

PROSPECTUS

GOLSTA SYNERGY BERHAD

(Company No:484964-H)

(Incorporated in Malaysia under the Companies Act, 1965)

- **SPECIAL ISSUE OF 2,600,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.70 PER ORDINARY SHARE TO ELIGIBLE BUMIPUTERA INSTITUTIONS AND/OR INDIVIDUALS TO BE NOMINATED AND APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;**

AND

- **PUBLIC ISSUE OF 6,400,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.70 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION.**

Adviser and Managing Underwriter

UTAMA MERCHANT BANK BERHAD

(Company No: 23878-X)

This Prospectus is dated 28 June 2000

THE APPROVAL OF THE SECURITIES COMMISSION SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE SPECIAL ISSUE OF 2,600,000 NEW ORDINARY SHARES OF RM1.00 EACH AND PUBLIC ISSUE OF 6,400,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.70 PER ORDINARY SHARE WHICH ARE THE SUBJECTS OF THIS PROSPECTUS, AND THE INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISK OF ANY INVESTMENT IN THE ORDINARY SHARES OF GOLSTA.

THE ISSUE PRICE OF RM1.70 PER ORDINARY SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY GOLSTA SYNERGY BERHAD AND UTAMA MERCHANT BANK BERHAD, AS THE ADVISER AND MANAGING UNDERWRITER, BASED ON VARIOUS RELEVANT FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

THE VALUATION PURSUANT TO THE RESTRUCTURING AND FLOTATION SCHEME WHICH IS SPECIFICALLY DISCLOSED IN SECTION 8.1 OF THE PROSPECTUS WHICH HAS BEEN APPROVED AND ACCEPTED BY THE SECURITIES COMMISSION SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO AND APPROVED BY THE SECURITIES COMMISSION, AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT OF THE SECURITIES COMMISSION OF THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

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

THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”) (30632-P) ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE GOLSTA GROUP OR ITS ORDINARY SHARES.

THE REPORTING ACCOUNTANTS’ RESPONSIBILITY WITH REGARDS TO THIS PROSPECTUS DOES NOT EXTEND BEYOND THE CONSOLIDATED PROFIT FORECAST AND PROFORMA CONSOLIDATED BALANCE SHEETS AND ACCOUNTANTS’ REPORT. THE REPORTING ACCOUNTANTS HAVE HAD NO INVOLVEMENT IN THE PREPARATION OF THIS PROSPECTUS.

DEFINITIONS

In this submission document, unless specifically stated otherwise, the abbreviations below will apply throughout:-

“ADA”	: Authorised Depository Agent
“ADA Code”	: ADA (Broker) Code
“CDS”	: Central Depository System
“CNC” or “NC”	: Computerised Numeric Controlled or Numeric Controlled
“EPS”	: Earnings per share
“FESB”	: Foundry Engineering Corporation Sdn Bhd (Company No. 43527-M), a wholly owned subsidiary of GSB
“FIC”	: Foreign Investment Committee
“GASB”	: GEM Asia Sdn Bhd (Company No. 470924-W), a 51% owned subsidiary of GSB
“GISB”	: Golsta Industries Sdn Bhd (Company No. 138735-M), a wholly owned subsidiary of GSB
“GOLSTA” or “the Company”	: GOLSTA Synergy Berhad (Company No. 484964-H)
“GOLSTA Group” or “the Group”	: GOLSTA and its subsidiaries namely, Golsta Sdn Bhd, Foundry Engineering Corporation Sdn Bhd, GEM Asia Sdn. Bhd and Golsta Industries Sdn Bhd.
“GSB”	: Golsta Sdn Bhd (Company No: 130958-H)
“GSC”	: GS Capital Sdn Bhd (Company No: 357078-M)
“Issuing House” or “MIH”	: Malaysian Issuing House Sdn Bhd (Company No: 258345-X)
“Issue Price” or “IPO Price”	: RM1.70 per ordinary share
“KLSE”	: The Kuala Lumpur Stock Exchange
“MCD”	: Malaysian Central Depository Sdn Bhd (Company No: 165570-W), a wholly – owned subsidiary of the KLSE
“MEI”	: Machinery and Equipment Industry
“MITI”	: Ministry of International Trade and Industry
“MT”	: Metric tonnes

