the estimated and forecast consolidated cashflows, banking facilities available and the gross proceeds from the Public Issue, the Group will have adequate working capital for its foreseeable requirements.

(ii) Borrowings

Save for the total utilised bank overdrafts and credit facilities from local banks amounting to approximately RM23.919 million, secured by way of fixed and floating charge over the assets of the Group and fixed deposits of RM2.50 million placed with a local bank, the Group does not have any other loan capital outstanding or loan capital (including term loan) created but unissued, mortgages or charges outstanding as at 16 June 2000.

As at 16 June 2000, the MMHB Group has total loans outstanding of RM4.016 million to Bumiputra-Commerce Bank Berhad (formerly known as Bank of Commerce (M) Berhad) which is a related company of CIMB by virtue of their common substantial shareholder, which is Commerce Asset-Holding Berhad.

(iii) Contingent Liabilities and Capital Commitments

As at 16 June 2000, the Directors of MMHB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

X. FINANCIAL INFORMATION (Cont'd)

Save as disclosed below, as at 16 June 2000, the Directors of MMHB are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:-

	RM'000
<i>Authorised and contracted for</i>	
Purchase of machinery	*27,904
<i>Authorised but not contracted for</i>	
Purchase of machinery	*21,000

Note:-

* *Relates to machinery for the production of CD-Rs and DVD-Rs.*

3. PROFORMA CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 30 APRIL 2000 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2001

The Board of Directors of MMHB estimate and forecast that, barring unforeseen circumstances, the consolidated profit for the financial years ended 30 April 2000 and ending 30 April 2001 will be as follows:-

	Proforma Group Estimate 2000 RM'000	Group Forecast 2001 RM'000
Financial year ended/ending 30 April		
Consolidated profit before taxation	11,343	22,838
Taxation	(3,595)	(3,121)
Consolidated profit after taxation	7,748	19,717
Gross EPS (sen)	*27.67	+ 45.57
Gross PE Multiple (times)	@ 9.04	@ 5.49
Net EPS (sen)	*18.90	+ 39.35
Net PE Multiple (times)	@ 13.23	@ 6.35

Notes:-

* *Based on 41,000,000 ordinary shares of RM1.00 each as the Acquisition of MTSB is deemed to have been implemented on 1 May 1999 in line with the principles of the merger method of accounting which have been adopted by the MMHB Group.*

+ *Based on 50,111,333 ordinary shares of RM1.00 each, being the weighted average number of MMHB shares in issue assuming that the Public Issue will be completed by 31 August 2000.*

@ *Based on the issue price of RM2.50 per New Share.*

X. FINANCIAL INFORMATION (Cont'd)

The principal bases and assumptions upon which the consolidated profit estimate and forecast have been made are as follows:-

1. There will be no material changes in the present legislation or government regulations, rates and duties, levies and taxes which will adversely affect the MMHB Group's operations or the markets in which it operates.
2. There will be no major industrial disputes or any abnormal circumstances which will adversely affect the MMHB Group's operations or sales at the estimated and forecast levels or disrupt its planned operations, its suppliers or its customers.
3. There will be no significant changes in the political, economic and market conditions which will materially affect the activities of the MMHB Group.
4. Existing financing facilities will remain available to the MMHB Group and interest rates will not change significantly from those presently prevailing.
5. There will be no material changes in the existing accounting, management and operation policies of the MMHB Group.
6. There will be no material changes in the current principal activities, composition and structure of the MMHB Group.
7. There will be no major capital and revenue cost items variations that are beyond the control of the MMHB Group.
8. There will be no material fluctuation in exchange rates for foreign currencies from current rates and inflation rate will remain at current levels.
9. Capital expenditure programme will be implemented and incurred on schedule with no material changes in the costs. There will be no material additions of fixed assets other than those planned.
10. The expansion of the production for CD-Rs and DVD-Rs by MTSB will commence by end- September 2000. The estimated and forecast quantity are as follows:-

Financial year ended/ending	Product	Quantity ('000)
30 April 2000	CD-R	750
	DVD-R	200
30 April 2001	CD-R	5,450
	DVD-R	925

11. For the financial year ended 30 April 2000, MTSB was operating at full production capacity for the CD-Rs and DVD-Rs. For the financial year ending 30 April 2001, MTSB is expected to operate at 50% to 70% of its production capacity for the CD-Rs and DVD-Rs.
12. There will be no material changes in the economic and market conditions which will materially affect the Group's ability to achieve the forecast sales of the CD-Rs and DVD-Rs.

X. FINANCIAL INFORMATION (Cont'd)

13. The restructuring exercise of the MMHB Group will involve the following:-

- Acquisition of the entire equity interest in MTSB comprising 41,000,000 ordinary shares of RM1.00 each, for a total consideration of RM50,200,046 satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each in MMHB at an issue price of approximately RM1.22 per ordinary share. The acquisition of MTSB has been accounted for using merger accounting.
- Public issue of 13,667,000 new ordinary shares of RM1.00 each in MMHB at an issue price of RM2.50 per ordinary share to be completed by 31 August 2000.
- Admission to the Official List and listing of and quotation for the entire issued and paid-up share capital of MMHB comprising 54,667,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

14. The proceeds from the public issue is expected to be received by 31 August 2000 and shall be utilised as follows:-

	RM'000
Repayment of bank borrowings	13,000
Purchase of factory and land	7,500
Working capital	11,668
Estimated listing expenses	2,000
	34,168

X. FINANCIAL INFORMATION (Cont'd)

4. REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST

(Prepared for inclusion in this Prospectus)

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

26 June 2000

The Board of Directors
Megan Media Holdings Berhad
910, Block B
Phileo Damansara 2
No. 15, Jalan 16/11
Off Jalan Damansara
46350 Selangor Darul Ehsan

Our ref : A3/HLLS/LHK/YLLEE

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 30 APRIL 2000 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2001

We have reviewed the accounting policies and calculations for the proforma consolidated profit estimate for the financial year ended 30 April 2000 and consolidated profit forecast for the financial year ending 30 April 2001 of Megan Media Holdings Berhad ("MMHB") and its subsidiaries (hereinafter referred to as "MMHB Group") for which the Directors are solely responsible, as set out in the Prospectus to be dated 30 June 2000 in connection with the public issue of 13,667,000 new ordinary shares of RM1.00 each in MMHB at an issue price of RM2.50 per ordinary share and the listing of and quotation for the entire issued and paid-up share capital of MMHB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated profit estimate and consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and are presented on a basis consistent with the accounting policies normally adopted by the MMHB Group.

Yours faithfully

KPMG
Firm No: AF 0758
Public Accountants

HEW LEE LAM SANG
PARTNER
Approval Number: 1862/10/01/(J)

X. FINANCIAL INFORMATION (Cont'd)**5. DIVIDEND ESTIMATE AND FORECAST**

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

No dividend was declared for the financial year ended 30 April 2000.

Based on the forecast consolidated profit before taxation of RM22.838 million for the financial year ending 30 April 2001, the Directors of MMHB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a dividend of 10.0 sen per share (tax exempt : 7.0 sen; non tax exempt : 3.0 sen) for the financial year ending 30 April 2001, based on the enlarged issued and paid-up share capital of 54,667,000 ordinary shares of RM1.00 each.

The intended appropriation of the forecast consolidated profit before taxation for the financial year ending 30 April 2001 will be as follows:-

	RM'000
Consolidated profit before taxation	22,838
Taxation	(3,121)
Consolidated profit after taxation	<u>19,717</u>
Less: Proposed dividend	(5,007)
Consolidated retained profits	<u>14,710</u>
Dividend per ordinary share	
- Tax exempt	7.0 sen
- Non tax exempt	3.0 sen
Dividend yield (<i>based on the issue price of RM2.50 per New Share</i>)	
- Tax exempt	2.8%
- Non tax exempt	1.2%
Net dividend cover	3.94 times

X. FINANCIAL INFORMATION (Cont'd)**6. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2000**

The proforma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects on the audited balance sheet of MMHB as at 31 January 2000 after taking into account the effects of the Acquisition of MTSB and Public Issue (details of which are as set out in the notes to the proforma balance sheets as at 31 January 2000), had these transactions been effected on that date:-

	MMHB Audited as at 31 January 2000 RM'000	I After the Acquisition of MTSB RM'000	II After I and Public Issue RM'000
Fixed assets	-	47,765	47,765
Expenditure carried forward	53	53	53
Current assets	-	44,314	76,482
Current liabilities	(53)	(30,381)	(30,381)
Net current (liabilities)/assets	(53)	13,933	46,101
	-	61,751	93,919
FINANCED BY:-			
Share capital	*	41,000	54,667
Reserves on consolidation	-	188	188
Share premium	-	-	18,501
Unappropriated profit	-	13,842	13,842
Shareholders' funds	-	55,030	87,198
Long-term liabilities	-	6,721	6,721
	-	61,751	93,919
Net tangible (liabilities)/assets per share (RM)	(26,500)	1.34	1.59

* Representing 2 ordinary shares of RM1.00 each.

X. FINANCIAL INFORMATION (Cont'd)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2000

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited accounts as at 31 January 2000 and on accounting policies consistent with those previously adopted in the preparation of the audited financial statements except that the consolidation of MMHB and MTSB is accounted for using merger accounting.
2. The proforma consolidated balance sheets incorporated the following transactions as though they were effected on 31 January 2000:-

2.1 Stage I

Acquisition of the entire equity interest of MTSB comprising 41,000,000 ordinary shares of RM1.00 each, for a total consideration of RM50,200,046. This is satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each in MMHB at an issue price of approximately RM1.22 per ordinary share accounted for using merger relief in accordance with Section 60(4) of the Companies Act, 1965.

2.2 Stage II

- Public issue of 13,667,000 new ordinary shares of RM1.00 each in MMHB at an issue price of RM2.50 per ordinary share.
- The listing expenses estimated at RM2,000,000 will be set-off against the share premium account.

X. FINANCIAL INFORMATION (Cont'd)

7. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in this Prospectus)

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

26 June 2000

The Board of Directors
Megan Media Holdings Berhad
910, Block B
Phileo Damansara 2
No. 15, Jalan 16/11
Off Jalan Damansara
46350 Selangor Darul Ehsan

Our ref : A3/HLLS/LHK/YLLEE

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF MEGAN MEDIA HOLDINGS BERHAD AND ITS SUBSIDIARIES

We have reviewed the presentation of the proforma consolidated balance sheets of Megan Media Holdings Berhad ("MMHB") and its subsidiaries (hereinafter referred to as "MMHB Group") as at 31 January 2000, for which the Directors are solely responsible, together with the notes thereon as set out in the Prospectus to be dated 30 June 2000 in connection with the public issue of 13,667,000 new ordinary shares of RM1.00 each in MMHB at an issue price of RM2.50 per ordinary share and the listing of and quotation for the entire issued and paid-up share capital of MMHB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the abovementioned proforma consolidated balance sheets, together with the accompanying notes thereon, are presented on a basis consistent with the accounting policies normally adopted by the MMHB Group and are in a form suitable for inclusion in the abovementioned Prospectus.

Yours faithfully

KPMG
Firm No: AF 0758
Public Accountants

HEW LEE LAM SANG
PARTNER
Approval Number: 1862/10/01/(J)

XI. ACCOUNTANTS' REPORT*(Prepared for inclusion in this Prospectus)*

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

26 June 2000

The Board of Directors
Megan Media Holdings Berhad
910, Block B
Phileo Damansara 2
No. 15, Jalan 16/11
Off Jalan Damansara
46350 Selangor Darul Ehsan

Dear Sirs

**Megan Media Holdings Berhad
Accountants' Report**

This report has been prepared for inclusion in the Prospectus to be dated 30 June 2000 in connection with the public issue of 13,667,000 ordinary shares of RM1.00 each in Megan Media Holdings Berhad (hereinafter referred to as "MMHB" or "the Company") at an issue price of RM2.50 per ordinary share and the listing of and quotation for its entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

1. GENERAL INFORMATION

1.1 Background

MMHB was incorporated in Malaysia under the Companies Act, 1965 as a public limited company on 23 October 1999, for the purpose of the acquisition of Memory Tech Sdn. Bhd. ("MTSB") and seeking a listing of and quotation for MMHB's shares on the Second Board of the KLSE.

1.2 Principal Activity

The Company is principally an investment holding company.

1.3 Share Capital

1.3.1 The authorised and issued paid-up capital of MMHB at the date of this report are as follows:-

	No. of ordinary shares of RM1.00 each	Total RM
Authorised	100,000,000	100,000,000
Issued and fully paid-up	41,000,000	41,000,000

XI. ACCOUNTANTS' REPORT (Cont'd)

The details of the changes in the issued and paid-up share capital of MMHB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each	Consideration /Type of issue	Issued and paid-up share capital (RM)
23.10.99	2	Subscribers' shares	2
19.05.00	40,999,998	Issued as purchase consideration for the acquisition of MTSB	41,000,000

The issued and fully paid-up share capital of MMHB after the public issue of 13,667,000 new ordinary shares as mentioned herein would be RM54,667,000 comprising 54,667,000 ordinary shares of RM1.00 each.

1.4 Restructuring Exercise

In connection with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of MMHB on the Second Board of the KLSE, the Company undertook a restructuring exercise involving the acquisition of MTSB, prior to the public issue.

On 15 May 2000, MMHB entered into a conditional Sale and Purchase Agreement with the shareholders of MTSB to acquire MTSB, which has an issued and paid-up capital of 41,000,000 ordinary shares of RM1.00 each, for a total consideration of RM50,200,046 satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each in MMHB, at an issue price of approximately RM1.22 per ordinary share. The acquisition of MTSB was accounted for using the merger method of accounting.

The total consideration of RM50,200,046 is based on the adjusted consolidated net tangible asset of MTSB as at 30 April 1999 after taking into account events subsequent to the year end. These events were the issue of 18,000,000 new ordinary shares of RM1.00 each in MTSB of which 17,550,000 ordinary shares were issued at par and the balance of 450,000 new ordinary shares at an issue price of RM1.20 per ordinary share and the disposal of Memory Japan (Hong Kong) Ltd., a subsidiary of MTSB incorporated in Hong Kong.

Upon completion of the above, MMHB will undertake a public issue of 13,667,000 new ordinary shares of RM1.00 each at an issue price of RM2.50 per ordinary share.

The public issue will be available for subscription by the eligible directors and employees of the MMHB Group, Malaysian investors who are not related to the Directors and substantial shareholders of MMHB and who have been selected by the Board of Directors of MMHB to participate in the public issue and whose particulars have been submitted to the Securities Commission ("SC") as required and the Malaysian public.

The above restructuring exercise was approved by the SC on 30 March 2000 and 17 May 2000.

XI. ACCOUNTANTS' REPORT (Cont'd)**1.5 Subsidiaries**

1.5.1 The subsidiaries of MMHB after the restructuring scheme, all incorporated in Malaysia, as at the date of this report and their principal activities are as follows:-

Company	Principal activity	Effective Interest (%)
MTSB	Manufacturing of data storage products such as computer diskettes, video cassette tapes, compact disc - recordable ("CD-Rs") and digital versatile disc - recordable ("DVD-Rs") and the manufacture of plastic computer parts and accessories	100
and its subsidiary:- Memory Media Sdn. Bhd. ("MMSB")	Precision metal stamping of various computer parts and accessories and the trading of computer accessories, video cassette tapes and computer diskettes	100

1.5.2 A summary of the particulars of the subsidiaries of MMHB are as follows:-

- **MTSB**

MTSB was incorporated in Malaysia as a private limited company on 19 November 1992. The present authorised share capital of MTSB is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each of which 41,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. of ordinary shares of RM1.00 each allotted	Consideration /Type of issue	Total issued and paid-up share capital RM
19.11.92	2	Subscribers' shares	2
30.04.94	1,499,998	Cash	1,500,000
15.09.94	2,500,000	Cash	4,000,000
22.02.95	2,000,000	Cash	6,000,000
11.08.95	4,000,000	Cash	10,000,000
28.11.96	2,000,000	Cash	12,000,000
23.04.98	1,000,000	Cash	13,000,000
18.06.99	7,000,000	Cash	20,000,000
09.09.99	10,000,000	Bonus issue of 1 for 2	30,000,000
07.10.99	10,550,000	Cash	40,550,000
28.10.99	450,000	Cash	41,000,000

XI. ACCOUNTANTS' REPORT (Cont'd)

- **MMSB**

MMSB was incorporated on 12 July 1994. The present authorised share capital of MMSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 1,000,000 ordinary shares of RM1.00 have been issued and fully paid-up.

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

Date of Allotment	No. of ordinary shares of RM1.00 each allotted	Consideration /Type of issue	Total issued and paid-up share capital RM
12.07.94	2	Cash	2
19.03.97	999,998	Cash	1,000,000

1.6 Accounts and auditors

The present financial year end of the MMHB Group is 30 April. KPMG will act as the auditors for MMHB and MTSB effective from the financial year ended 30 April 2000. Prior to that, the accounts of MTSB and MMSB were audited by another firm of accountants.

The auditors' reports of the companies for the relevant financial years/period under review were not subject to any qualification.

2. SUMMARY OF RESULTS

The proforma consolidated results of the MMHB Group are prepared based on the audited accounts of MTSB for the five (5) financial years ended 30 April 1999 and nine (9) months ended 31 January 2000 and the audited accounts of MMSB from 12 July 1994 (date of incorporation) to 30 September 1995, seven (7) months ended 30 April 1996, three (3) financial years ended 30 April 1999 and nine (9) months ended 31 January 2000. The proforma consolidated results are based on the assumption that the MMHB Group has been in existence throughout the years/period under review.

MMHB was incorporated as an investment holding company for the purpose of the restructuring exercise as detailed in Paragraph 1.4.. MMHB has not commenced operations since its incorporation till the completion of the restructuring exercise. The following results are to be read in conjunction with the notes, thereon:-

XI. ACCOUNTANTS' REPORT (Cont'd)**2.1 The MMHB Group - Proforma Consolidated Results**

	<-----Financial years ended 30 April ----->					9 months ended 31 January 2000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Turnover	1,482	17,195	31,338	54,963	67,288	52,909
Profit before depreciation and interest	265	3,444	6,140	11,271	18,748	11,892
Depreciation	(212)	(1,386)	(2,267)	(3,020)	(4,485)	(3,662)
Interest income	-	-	-	70	53	31
Interest expense	(10)	(372)	(951)	(2,124)	(3,631)	(1,738)
Profit before taxation	43	1,686	2,922	6,197	10,685	6,523
Taxation	-	(420)	(989)	(1,603)	51	(2,186)
Profit attributable to shareholders	43	1,266	1,933	4,594	10,736	4,337
Number of ordinary shares of RM1.00 each assumed in issue ('000)	41,000	41,000	41,000	41,000	41,000	41,000
Earnings per share ("EPS") (sen)						
Gross	0.10	4.11	7.13	15.11	26.06	* 21.21
Net	0.10	3.09	4.71	11.20	26.19	* 14.10

* Annualised

Notes:-

- (a) The significant increase in turnover and profit before taxation for the financial year ended 30 April 1996 was mainly due to an increase in sales of micro floppy diskettes, video cassette tapes, custom moulding as well as trading of computer parts and accessories to new export markets such as Canada, Hong Kong, Singapore and Indonesia.
- (b) Turnover and profit before taxation for the financial year ended 30 April 1997 were significantly higher than the previous financial year mainly due to the Group's continuing ability in securing new major customers in the export markets for its products and the introduction of flat shutters as a new product.
- (c) The higher turnover and profit before taxation for the financial year ended 30 April 1998 were mainly due to the expansion into new export markets in the United Kingdom and Germany, coupled with the higher contributions from the trading of computers and CD-Rs in the local market.
- (d) The increase in turnover and profit before taxation for the financial year ended 30 April 1999 was mainly due to the continued increase in export sales of the Group's products. In addition, during the year, MTSB successfully secured a new export market for its custom moulding activity in Japan.
- (e) The increase in turnover of the MMHB Group for the nine (9) months ended 31 January 2000 (on an extrapolated basis) was mainly due to the continued increase in export sales of the Group's products.