DEFINITIONS

“M&E”	: Machinery and Equipment
“NTA”	: Net tangible assets
“PE”	: Price earnings
“Public Issue”	: Public Issue of 6,400,000 new ordinary shares of RM1.00 each in GOLSTA at an issue price of RM1.70 per share.
“Public Issue Shares”	: The 6,400,000 new ordinary shares of RM1.00 each in GOLSTA which are the subject of the Public Issue for which the Company makes available for application by the Malaysian Public, subject to the terms and condition of this Prospectus
“QA/QC”	Quality Assurance / Quality Control
“Rights Issue”	: Rights Issue of 10,931,121 new ordinary shares of RM1.00 each at RM1.60 on the basis of approximately 495.3 new ordinary shares for every 1,000 ordinary shares held based on the issued and paid – up share capital of RM22,068,879 ordinary shares after the acquisition of GSB.
“RM” and “Sen”	: Ringgit Malaysia and Sen respectively
“ROC”	: Registrar of Companies
“SC”	: Securities Commission
“Special Issue”	: Special Issue of 2,600,000 new ordinary shares of RM1.00 each in GOLSTA at an issue price of RM1.70 per share to eligible Bumiputra institutions and/or individuals to be nominated and approved by MITI.
“Special Issue Shares”	: The 2,600,000 new ordinary shares of RM1.00 each in GOLSTA which are the subject of the Special Issue for which the company makes available to eligible Bumiputra institutions and/or individuals to be nominated and approved by MITI
“The Issues” or “IPO”	: The Special Issue and Public Issue, collectively.
“The Issue Shares” or “IPO Shares”	: The Special Issue and Public Issue Shares, collectively.
“Utama Merchant”	: Utama Merchant Bank Berhad (Company No: 23878-X)

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1. SUMMARY INFORMATION

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

1.1 INCORPORATION AND BUSINESS

GOLSTA was incorporated in Malaysia under the Companies Act, 1965 on 2 June 1999 to undertake the Group's listing exercise and was converted to a public limited company on 8th June 1999 and assumed its present name since then.

GOLSTA is a management and investment holding company whilst its direct and indirect subsidiaries are involved in the following activities as stated below: -

GSB	-	Design, fabrication, installation and maintenance of industrial machinery and equipment for Standard Malaysian Rubber (SMR rubber), feedmeal, cocoa products and customised items
FESB	-	Design, fabrication, installation and maintenance of industrial machinery and equipment for food, snack food, printing, packaging and customised items
GASB	-	Advanced technology advisory and development of new machinery and process with microwave application
GISB	-	Project consultancy and management

The GOLSTA Group is principally involved in design, fabrication, installation and maintenance of specialised process machinery and equipment for a wide spectrum of user industries from stand-alone units to the whole plant set-up on contract or turnkey basis and in provision of technology advisory and project consultancy and management.

1.2. PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

	RM
SHARE CAPITAL	
<i>Authorised:-</i>	
- 50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
<i>Issued and fully paid – up</i>	
- 33,000,000 ordinary shares of RM1.00 each	33,000,000
<i>To be issued pursuant to this Prospectus:</i>	
<i>Special Issue</i>	
- 2,600,000 new ordinary shares of RM1.00 each	2,600,000
<i>Public Issue</i>	
- 6,400,000 new ordinary shares of RM1.00 each	<u>6,400,000</u>
	<u>42,000,000</u>

1. SUMMARY INFORMATION (Cont'd)

SPECIAL AND PUBLIC ISSUE PRICE PER ORDINARY SHARE OF RM1.00 EACH RM1.70

PROFORMA GROUP NTA

Proforma Group NTA based on the statement of assets and liabilities as at 31 December 1999 (after deducting estimated listing expenses of RM1,300,000) RM61,134,000

Proforma Group NTA per share based on the enlarged issued and paid – up share capital comprising 42,000,000 ordinary shares of RM1.00 each RM1.46

CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2000

RM'000

Consolidated profit before taxation but after minority interest 11,807

Taxation (2,101)

Consolidated profit after taxation and minority interests 9,706

Gross Earnings per share (sen) + 28.11

Net Earnings per share (sen) + 23.11

Gross price earnings multiple based on the issue price of RM1.70 per share (times) + 6.05

Net price earnings multiple based on the issue price of RM1.70 per share (times) + 7.36

+ *Assuming the enlarged share capital of 42,000,000 ordinary shares of RM1.00 will be in issue on 31st July 2000.*

DIVIDEND FORECAST FOR THE YEAR ENDING 31 DECEMBER 2000

Gross dividend per ordinary share (Sen) – tax exempt 5

Net dividend per ordinary share (Sen) 5

Gross dividend yield based on the issue price of RM1.70 per share (%) 2.9

Net dividend yield based on the issue price of RM1.70 per share (%) 2.9

Net dividend cover (times) 4.62

1. SUMMARY INFORMATION (Cont'd)

1.3. FINANCIAL HIGHLIGHTS

The following table sets out a summary of the proforma consolidated audited results of the GOLSTA Group for the last five (5) financial years ended 31 December 1995 to 1999 which were extracted from the Accountants' Report in Section 14 and should be read in conjunction with the notes thereto, and prepared on the assumptions that the current structure of the Group had been in existence throughout the period under review: -