XI. ACCOUNTANTS' REPORT (Cont'd)

- (f) *There was no tax charge for the financial year ended 30 April 1995 due to the utilisation of capital allowances. The effective tax rates for the financial year ended 30 April 1996 and the financial year ended 30 April 1998 were significantly lower than the statutory tax rate mainly due to the utilisation of capital allowances. The effective tax rate for the financial year ended 30 April 1997 and nine (9) months ended 31 January 2000 was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. There was no tax charge for the financial year ended 30 April 1999 as 1999 has been declared as a tax exempt year in accordance with the Income Tax (Amendment) Act 1999.*
- (g) *There was no exceptional item for the 5 financial years under review. Included in the results of the MMHB Group for the nine (9) months ended 31 January 2000 is a loss on disposal of a foreign subsidiary amounting to RM527,000.*
- (h) *There was no extraordinary item for the financial years/period under review.*

2.2 Notes to the Proforma Consolidated Results**2.2.1 Basis of consolidation**

The proforma consolidated results of the MMHB Group have been prepared based on the audited accounts of MTSB for the five (5) financial years ended 30 April 1999 and the nine (9) months ended 31 January 2000 and the audited accounts of MMSB from 12 July 1994 (date of incorporation) to 30 September 1995, seven (7) months ended 30 April 1996, three (3) financial years ended 30 April 1999 and nine (9) months ended 31 January 2000 and have been presented on the basis that the current structure of the MMHB Group has been in existence throughout the years under review.

MMHB and the MTSB group are consolidated using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 whilst the consolidation of the MTSB group (the consolidation of MTSB and MMSB) is done using the acquisition method.

2.2.2 EPS

Gross EPS has been calculated based on profit before taxation while net EPS has been calculated based on profit after taxation. The calculation of gross and net EPS is based on 41,000,000 ordinary shares of RM1.00 each in MMHB, being the issued and paid-up share capital of MMHB after the acquisition of MTSB.

2.2.3 Extraordinary item

There were no extraordinary item for the financial years/period under review.

2.3 Summary of Results by Company**2.3.1 MMHB**

No profit and loss account was prepared as the Company has not commenced operations since its incorporation on 23 October 1999 up to 31 January 2000. All expenses incurred in connection with the incorporation of the Company and those incurred prior to the commencement of business have been deferred as preliminary and pre-operating expenses.

XI. ACCOUNTANTS' REPORT (Cont'd)**2.3.2 MTSB**

	<-----Financial years ended 30 April ----->					9 months ended 31
	1995	1996	1997	1998	1999	January 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	1,482	17,195	29,763	44,631	54,979	45,904
Profit before depreciation and interest	265	3,444	6,077	10,891	18,198	12,488
Depreciation	(212)	(1,386)	(2,251)	(2,922)	(4,356)	(3,615)
Interest expense	(10)	(372)	(951)	(2,124)	(3,613)	(1,715)
Interest income	-	-	-	70	53	31
Profit before taxation	43	1,686	2,875	5,915	10,282	7,189
Taxation	-	(420)	(975)	(1,531)	-	(2,110)
Profit attributable to shareholders	43	1,266	1,900	4,384	10,282	5,079
Weighted average number of ordinary shares in issue ('000)	3,422	8,882	10,838	12,019	13,000	28,620
Gross EPS(sen)	1.26	18.98	26.53	49.21	79.09	* 33.49
Net EPS (sen)	1.26	14.25	17.53	36.48	79.09	* 23.66
Gross dividend rate (%)	-	-	-	-	-	-

* Annualised

Notes:-

- (a) The gradual increase in turnover over the period from 1995 to 1999 was mainly due to the company's expansion into new export markets.
- (b) The effective tax rate for the financial year ended 30 April 1997 was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. There was no tax charge for the financial year ended 30 April 1999 due to the waiver of taxation in accordance with the Income Tax (Amendment) Act, 1999.
- (c) There was no exceptional item for the five (5) financial years under review. Included in the results for the nine (9) months ended 31 January 2000 is a gain on disposal of a subsidiary amounting RM406,000.
- (d) There was no extraordinary item during the financial years/periods under review.

XI. ACCOUNTANTS' REPORT (Cont'd)**2.3.3 MMSB**

	Period					9 months ended 31 January 2000 RM'000
	from 12.07.94 to 30.09.95 RM'000	7 months ended 30 April 1996 RM'000	Financial years <-----ended 30 April-----> 1997 1998 1999 RM'000 RM'000 RM'000			
Turnover	-	-	1,575	10,332	12,309	7,237
Profit before depreciation and interest	-	-	252	380	550	337
Depreciation	-	-	(63)	(98)	(129)	(47)
Interest expense	-	-	-	-	(18)	(23)
Profit before taxation	-	-	189	282	403	267
Taxation	-	-	(58)	(72)	51	(77)
Profit attributable to shareholders	-	-	131	210	454	190
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	†	†	115	1,000	1,000	1,000
Gross EPS(sen)	-	-	164.35	28.20	40.30	* 35.60
Net EPS (sen)	-	-	113.91	21.00	45.40	* 25.33
Gross dividend rate (%)	-	-	-	-	-	-

† Representing 2 ordinary shares of RM1.00 each

* Annualised

Notes:-

- (a) The Company changed its accounting year end from 30 September to 30 April effective from the financial period ended 30 April 1996 in order to be coterminous with the holding company's financial year end.
- (b) The Company commenced its operation in the financial year ended 30 April 1997.
- (c) The increase in turnover in 1998 is due to sales to new export markets in the United Kingdom and China.
- (d) There were no extraordinary or exceptional items during the financial years/periods under review.

3. DIVIDENDS**3.1 MMHB**

MMHB has not declared or paid any dividend since its incorporation on 23 October 1999.

3.2 Subsidiaries

No dividend has been paid or declared by the subsidiaries of MMHB since their dates of incorporation.

XI. ACCOUNTANTS' REPORT (Cont'd)**4. SUMMARISED BALANCE SHEETS**

The summarised balance sheets of MMHB, MTSB and MMSB for the relevant years/periods based on the audited accounts of the respective companies are set out below:-

4.1 MMHB

	As at 31 January 2000 RM'000
Expenditure carried forward	53
Current liabilities	(53)
	<u> *</u>
Financed by:-	
Share capital	<u> *</u>
	<u> *</u>

* *The net current assets consist of cash in hand of RM2.00 and the share capital represents issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.*

Note:

(a) *The Company has not commenced operations since its date of incorporation on 23 October 1999.*

4.2 MTSB

	< -----As at 30 April ----- >						As at 31 January 2000
	1994	1995	1996	1997	1998	1999	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	-	10,784	18,177	23,586	35,630	33,243	47,242
Investment in subsidiaries	-	-	-	1,709	1,691	1,296	1,000
Expenditure carried forward	11	372	248	124	-	-	-
Current assets	1,598	1,404	6,986	15,361	23,211	33,349	41,488
Less: Current liabilities	(109)	(4,080)	(8,361)	(16,379)	(33,901)	(30,828)	(29,005)
Net current assets/(liabilities)	1,489	(2,676)	(1,375)	(1,018)	(10,690)	2,521	12,483
	<u>1,500</u>	<u>8,480</u>	<u>17,050</u>	<u>24,401</u>	<u>26,631</u>	<u>37,060</u>	<u>60,725</u>
Financed by :-							
Share capital	1,500	6,000	10,000	12,000	13,000	13,000	41,000
Share premium	-	-	-	-	-	-	90
Unappropriated profit	-	43	1,308	3,209	7,593	17,875	12,954
Shareholders' funds	1,500	6,043	11,308	15,209	20,593	30,875	54,044
Deferred & long term liabilities	-	2,437	5,742	9,192	6,038	6,185	6,681
	<u>1,500</u>	<u>8,480</u>	<u>17,050</u>	<u>24,401</u>	<u>26,631</u>	<u>37,060</u>	<u>60,725</u>
Net tangible assets (RM'000)	1,489	5,671	11,060	15,085	20,593	30,875	54,044
Net tangible assets per share (RM)	0.99	0.95	1.11	1.26	1.58	2.38	1.32

XI. ACCOUNTANTS' REPORT (Cont'd)**4.3 MMSB**

	As at 30	< -----As at 30 April ----- >					As at 31
	September	1995	1996	1997	1998	1999	January
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2000
							RM'000
Fixed assets	-	-	887	1,146	571	523	
Expenditure carried forward	4	5	-	-	-	-	
Current assets	-	-	1,298	2,139	3,153	4,888	
Less: Current liabilities	(4)	(5)	(996)	(1,857)	(1,893)	(3,386)	
Net current (liabilities)/assets	(4)	(5)	302	282	1,260	1,502	
	-	-	1,189	1,428	1,831	2,025	
Financed by:-							
Share capital	*	*	1,000	1,000	1,000	1,000	
Unappropriated profit	-	-	131	341	795	985	
Shareholders' funds	-	-	1,131	1,341	1,795	1,985	
Deferred & long term liabilities	-	-	58	87	36	40	
	-	-	1,189	1,428	1,831	2,025	
Net tangible (liabilities)/assets (RM'000)	(4,000)	(5,000)	1,131	1,341	1,795	1,985	
Net tangible (liabilities)/assets per share (RM)	(2,000.00)	(2,500.00)	1.13	1.34	1.80	1.99	

* Representing 2 ordinary shares of RM1.00 each.

Note:-

- (a) MMSB was incorporated on 12 July 1994 and its first set of accounts was from the date of incorporation to 30 September 1995.

XI. ACCOUNTANTS' REPORT (Cont'd)**5. STATEMENT OF ASSETS AND LIABILITIES**

The statement of assets and liabilities of the Company and the Proforma Group based on the audited accounts of MMHB, MTSB and MMSB as at 31 January 2000 and on the assumption that the acquisition of MTSB as stated in Section 1.4 has been effected as at 31 January 2000, are prepared for illustration purposes and should be read in conjunction with the notes thereon:-

		<-----As at 31 January 2000----->	
	Note	Company (RM'000)	Proforma Group (RM'000)
FIXED ASSETS	6.2	-	47,765
EXPENDITURE CARRIED FORWARD	6.3	53	53
CURRENT ASSETS		-	-
Stocks	6.4	-	6,276
Debtors	6.5	-	34,471
Fixed deposits with licensed banks		-	2,581
Cash and bank balances		-	986
		-	44,314
CURRENT LIABILITIES			
Creditors	6.6	53	6,019
Hire purchase creditors	6.7	-	2,206
Short term bank borrowings (secured)	6.8	-	21,357
Provision for taxation		-	799
		53	30,381
Net Current Assets		-	13,933
		-	61,751
Financed by:-			
SHARE CAPITAL	6.9	*-	41,000
RESERVES ON CONSOLIDATION		-	188
UNAPPROPRIATED PROFIT		-	13,842
Shareholders' funds		-	55,030
HIRE PURCHASE CREDITORS	6.7	-	2,456
DEFERRED TAXATION	6.10	-	4,265
		-	61,751
Net tangible (liabilities)/assets per share (RM)		(26,500)	1.34

* The share capital of the Company represents paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

XI. ACCOUNTANTS' REPORT (Cont'd)**6. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****6.1 Summary Of Significant Accounting Policies****6.1.1 Basis of Preparation**

The accounts of the Proforma Group and of the Company have been prepared under the historical cost convention and in compliance with approved accounting standards in Malaysia except for the non-inclusion of additional disclosure requirements relating to cost of goods sold as required by International Accounting Standard No. 2 on Inventories.

6.1.2 Basis of Consolidation

The consolidated accounts incorporate the audited accounts of the Company and all its subsidiaries made up to 31 January 2000.

The subsidiaries are consolidated using the merger method of accounting in accordance with Malaysia Accounting Standard No. 2. Under the merger method of accounting, the results of subsidiaries are presented as if the companies have been combined throughout the current and previous financial years.

The difference between the cost of acquisition over the nominal value of the share capital and reserves of the subsidiaries is taken as merger reserve.

Merger debit arising on consolidation is written off against the consolidated revenue reserve.

6.1.3 Investment in Subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost. A provision is made when the directors are of the view that there is a permanent diminution in the value of the underlying net tangible assets.

6.1.4 Expenditure Carried Forward

Incorporation expenses are shown as preliminary expenses while expenses incurred subsequent to the date of incorporation are shown as pre-operating expenses. Both preliminary and pre-operating expenses will be written off upon commencement of operations.

6.1.5 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives as follows:-

Factory equipment	10%
Air conditioners, computer and office equipment	10%
Furniture and electrical fittings	10%
Machinery and moulds	10%
Renovation	10%
Motor vehicles	20%

XI. ACCOUNTANTS' REPORT (Cont'd)**6.1.6 Stocks**

Stocks are valued at the lower of cost and net realisable value.

Cost is determined on the first-in, first-out basis. Cost of finished goods and work-in-progress includes cost of raw materials, direct expenses and related production overheads.

6.1.7 Hire purchase

Fixed assets acquired under hire purchase are capitalised in the accounts and the corresponding obligations treated as hire purchase creditors. Finance charges are allocated to the profit and loss account over the hire purchase periods to give a constant periodic rate of interest over the remaining period of the hire purchase liabilities.

6.1.8 Deferred Taxation

Provision for deferred taxation is made in respect of all material timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

6.1.9 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at rates of exchange approximating those ruling at the balance sheet date. Transactions arising in foreign currencies during the year are translated at rates of exchange approximating those ruling on the transaction dates. Translation differences are dealt with in the profit and loss account.

6.2 Fixed Assets**Proforma Group****At Cost**

	Balance as at 01.05.99 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.01.00 RM'000
Factory equipment	545	99	-	-	644
Air conditioners, computer and office equipment	151	210	(49)	-	312
Furniture and electrical fittings	178	64	(112)	(20)	110
Machinery and moulds	57,345	16,289	(14,114)	-	59,520
Renovation	161	352	(133)	(28)	352
Work-in-progress	-	627	-	-	627
Motor vehicles	507	-	(304)	-	203
Total	58,887	17,641	(14,712)	(48)	61,768

XI. ACCOUNTANTS' REPORT (Cont'd)**Accumulated Depreciation**

	Balance as at 01.05.99 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.01.00 RM'000
Factory equipment	203	44	-	-	247
Air conditioners, computer and office equipment	75	11	(45)	-	41
Furniture and electrical fittings	149	6	(124)	(10)	21
Machinery and moulds	11,314	3,561	(1,296)	-	13,579
Renovation	85	12	(75)	(11)	11
Work-in-progress	-	-	-	-	-
Motor vehicles	221	28	(145)	-	104
Total	12,047	3,662	(1,685)	(21)	14,003

	Net book value at 31.01.00 RM'000	Net book value at 30.04.99 RM'000	Depreciation 30.04.99 RM'000
Factory equipment	397	342	54
Air conditioners, computer and office equipment	271	76	11
Furniture and electrical fittings	89	29	7
Machinery and moulds	45,941	46,031	5,668
Renovation	341	76	13
Work-in-progress	627	-	-
Motor vehicles	99	286	132
Total	47,765	46,840	5,885

The net book value of the Proforma Group's fixed assets acquired under hire purchase as at 31 January 2000 is as follows:

	Proforma Group RM'000
Machinery and moulds	10,038
Motor vehicles	41
	10,079

XI. ACCOUNTANTS' REPORT (Cont'd)**6.3 Expenditure Carried Forward**

	Proforma Group and Company RM'000
At beginning of the period	-
Addition during the period:	
Preliminary expenses	52
Pre-operating expenses	1
	<u>53</u>
At end of the period	<u>53</u>

6.4 Stocks

	Proforma Group RM'000
Packing materials	136
Raw materials	4,819
Work-in-progress	219
Finished goods	1,102
	<u>6,276</u>

6.5 Debtors

	Proforma Group RM'000
Trade debtors	20,219
Other debtors, deposits and prepayments	14,252
	<u>34,471</u>

Included in other debtors, deposits and prepayments of the Proforma Group is a deposit of RM13,376,000 (1999 – RM6,080,000) paid for the purchase of plant and machinery which has been approved and contracted for (Note 6.11).

6.6 Creditors

	Proforma Group RM'000
Trade creditors	4,471
Sundry creditors and accruals	1,548
	<u>6,019</u>

XI. ACCOUNTANTS' REPORT (Cont'd)**6.7 Hire Purchase Creditors**

	Proforma Group RM'000
Gross amount payable	6,183
Less: Unexpired interest	(1,521)
	<u>4,662</u>
Amount payable within the next twelve months	2,206
Amount payable after the next twelve months	2,456
	<u>4,662</u>

6.8 Short Term Bank Borrowings (secured)

	Proforma Group RM'000
Bank overdraft	2,705
Bills payable	18,202
Term loan	450
	<u>21,357</u>

The bank borrowings are secured by :-

- i) A debenture of RM13 million to cover the fixed and floating charges over the assets of MTSB;
- ii) Corporate guarantee from a private incorporated company in Singapore;
- iii) A joint and several guarantee by Directors of MTSB; and
- iv) A pledge of fixed deposits of RM1.5 million.

The short term bank borrowings bear interest ranging from 2.0% to 2.5% (1999 – 2.0% to 2.5%) per annum above the bank's base lending rates.

6.9 Share Capital

	Proforma Group RM'000
Ordinary shares of RM1.00 each:	
Authorised:	
At beginning of the period	<u>100,000</u>

XI. ACCOUNTANTS' REPORT (Cont'd)

	Proforma Group RM'000
Issued and fully paid:	
At beginning of the period	_*
Issued during the period	
- 40,999,998 new ordinary shares of RM1.00 each at RM1.22 per ordinary share	41,000
- At end of the period	<u>41,000</u>
* <i>Represents 2 ordinary shares of RM1.00 each.</i>	

6.10 Deferred Taxation

	Proforma Group RM'000
At beginning of the period	2,477
Transfer from profit and loss account	1,788
At end of the period	<u>4,265</u>

Deferred taxation mainly relates to timing differences between depreciation and capital allowances.

6.11 Capital Commitment

	Proforma Group RM'000
Approved and contracted for	<u>25,320</u>
Approved but not contracted for	<u>21,000</u>

XI. ACCOUNTANTS' REPORT (Cont'd)**6.12 Net Tangible Assets Cover ("NTA Cover")**

Based on the statement of assets and liabilities of the Proforma Group as at 31 January 2000, and after adjusting for the public issue and the estimated listing expenses, the net tangible assets cover will be as follows:-

	Proforma Group RM'000
Tangible assets as per the Proforma Group's statement of assets and liabilities	55,030
Less: Expenditure carried forward	(53)
Net tangible assets	<u>54,977</u>
Proceeds from public issue	34,168
Estimated listing expenses	<u>(2,000)</u>
	<u>87,145</u>
Number of ordinary shares of RM1.00 each in issue at 31 January 2000 ('000)	41,000
Number of shares to be issued pursuant to the public issue ('000)	<u>13,667</u>
	<u>54,667</u>
NTA cover per ordinary share of RM1.00 each (RM)	<u>1.59</u>

7. Accounts

No audited accounts have been drawn up for any period subsequent to 31 January 2000.

Yours faithfully

KPMG
Firm No: AF 0758
Public Accountants

HEW LEE LAM SANG
PARTNER
Approval Number: 1862/10/01(J)

XII. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

Registered Office:-

910, Block B
Phileo Damansara 2
No. 15, Jalan 16/11,
Off Jalan Damansara
46350 Selangor Darul Ehsan

26 June 2000

The Shareholders
Megan Media Holdings Berhad

Dear Sir/Madam,

On behalf of the Directors of Megan Media Holdings Berhad ("MMHB"), I report after due inquiry that during the period from 31 January 2000 (being the date to which the last audited accounts of MMHB and its subsidiaries ("Group") have been made up) to 26 June 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):-

- (a) the business of the Group, in the opinion of the Board of Directors, has been satisfactorily maintained;
- (b) in the opinion of the Board of Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantees given by the Company or any of its subsidiaries except as disclosed in Section X(2) of this Prospectus; and
- (e) since the last audited accounts of the Group and save as disclosed in Section X and Section XI of this Prospectus, there have been no changes in published reserves nor any unusual factors affecting the profit of the Group.

Yours faithfully
For and on behalf of
the Board of Directors of Megan Media Holdings Berhad

Dato' Dr. Haji Mohd. Adam bin Che Harun
Executive Chairman

XIII. STATUTORY AND GENERAL INFORMATION

1. SHARE CAPITAL

- (i) No shares will be allocated on the basis of this Prospectus later than 6 months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. As at the date of this Prospectus, 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 New Shares reserved for eligible Directors and employees of the MMHB Group and the Selected Malaysian Investors as disclosed in Section VII(1) of this Prospectus, no person has been or is entitled to be given or agreed conditionally or unconditionally to be put under option, an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
- (iv) Save as disclosed in Sections IX(4) and IX(5) of this Prospectus, no shares or debentures of the Company and its subsidiaries have been or are proposed to be issued as partly or fully paid-up in cash or otherwise than in cash within the 2 years preceding the date hereof.
- (v) Save for the New Shares reserved for eligible Directors and employees of the Group as disclosed in Section VII(1) of this Prospectus, there is currently no other scheme for or involving the employees in the capital of the Company or its subsidiaries.
- (vi) No options to subscribe for any shares, stocks or debentures of the Company or its subsidiaries have been granted or exercised by the Directors of the Company during the last financial year.

2. ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association ("Articles") which have been approved by the KLSE, the Second Board Listing Requirements of the KLSE, the Act and the Rules of MCD.

(i) Changes in the share capital and variation of rights

The provisions in the Company's Articles as to the changes in the share capital and variation of rights which are no less stringent as those provided in the Act are as follows:-

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 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 preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the share;

XIII. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) 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 meetings;
- (e) every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares unless:-
 - (i) the Members in general meeting have approved of the specific allotment to be made to such Director; and
 - (ii) he holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities.

Article 6

Notwithstanding Article 7 hereof, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder's 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 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 7

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 9

The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

XIII. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

Article 47

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 51

The Company may by ordinary resolution :-

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) 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 of any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 52

Subject to and in accordance with the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the requirements of the Exchange and any other relevant authority.

Article 53

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

(ii) Transfer of Securities

The provisions in the Articles of the Company, the Second Board Listing Requirements of the KLSE, the Companies Act, 1965 and the Rules of the MCD in respect of the arrangements for transfer of securities of the Company and restrictions on their free transferability are as follows:-

Article 24

The transfer of any securities or class of securities of the Company which have been deposited with the Central Depository, shall be by way of book entry by the Central Depository in accordance with the Rules and, 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 such securities.

Article 25

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, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and purpose or purposes for which the Register is being closed. At least three (3) market days prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors.

Article 26

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.

Second Board Listing Requirements of the KLSE

The provisions of the Second Board Listing Requirements of the 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,

XIII. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

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 9.5(B)1 shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

Companies Act, 1965

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

Section 103 (Instrument of transfer)

- (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.
- (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 other 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 (Transfer of securities is by way of book entry)

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

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

Rules of MCD

The rules within MCD on the transferability of securities and restrictions on their free transferability are as follows:-

Rule 8.01 (2) (Rejection of transfer)

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 stipulated under Rule 8.03(1)(c).

Rule 8.05A (Transfers from the principal or nominee account)

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

Rule 9.03(2) (Documents to lodge)

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-overs 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;
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

(iii) Number of shares fixed as qualification of a Director and remuneration of Directors

The provisions in the Company's Articles dealing with the shareholding qualification and remuneration of 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

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.
- (c) fees payable to Directors 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.
- (d) 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

- (1) The Director shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company.
- (2) 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 otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

XIII. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

Article 97

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Article 104

Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company and provided further that such shall be at normal commercial terms.

Article 116

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for a remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

Article 119

The remuneration of a Director holding an executive office pursuant to these Articles shall, subject to Article 90, be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

XIII. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

(iv) Voting and borrowing powers of Directors

The provisions in the Company's Articles dealing with the 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

- (1) The Directors may exercise all the powers of the Company to borrow money 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 any related company as may be thought fit.
- (2) 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.

Article 110

Subject to these Articles, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. The Chairman of the meeting shall not have a second or casting vote where at the meeting only two (2) Directors form the quorum or are competent to vote on the question at issue.

Article 113

A Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 131 of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 115

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) 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 the deposit of a security.

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)**3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors of MMHB are set out in Section II of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company.
- (iii) None of the Directors of the Company have any existing or proposed service contracts with the Company or any of its subsidiaries, excluding contracts expiring, or determinable by the employing company, without payment of compensation (other than statutory compensation within 1 year).
- (iv) No Director, Senior Executive Officer or person nominated to become a Director or Senior Executive Officer is or was involved in the following events:-
- (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer;
- (b) conviction in criminal proceedings or is a named subject of pending criminal proceedings; and
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body 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) Save as disclosed below, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries which are not quoted on a recognised exchange:-

Name	Company name	Directorship held	<--- Equity interest --->	
			Direct %	Indirect %
Yeo Wee Siong	MJC(S)	Executive Director	78.57	-
Yeo Wee Koon	MJC(S)	Director	18.57	-

MJC(S), a company incorporated in Singapore on 28 January 1993, is principally involved in the trading and manufacturing of computer diskettes and computer peripheral products and distribution of CD-R duplication equipment. In addition to the above core activities, MJC(S) is also involved in the development of technical know-how for new related products through its in-house R&D facilities. As disclosed under Section XIII(3)(vii) of this Prospectus, MJC(S) has on 26 May 1999, entered into a Technology Transfer Agreement with MTSB for the transfer of technology, technical know-how and knowledge for the manufacturing of CD-Rs and DVD-Rs in consideration for the sum of US\$100,000 to be paid upon the successful transfer of the technology, technical know-how and knowledge.

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

The Board of Directors of MJC(S) and their respective equity interests in the company are as follows:-

Name	<----Equity interest---->	
	Direct %	Indirect %
Yeo Wee Siong	78.57	-
Yeo Wee Koon	18.57	-
Ho Hoe Kian	1.43	-
Ng Sian Tian	1.43	-

The substantial shareholders of MJC(S) and their respective equity interests in the company are as follows:-

Name	<----Equity interest---->	
	Direct %	Indirect %
Yeo Wee Siong	78.57	-
Yeo Wee Koon	18.57	-

- (vi) Save as disclosed below, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or its subsidiaries within the 2 years preceding the date of this Prospectus:-

The Directors and substantial shareholders of the Company who are deemed interested in the Acquisition of MTSB as disclosed in Section IX(2) are as follows:-

Name	Nature of interest	Directorships
Dato Dr. Haji Mohd Adam bin Che Harun	Substantial shareholder of MTSB	Director of MMHB and MTSB
Mohammed Rashdan bin Mohd Yusof	Substantial shareholder of MTSB	-
Yeo Wee Siong	Substantial shareholder of MTSB	Director of MMHB and MTSB
MJC(S)	Substantial shareholder of MTSB	-
Yeo Wee Koon	Substantial shareholder of MTSB	-
Kok Liew Sen	Substantial shareholder of MTSB	-
Major General (Rtd.) Datuk Nordin Yusof	Substantial shareholder of MTSB	Director of MMHB, MTSB and MMSB
Boedi Arifianto	Substantial shareholder of MTSB	-
David Julian Fox	Substantial shareholder of MTSB	-

- (vii) Save as disclosed below, none of the Directors have any interest in any contract or agreement which is significant in relation to the business of the Company and its subsidiaries subsisting at the date of this Prospectus:-

On 26 May 1999, MTSB and MJC(S) entered into a Technology Transfer Agreement under which MJC(S) has agreed to transfer and provide MTSB with the technology, technical know-how and knowledge for the manufacturing of CD-Rs and DVD-Rs. CD-Rs and DVD-Rs are expected to be the Group's future main product line and main contributor to the Group's future earnings commencing from the financial year ending 30 April 2001.

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (viii) The aggregate remuneration paid to the Directors of the Company for services rendered to the Company and its subsidiaries in all capacities for the 9 months ended 31 January 2000 amounted to RM106,500. For the financial years ended 30 April 2000 and ending 30 April 2001, the amount payable to the Directors of the Company for services rendered to the Company and its subsidiaries in all capacities is estimated and forecast to be approximately RM393,400 and RM725,025 respectively.
- (ix) The substantial shareholders and their respective interests in the shares of the Company, before and after the Public Issue, are as follows:-

Name	<-----Before the Public Issue ----->				<----- After the Public Issue ----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%	No. of shares held	%	No. of shares held	%
Dato Dr. Haji Mohd Adam bin Che Harun	12,499,998	30.49	-	-	12,499,998	22.87	-	-
Mohammed Rashdan bin Mohd Yusof	8,250,000	20.12	-	-	8,250,000	15.09	-	-
Yeo Wee Siong	3,750,000	9.15	*3,000,000	7.32	3,750,000	6.86	*3,000,000	5.49
MJC(S)	3,000,000	7.32	-	-	3,000,000	5.49	-	-
Yeo Wee Koon	3,000,000	7.32	*3,000,000	7.32	3,000,000	5.49	*3,000,000	5.49
Kok Liew Sen	1,500,000	3.66	-	-	1,500,000	2.74	-	-
Major General (Rtd.) Datuk Nordin Yusof	1,400,000	3.41	-	-	1,400,000	2.56	-	-
Boedi Arifianto	1,190,000	2.90	-	-	1,190,000	2.18	-	-
David Julian Fox	826,000	2.01	-	-	826,000	1.51	-	-

Note:-

* Deemed interest through their respective substantial shareholdings in MJC(S).

Further details of MJC(S) are as set out in Section XIII(3)(v) of this Prospectus.

- (x) According to the Register of Directors' Shareholdings, the direct and indirect interests of the Directors in the shares of the Company, before and after the Public Issue, are as follows:-

Name	<-----Before the Public Issue ----->				<----- After the Public Issue ----->			
	<-----Direct----->		<-----Indirect----->		<----- Direct ----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%	No. of shares held	%	No. of shares held	%
Dato' Dr. Haji Mohd Adam bin Che Harun	12,499,998	30.49	-	-	12,499,998	22.87	-	-
Major General (Rtd.) Datuk Nordin Yusof	1,400,000	3.41	-	-	1,400,000	2.56	-	-
Yeo Wee Siong	3,750,000	9.15	*3,000,000	7.32	3,750,000	6.86	*3,000,000	5.49
Dato' Dr. Haji Abdul Murad bin Ahmad	-	-	-	-	-	-	-	-
Y.B. Senator Rosli bin Mat Hassan	-	-	-	-	-	-	-	-

Note:-

* Deemed interest through his substantial shareholding in MJC(S).

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

4. GENERAL

- (i) The nature of the Company's business is described in Section IX(3) of this Prospectus. The 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 IX(5) of this Prospectus.
- (ii) The times of the opening and closing of the Application Lists of the Public Issue is set out in Section VII(2) of this Prospectus.
- (iii) The amount payable in full on application is RM2.50 per New Share.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section XIV of this Prospectus.
- (v) No amount or benefit has been paid or given within the 2 years preceding the date of this Prospectus, nor is intended to be paid or given, to any promoter.
- (vi) The Group currently does not have a place of business outside Malaysia.
- (vii) Save as disclosed in this Prospectus, the financial conditions and operations of the Group 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;
 - (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
 - (d) Known trends or uncertainties that have had or that the Group reasonably expects to have a materially favourable or unfavourable impact on revenues or operating income.

As far as the Directors are aware, the Group is not vulnerable to any specific factors or events of a particular nature other than normal commercial risks experienced during the normal course of business.
- (viii) 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 Group.
- (ix) Save as disclosed in Section X(2) of this Prospectus, as at the date of this Prospectus, there is no loan capital outstanding or mortgages and charges in relation to the Group.
- (x) As at the date of this Prospectus, neither MMHB nor its subsidiaries have any outstanding convertible debt securities.
- (xi) The name and address of the Auditors are set out in Section II of this Prospectus.

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

5. EXPENSES AND COMMISSION

- (i) Underwriting commission is payable by the Company to the Managing Underwriter and Underwriters at the rate of 1.25% of the issue price of RM2.50 for each of the 13,667,000 New Shares being underwritten.
- (ii) Brokerage of 1% of the issue price of RM2.50 per New Share is payable by the Company in respect of successful applications bearing the stamps of CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.
- (iii) The estimated expenses specifically relating to the Public Issue which includes, underwriting commission, brokerage, stamp duty (if any) and registration fees incidental to the listing of and quotation for the entire issued and paid-up share capital of MMHB on the Second Board of the KLSE amounting to RM2,000,000 will be borne by the Company.
- (iv) Save as disclosed above, no commission, discounts, brokerage or other special terms were granted by the Company within the 2 years immediately preceding the date of this Prospectus in connection with the issue or sale of any capital of the Company or its subsidiaries.

6. PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:-

- (i) public take-over offers by third parties in respect of the Company's shares; and
- (ii) public take-over offers by the Company in respect of other companies' shares.

7. MATERIAL LITIGATION

Neither MMHB nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of MMHB or its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of MMHB or its subsidiaries.

8. 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 MMHB and its subsidiaries during the 2 years preceding the date of this Prospectus:-

- (i) An Underwriting Agreement dated 9 June 2000 between MMHB, CIMB and the Underwriters whose names are as set out in Section II of this Prospectus for the underwriting of 13,667,000 New Shares for an underwriting commission of 1.25% of the issue price of RM2.50 per New Share;

XIII. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

- (ii) A Conditional Sale and Purchase Agreement dated 15 May 2000 between MMHB and the vendors of MTSB, namely, Dato' Dr. Haji Mohd. Adam bin Che Harun, Mohammad Rashdan bin Mohd. Yusof, Yeo Wee Siong, MJC(S), Yeo Wee Koon, Major General (Rtd.) Datuk Nordin bin Yusof, Kok Liew Sen, Boedi Arifianto, David Julian Fox, and the MTSB Minority Shareholders for the acquisition by MMHB of the entire equity interest in MTSB comprising 41,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM50,200,046 satisfied by the issue of 40,999,998 new ordinary shares of RM1.00 each in MMHB at an issue price of approximately RM1.22 per MMHB share;
- (iii) A Technology Transfer Agreement dated 26 May 1999 between MTSB and MJC(S) wherein MJC(S) shall transfer to MTSB the technology, technical know-how and knowledge for the manufacturing of CD-Rs and DVD-Rs in consideration for the sum of US\$100,000, to be satisfied by cash;
- (iv) A Tenancy Agreement dated 15 May 1999 between Lembaga Tabung Haji and MTSB pursuant to which Lembaga Tabung Haji shall let and MTSB shall rent a factory at Lot 4, Jalan SS13/5, Subang Jaya Industrial Estate, 47500 Petaling Jaya, Selangor Darul Ehsan for a term of 3 years commencing 1 September 1999 at a monthly rental RM35,450.00 per month for the first term and with an option to renew for two further terms of 3 years per term at a rental to be based on the then prevailing market rates; and
- (v) A Share Sale Agreement between MTSB and Celber International dated 14 September 1999 for the disposal by MTSB of 2,000,000 ordinary shares of HK\$1.00 each in MJHK for a cash consideration of HK\$2,200,000.

9. LETTERS OF CONSENT

The written consents of the Adviser and Managing Underwriter, Underwriters, Principal Bankers, Solicitors, Registrar, Auditors and Reporting Accountants and Issuing House to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Reporting Accountants to the inclusion in this Prospectus of their Accountants' Report and their letters relating to the consolidated profit estimate and forecast for the financial years ended 30 April 2000 and ending 30 April 2001 respectively and the proforma consolidated balance sheets as at 31 January 2000 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours for a period of 6 months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of MMHB;
- (ii) The Accountants' Report and Directors' Report as included in Sections XI and XII of this Prospectus respectively;
- (iii) The Reporting Accountants' letter on the consolidated profit estimate and forecast of MMHB for the financial years ended 30 April 2000 and ending 30 April 2001 as included in Section X(4) of this Prospectus;

XIII. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (iv) The Reporting Accountants' letter on the proforma consolidated balance sheets of MMHB as at 31 January 2000 as included in Section X(7) of this Prospectus;
- (v) The audited accounts of MMHB from 23 October 1999 (date of incorporation) to 31 January 2000;
- (vi) The audited accounts of MTSB for the 5 financial years ended 30 April 1999 and 9 months ended 31 January 2000;
- (vii) The audited accounts of MMSB from 12 July 1994 (date of incorporation) to 30 September 1995, 7 months ended 30 April 1996, 3 financial years ended 30 April 1999 and 9 months ended 31 January 2000;
- (viii) The material contracts referred to in Section XIII (8) of this Prospectus; and
- (ix) The consent letters referred to in Section XIII (9) of this Prospectus.

11. RESPONSIBILITY

CIMB acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Public Issue and the MMHB Group and is satisfied that the proforma consolidated profit estimate and consolidated profit forecast of the MMHB Group for the financial years ended 30 April 2000 and ending 30 April 2001 respectively, for which the Directors are solely responsible, have been stated by the Directors after due and careful inquiry.

This Prospectus has been seen and approved by the Directors of MMHB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE

1. METHODS OF APPLICATION

Applications for the New Shares may be made using either of the following ways:-

- (i) Application Forms; or
- (ii) Electronic Share Applications.

2. GENERAL CONDITIONS FOR APPLICATIONS

The Applications shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of MMHB.

Only one application for the New Shares can be made by each applicant. Multiple applications will not be accepted. Each Application must be for 1,000 ordinary shares or multiples thereof. The amount payable in full on application is RM2.50 per New Share.

Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and vice versa.

Applications for the 1,150,000 New Shares reserved for eligible Directors and employees of the MMHB Group must be made only on the special PINK APPLICATION FORMS provided and not on any other Application Form or by way of Electronic Share Application.

Applications for the 7,050,000 New Shares available for the Malaysian public can be made either via Application Forms or Electronic Share Applications. However, a corporation or institution cannot apply for the New Shares by way of Electronic Share Applications.

Applications for the 5,467,000 New Shares via private placement to Selected Malaysian Investors must be made only on the Application Forms provided and not by way of Electronic Share Applications.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME, NATIONAL REGISTRATION IDENTITY CARD NUMBER AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a)
 - (i) THE APPLICANT'S IDENTITY CARD ("NRIC");
 - (ii) CHANGE OF ADDRESS CARD ("RESIT PENUKARAN KAD PENGENALAN JPN1/22"); OR
 - (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("JPN 1/9") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF MCD, IF ANY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS AUTHORITY CARD AND THE ADDRESS OF THE APPLICANT MUST BE THE ADDRESS OF THE APPLICANT'S RESPECTIVE CAMP/BASE/STATION.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE THE REGISTERED ADDRESS.

No acknowledgement of the receipt of Applications or application monies will be made by MMHB.

3. APPLICATIONS USING APPLICATION FORMS

3.1 Application Forms

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

- (i) **Pink** Application Forms for application by eligible Directors and employees of the MMHB Group; and
- (ii) **White** Application Forms for application by Malaysian citizens, companies, societies, co-operatives and institutions and Selected Malaysian Investors.

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

3.2 Terms And Conditions Of Applications Using Application Forms

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions appearing below:-

- (i) Application for the New Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 37(1) of the Companies Act 1965, the Application Form 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.
- (ii) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE EITHER BY:-
 - (a) 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 BUMIPUTERA APPLICANTS); OR
 - (b) CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (c) MONEY ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- (d) GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (e) ATM STATEMENT OBTAINED ONLY FROM EITHER:-
- (i) ARAB-MALAYSIAN BANK BERHAD (*Company No. : 295576-U*);
 - (ii) ARAB-MALAYSIAN FINANCE BERHAD (*Company No. : 5493-X*);
 - (iii) ASIA COMMERCIAL FINANCE (M) BERHAD (*Company No.: 6521-G*);
 - (iv) BAN HIN LEE BANK BERHAD (*Company No. : 1147-M*);
 - (v) BANK UTAMA (MALAYSIA) BERHAD (*Company No. : 27714-A*);
 - (vi) BSN COMMERCIAL BANK (MALAYSIA) BERHAD (*Company No. : 23877-T*);
 - (vii) BUMIPUTRA-COMMERCE BANK BERHAD (*Company No. : 13491-P*) (*formerly known as Bank of Commerce (M) Berhad*);
 - (viii) CREDIT CORPORATION MALAYSIA BERHAD (*Company No. : 5023-H*);
 - (ix) EON BANK BERHAD (*Company No. : 92351-V*);
 - (x) EON FINANCE BERHAD (*Company No. : 9692-K*);
 - (xi) HOCK HUA BANK BERHAD (*Company No. : 111501-D*);
 - (xii) HOCK HUA FINANCE CORPORATION BERHAD (*Company No. : 9010-H*);
 - (xiii) HONG LEONG BANK BERHAD (*Company No. : 97141-X*);
 - (xiv) HONG LEONG FINANCE BERHAD (*Company No. : 7797-V*);
 - (xv) INTERNATIONAL BANK MALAYSIA BERHAD (*Company No. : 22671-U*);
 - (xvi) MALAYAN BANKING BERHAD (*Company No. : 3813-K*);
 - (xvii) MAYBAN FINANCE BERHAD (*Company No. : 3905-T*);
 - (xviii) MBf FINANCE BERHAD (*Company No. : 8515-D*);
 - (xix) MULTI-PURPOSE BANK BERHAD (*Company No. : 88103-W*);
 - (xx) ORIENTAL BANK BERHAD (*Company No. : 845-W*);
 - (xxi) ORIENTAL FINANCE BERHAD (*Company No. : 50555-A*);
 - (xxii) PHILEO ALLIED BANK (MALAYSIA) BERHAD (*Company No. : 306350-K*);
 - (xxiii) PUBLIC BANK BERHAD (*Company No. : 6463-H*);
 - (xxiv) PUBLIC FINANCE BERHAD (*Company No. : 6471-T*);
 - (xxv) RHB BANK BERHAD (*Company No. : 6171-M*);
 - (xxvi) SABAH BANK BERHAD (*Company No. : 45788-D*);
 - (xxvii) THE PACIFIC BANK BERHAD (*Company No. : 5024-T*); OR
 - (xxviii) UNITED MERCHANT FINANCE BERHAD (*Company No. : 3838-T*)

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 179" 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).

APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFT/CASHIER'S ORDER WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (iii) 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 HIS APPLICATION FORM HIS PREFERRED ADA CODE.
- (iv) THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM) MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GGO FROM BANK SIMPANAN NASIONAL.
- (v) The Directors of MMHB reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of MMHB shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (vi) The Directors of MMHB reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (vii) The Directors of MMHB reserve the right not to accept any application or to accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establish an adequate market for the shares.
- (viii) Where an application is not accepted, the full amount of the application monies, without interest, will be returned and shall be despatched to the applicant within twenty-one (21) days from the date of the final ballot of the application lists by ordinary post at the address shown on the Application Form at the applicant's own risk.
- (ix) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially-successful applicants, which would subsequently be refunded without interest by registered post.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (x) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be dispatched by **ORDINARY POST** in the official envelope provided, to the following address:-

Malaysian Issuing House Sdn. Bhd.
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P. O. Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In-Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 8.00 p.m. on 13 July 2000. Applications may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 13 July 2000 between 8.30 a.m. to 8.00 p.m. only.

- (xi) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the New Shares.
- (xii) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE APPLICATION FORM TO MIH.

4. APPLICATIONS USING ELECTRONIC SHARE APPLICATIONS

4.1 Steps For Electronic Share Application Through A Participating Financial Institution's ATM

- (i) An applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) An applicant must have a CDS account.
- (iii) An applicant is to apply for the New Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section XIV(4.3)(b) of the terms and conditions for Electronic Share Applications. An applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number (PIN);
 - **Share Issue Account Number 179;**
 - CDS account number;
 - Number of New Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

4.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- (i) ARAB-MALAYSIAN BANK BERHAD (*Company No. : 295576-U*); OR
- (ii) ARAB-MALAYSIAN FINANCE BERHAD (*Company No. : 5493-X*); OR
- (iii) BUMIPUTRA-COMMERCE BANK BERHAD (*Company No. : 13491-P*) (*formerly known as Bank of Commerce (M) Berhad*) (at selected branches in the Klang Valley only); OR
- (iv) HSBC BANK MALAYSIA BERHAD (*Company No. : 127776-V*); OR
- (v) MALAYAN BANKING BERHAD (*Company No. : 3813-K*); OR
- (vi) MAYBAN FINANCE BERHAD (*Company No. : 3905-T*); OR
- (vii) OCBC BANK (MALAYSIA) BERHAD (*Company No. : 295400-W*); OR
- (viii) ORIENTAL BANK BERHAD (*Company No. : 845-W*); OR
- (ix) STANDARD CHARTERED BANK MALAYSIA BERHAD (*Company No. : 115793-P*) (at selected branches only).

4.3 Terms And Conditions For Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Applications through a Participating Financial Institution's ATM" in Section XIV(4.1) of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

In the case of Electronic Share Applications, only an applicant who is an individual with a CDS account is eligible to utilise the facility.

The applicant must have an existing account with, and be an ATM cardholder of, one of the participating Financial Institutions before he can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by MMHB or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the application period for the New Shares on 13 July 2000 at 8.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the New Shares to MIH as soon as practicable but not later than 12.00 noon of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one application.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained in Section XIV(2) as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of MMHB.
- (b) The applicant is required to confirm the following statements (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as at the closing date of the share application;
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - This is the only application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and MCD to disclose information pertaining to myself and my account with the Participating Financial Institution and MCD to MIH and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act 1989 and Section 45 of the Securities Industry (Central Depositories) Act 1991 to the disclosure by the relevant Participating Financial Institution or MCD, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE NEW SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that MMHB decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicants, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, his acceptance of the number of shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of MMHB.
- (f) MMHB reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non- successful or partially successful applications. Where an Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) market days after the balloting date. The applicants may check their accounts on the fifth market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of applicants will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than 21 days from the day of the final ballot of the application list.

Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

- (h) The applicant requests and authorises MMHB:-
 - (i) to credit the shares allocated to the applicant into the CDS account of the applicant; and
 - (ii) to issue share certificate(s) representing such shares allocated in the name of MCD Nominees Sdn. Bhd. and send the same to MCD.
- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of MMHB, MIH or the Participating Financial Institution, irrevocably agrees that if:-

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (i) MMHB or MIH does not receive the applicant's Electronic Share Application; and
- (ii) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to MMHB or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against MMHB, MIH or the Participating Financial Institution for the shares applied for or for any compensation, loss or damage.

- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and MMHB, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The applicant shall ensure that his personal particulars as recorded by both MCD and the relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform MCD promptly of any change in address, failing which the notification letter of successful allocation will be sent to his registered address last maintained with MCD.
- (l) By making and completing an Electronic Share Application, the applicant agrees that:-
 - (i) in consideration of MMHB agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (ii) MMHB, the Participating Financial Institutions, MCD and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to MMHB due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of MMHB, the acceptance of the offer made by the applicant to subscribe for and purchase the shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said shares;
 - (iv) the applicant irrevocably authorises MCD to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allocated to the applicant; and
 - (v) MMHB agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Company irrevocably submit to the jurisdiction of the Courts of Malaysia.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (m) The Directors of MMHB reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of MMHB shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) The Directors of MMHB reserve the right to reject applications which do not conform to these instructions.
- (o) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

5. APPLICATION AND ACCEPTANCE

The Directors of MMHB reserve the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefor.

The submission of an Application does not necessarily mean that the Application will be successful.

EACH APPLICATION MUST BE FOR 1,000 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription for the New Shares, acceptance of Applications shall be subject to ballot. The basis of allocation shall be devised in such manner as to spread the shareholding base in MMHB over a reasonable number of applicants with a view to establish an adequate market in MMHB shares. Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 shares each, of which at least 500 shareholders are members of the public who are not employees of the Company, its subsidiaries and parent company, upon completion of the Public Issue and at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the Second Board of the KLSE.

In the event of an under-subscription by the Malaysian public, all the New Shares not applied for will be made available for subscription proportionately by the Managing Underwriter and the Underwriters in the proportions specified. Any shares not subscribed by the eligible Directors and employees of the MMHB Group and the Selected Malaysian Investors will be made available for application by the Malaysian public and are being underwritten by the Managing Underwriter and/or the Underwriters.

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 AND SHALL BE DISPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT 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 HAVING BEEN PRESENTED FOR PAYMENT.

XIV. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

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

6. CDS ACCOUNT

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

In the case of an application by way of Application Form, an applicant should state his CDS account number in the space provided in the Application Form if he presently has such an account. If he does not presently have such an account, he should state his preferred ADA Code in the space provided. If a successful applicant fails to state either his CDS account number or preferred ADA Code in his Application Form, the Company may, in the exercise of its absolute discretion, instruct MIH to insert a preferred ADA Code in the Application Form and further instruct MCD to open a CDS account on his behalf at the specified ADA and credit the shares allotted to him into his CDS account.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so.

Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number or preferred ADA Code, may result in the Application being rejected. The Directors of MMHB reserve the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in their Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications differ from those in MCD's records, such as the identity card number, names and nationalities.

7. NOTICE OF ALLOTMENT

Shares allocated to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be dispatched to the successful or partially successful applicant at his address shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application list. For Electronic Share Applications, the notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with MCD at the applicant's own risk within thirty (30) days after the final ballot of the application list. This is the only acknowledgement of acceptance of the application.

8. FORMALISING OF CDS ACCOUNT

A successful applicant whose CDS account has been opened by MCD at his/her preferred ADA or the ADA caused to be inserted by MIH at the instruction of the Company in case where the successful applicant fails to state either his CDS account number or preferred ADA Code, is required to formally open his account 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 account has been formally opened.

XV. LIST OF ADAs

The list of ADAs and their respective broker code is as follows:-

Name	Address telephone number	and Broker Code	Name	Address telephone number	and Broker Code
KUALA LUMPUR			KUALA LUMPUR (Continued)		
AFFIN-UOB SECURITIES SDN. BHD.	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2438668	028-001	MAYBAN SECURITIES SDN. BHD.	30th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur Tel. No.: 03-2323822/33	098-001
ARAB- MALAYSIAN SECURITIES SDN. BHD.	15th Floor, Bangunan Arab-Malaysian, 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Tel. No.: 03-2382788	086-001	MGI SECURITIES SDN. BHD.	1st & 2nd Floor, Wisma MGIC, 38, Jalan Dang Wangi, 50100 Kuala Lumpur Tel No.: 03-2911889	052-001
BBMB SECURITIES SDN. BHD.	Level 2 & 3, 4 & 17, P.O. Box No.2, Menara Olympia, 8, Jalan Raja Chulan, 50200 Kuala Lumpur, Tel. No.: 03-2088800	099-001	MIDF SISMA SECURITIES SDN. BHD.	17th & 18th Floor, Empire Tower, 182, Jalan Tun Razak, 50400 Kuala Lumpur Tel. No.: 03-21668888	026-001
BIMB SECURITIES SDN. BHD.	1st & 2nd Floor, Podium Block, Bangunan AMDB, 1, Jalan Lumut, 50350 Kuala Lumpur Tel. No.: 03-40433533	024-001	O.S.K. SECURITIES BERHAD	10th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur Tel. No.: 03-21624388	056-001
CIMB SECURITIES SDN. BHD.	9th Floor, Commerce Square, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur Tel. No.: 03-2532288	065-001	PB SECURITIES SDN. BHD.	27th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2013011	051-001
FIMA SECURITIES SDN. BHD. (formerly known as Capitalcorp Securities Sdn. Bhd.)	No. 45-14, Plaza Level and Level One Plaza Damansara, Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Tel No.: 03-2452998	018-001	PENGGALLEN SECURITIES SDN. BHD.	Ground, Mezzanine & 1st Floors, Menara Pengkalen (formerly known as Wisma Pekerti) 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur Tel. No.: 03-2448055	064-001
HLG SECURITIES SDN. BHD.	21st Floor, Wisma HLA, Jalan Raja Chulan, 50200 Kuala Lumpur Tel. No.: 03-2452998	066-001	RASHID HUSSAIN SECURITIES SDN. BHD.	Level 1, 2, 3 and 5 Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur Tel. No.: 03-9852233	087-001
INTER-PACIFIC SECURITIES SDN. BHD.	Level 7, Shahzan Insas Tower, 30, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel. No.: 03-2441888	054-001	SEAGROATT & CAMPBELL SDN. BHD.	26th-30th Floor, The Weld Tower, 76, Jalan Raja Chulan, 50200 Kuala Lumpur Tel. No.: 03-2081600	053-001
JUPITER SECURITIES SDN. BHD.	7th-9th Floor, Menara Olympia, 8, Jalan Raja Chulan, 50200 Kuala Lumpur Tel. No.: 03-2041888	055-001	SIME SECURITIES SDN. BHD.	21st Floor, Bangunan Sime Bank, Jalan Sultan Sulaiman, 50000 Kuala Lumpur Tel. No.: 03-2749288 /9778 /9779	097-001
K&N KENANGA BERHAD	8th Floor, Permas International Building, 801, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel. No.: 03-21613066	073-001	TA SECURITIES BERHAD	TA One Tower, 22, Jalan P. Ramlee, 50250 Kuala Lumpur Tel No.: 03-2321277	074-001
KUALA LUMPUR CITY SECURITIES SDN. BHD.	3.07, Level 3, Bangunan Angkasaraya, Jalan Ampang, 50450 Kuala Lumpur Tel. No.: 03-2449322	076-001	SELANGOR DARUL EHSAN		
LEONG & CO SDN. BHD.	Level 18, Wisma Cyclecari, 288, Jalan Raja Laut, 50350 Kuala Lumpur P. O. Box 10943 50730 Kuala Lumpur Tel. No.: 03-2928888	061-001	AMSTEEL SECURITIES (M) SDN. BHD.	2nd, 3rd and 4th Floors, 1, Lintang Pekan Baru, Off Jalan Meru, 41050 Klang Selangor Darul Ehsan Tel. No.: 03-3439999	080-001

XV. LIST OF ADAs (Cont'd)

Name	Address telephone number	and Broker Code	Name	Address telephone number	and Broker Code
SELANGOR DARUL EHSAN			PERAK DARUL RIDZUAN (Cont'd)		
HALIM SECURITIES SDN. BHD.	68, Jalan 52/6, New Town Centre, P. O. Box 561, 46770 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7555777	091-001	MBf NORTHERN SECURITIES SDN. BHD.	71, Jalan Lim Bo Seng, 30300 Ipoh Perak Darul Ridzuan Tel. No.: 05-2548999	067-001
HWANG-DBS SECURITIES BERHAD	18th-20th Floor, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 41000 Shah Alam Selangor Darul Ehsan Tel. No.: 03-5533288	068-002	M&A SECURITIES SDN. BHD.	Bangunan Chinese Chamber of Commerce, 37, Jalan Tun Sambanthan 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001
JF APEX SECURITIES BERHAD	3rd Floor, Wisma Apex, 145A-C, Jalan Bukit, P. O. Box 16, 43007 Kajang Selangor Darul Ehsan Tel. No.: 03-87361118	079-001	PHILEO ALLIED SECURITIES SDN. BHD.	62, Persiaran Greenhill, 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	071-001
MOHAIYANI SECURITIES SDN. BHD.	2nd & 3rd Floor, Plaza Damansara Utama, 2, Jalan SS21/60, 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77297345	095-001	SBB SECURITIES SDN. BHD.	51-53, Persiaran Greenhill, 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-001
SJ SECURITIES SDN. BHD.	Level 3, Holiday Villa 9, Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7340202/ 03-7340101	096-001	TAIPING SECURITIES SDN. BHD.	21, Jalan Stesen, 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8060888	092-001
MELAKA			O.S.K. SECURITIES BERHAD (IPOH BRANCH)	Wisma Premier Capital 21-25, Jalan Seenivasagam, 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	056-002
MALACCA SECURITIES SDN. BHD.	1, 3 & 5 Jalan PPM 9, Plaza Pandan Malim, (Business Park), Balai Panjang, P.O. Box 248, 75250 Melaka Tel. No.: 06-3371533	012-001	PULAU PINANG		
OCBC SECURITIES (MELAKA) SDN. BHD.	579, 579A & 579B, Taman Melaka Raya, 75000 Melaka Tel. No.: 06-2825211	072-001	A. A. ANTHONY & COMPANY SDN.BHD.	41-1-1 & 41-2-1, Jalan Cantonment, 10250 Pulau Pinang Tel. No.: 04-2299318	014-001
STRAITS SECURITIES SDN. BHD.	Lot 9 & 10, 1st Floor, Bangunan Tabong Haji, Jalan Bandar Kaba, P.O. Box 209, 75740 Melaka Tel. No.: 06-2833622	011-001	HWANG-DBS SECURITIES BERHAD	Levels 2, 3, 4, 7 & 8, Wisma Sri Pinang, 60, Green Hall, 10200 Pulau Pinang Tel. No.: 04-2636996	068-001
PERAK DARUL RIDZUAN			KE-ZAN SECURITIES SDN. BHD.	Wisma Ke-Zan, 64, Bishop Street, 10200 Pulau Pinang Tel. No.: 04-2634222	085-001
BOTLY SECURITIES SDN. BHD.	1st Floor, Plaza Teh Teng Seng, 227, Jalan Kampar, 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001	MERCURY SECURITIES SDN. BHD.	2nd Floor, Wisma UMNO, Lorong Bagan Luar Dua, 12000 Butterworth Seberang Prai, Pulau Pinang Tel. No.: 04-3322123	093-001
KIN KHOON & CO. SDN. BHD.	23 & 25, Wisma Kota Emas, Jalan Dato' Tahwil Azhar P. O. Box No. 421, 30910 Ipoh Perak Darul Ridzuan Tel. No.: 05-2543311	017-001	SMITH ZAIN SECURITIES SDN. BHD.	7th & 8th Floor, PSCI Tower, 39, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel. No.: 04-2283355	016-001
			SOON THEAM SECURITIES SDN. BHD.	111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-001
			THONG & KAY HIAN SECURITIES SDN. BHD.	Level 5 & 6, Wisma Sri Pinang, 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2635481	070-001

XV. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
PULAU PINANG (Cont'd)			JOHOR DARUL TAKZIM (Cont'd)		
UNITED TRADERS SECURITIES SDN. BHD.	12th Floor, Bangunan Mayban Trust, 3, Penang Street, 10200 Pulau Pinang Tel. No.: 04-2623751	059-001	SOUTH JOHOR SECURITIES SDN. BHD.	3rd Floor, Penggaram Complex, 1 Jalan Abdul Rahman, 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4317033	069-001
KEDAH DARUL AMAN			PAHANG DARUL MAKMUR		
ALOR SETAR SECURITIES SDN. BHD.	Lot T-30, 2nd Floor, Wisma PKNK, Jalan Sultan Badlishah, 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7318205	094-001	WK SECURITIES SDN. BHD.	A-397, A-399 & A-401, Taman Sri Kuantan III, Jalan Berserah, 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800	083-001
PERLIS INDR A KAYANGAN			KELANTAN DARUL NAIM		
UPEN SECURITIES SDN. BHD.	2nd Floor, Podium Block Bangunan KWSP, 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9765200	023-001	KOTA BHARU SECURITIES SDN. BHD.	298, Jalan Tok Hakim, 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7433388	075-001
NEGERI SEMBILAN DARUL KHUSUS			TERENGGANU DARUL IMAN		
PAN MALAYSIA EQUITIES SDN. BHD.	2nd, 9th & 10th Floor, Bangunan Yayasan Negeri Sembilan, Jalan Yam Tuan, 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7638999	084-001	FA SECURITIES SDN. BHD.	3rd Floor, Wisma UMNO, Jalan Masjid Abidin, 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001
MALPAC SECURITIES SDN. BHD.	1st, 2nd and 3rd Floors, 19, 20 & 21, Jalan Kong Sang, 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131	063-001	PTB SECURITIES SDN. BHD.	1st, 2nd & 3rd Floors 61, Jalan Sultan Ismail P.O. Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6235767	025-001
JOHOR DARUL TAKZIM			SABAH		
ENG SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak, 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211	081-001	INNOSABAH SECURITIES SDN. BHD.	11, Equity House, Block K, Sadong Jaya, Karamuning, 88100 Kota Kinabalu Sabah Tel. No.: 6088-234099	020-001
JB SECURITIES SDN. BHD.	Level 6, 7 & 8 Menara Sarawak Enterprise 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332000/ 07-3332800	078-001	SARAWAK		
KESTREL SECURITIES SDN. BHD.	57, 59 & 61, Jalan Ali, 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	088-001	SARAWAK SECURITIES SDN. BHD.	Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching Sarawak Tel. No.: 082-338000	019-001
PENINSULA SECURITIES SDN. BHD.	Level 2, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	077-001	SARAWAK SECURITIES SDN. BHD.	Lot 2485, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	019-002
PJB PACIFIC SECURITIES SDN. BHD.	Podium 2A & 3, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692/ 07-2765201	027-001	WILAYAH PERSEKUTUAN LABUAN		
			LABUAN SECURITIES SDN. BHD.	Level 2, Wisma Oceanic Jalan O K K Awang Besar, 87007 Wilayah Persekutuan Labuan Tel. No.: 087-410621	022-001