	←————— Year ended 31 December —————→				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	21,213	22,873	31,517	38,892	42,673
Profit before taxation	1,759	2,526	4,819	7,296	8,353
Taxation	(422)	(496)	(681)	(1,134)	(389)
Profit after taxation	1,337	2,030	4,138	6,162	7,964
Minority interests (MI)	(79)	-	-	-	(47)
Profit after taxation and MI	1,258	2,030	4,138	6,162	7,917
No. of ordinary shares assumed in issue ('000)	33,000	33,000	33,000	33,000	33,000
Gross earnings per share (RM)	0.05	0.08	0.15	0.22	0.25
Net earnings per share (RM)	0.04	0.06	0.13	0.19	0.24

Notes:-

- (i) *There were no extraordinary and exceptional items in respect of the financial years/period under review.*
- (ii) *The taxation has been adjusted to reflect the under/over provisions in the respective financial years/period under review.*
- (iii) *The gross earnings per share has been calculated based on the profit before taxation divided by the issued and paid-up share capital of 33,000,000 ordinary shares.*
- (iv) *The net earnings per share has been calculated based on profit after taxation divided by the issued and paid-up share capital of 33,000,000 ordinary shares.*
- (v) *In 1997, the growth in turnover was achieved through more overseas projects secured with increasing emphasis on design and build turnkey basis.*
- (vi) *The increase in profit before tax for financial years 1997 and 1998 was mainly due to, (a) the growth in turnover; and (b) the contracts secured from foreign customers were mainly denominated in United States Dollars or other stable currencies. As a result of a favourable exchange rate of other major currencies against Ringgit Malaysia, the revenue and profit margin over these contracts were higher compared with prior year.*

1. SUMMARY INFORMATION (Cont'd)

1.4 RISK FACTORS AND PROSPECTS

Applicants for the Issues should read carefully and consider the following (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus, before applying to purchase the Issues Shares: -

- (i) Prior to the IPO there has been no public market for GOLSTA shares;
- (ii) GSC, Messrs.Teng Swee Eng, Dai Kuang Yen, Yong Koy and Liow Teck Eng collectively hold 50.8% of the enlarged issued share capital of GOLSTA after the IPO and will have the ability to control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or relevant authorities;
- (iii) The Group is subject to certain risks inherent in the Machinery and Equipment Industry. These will include amongst others labour and raw materials shortages, increased in the costs of labour and raw materials; changes in production technology and general economics, business and credit conditions;
- (iv) The Group believes that its continuing success depends, to a significant extent, upon the abilities and continuing efforts of key personnel in its management team. The Group's future success will also depend upon its ability to recruit and retain skilled personnel;
- (v) The business of the Group and the market and liquidity of GOLSTA shares may be affected generally by event outside the control of the Group, including foreign exchange fluctuations that directly affect its raw material prices, interest rate, changes in taxation and other political or social development in or affecting Malaysia; and
- (vi) Certain statements under Section 9 of this Prospectus regarding industry perspective and prospects are based on historical statistics, which may not be reflective of the future results, and therefore the prospects may or may not be achieved. Therefore this may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, plans, performance or achievements expressed or implied by such perspective and prospect statements.

The above risk factors are further elaborated in details in Section 4 of this Prospectus.

2. CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Address	Directorship	Occupation	Nationality
YAM Tengku Dato' Seri Ismail Shah Ibni Sultan Hisamudin Alam Shah	Rumah Iskandariah, Jalan Rusa, Off Jalan Kota Raya, 41000 Klang, Selangor Darul Ehsan	Chairman	Company Director	Malaysian
Puan Sri Datin Minuira Sabki	16, Bukit Segambut 51200 Kuala Lumpur	Non- Executive and Independent Director	Company Director	Malaysian
Teng Swee Eng	No. 790-F, Taman Sri Bachang, 75200 Melaka	Managing Director	Company Director	Malaysian
Yong Koy	403-E, Kampung Lapan, Nam Seng Garden, Bachang, 75200 Melaka	Executive Director	Company Director	Malaysian
Dai Kuang Yen	20, Jalan Pandan Mawar 1, Taman Pandan Mawar, 75250 Melaka	Executive Director	Company Director	Malaysian
Liow Teck Eng	No. 703-N, Jalan Perak 1, Taman Megah, Bukit Beruang, 75450 Melaka	Executive Director	Company Director	Malaysian
Azra bin Kamarudin	32, Jalan Setiamurni 4, Bukit Damansara, 50490 Kuala Lumpur	Non- Executive Director	Lawyer	Malaysian
Yap Koon Roy	5581-E, Taman Ciptaco, Bukit Batu, 75150 Melaka	Non- Executive and Independent Director	Lawyer	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship	Nationality
Puan Sri Datin Minuira Sabki	Chairman	Non-Executive and Independent Director	Malaysian
Teng Swee Eng	Member	Managing Director	Malaysian
Yap Koon Roy	Member	Non-Executive and Independent Director	Malaysian

2. CORPORATE INFORMATION (Cont'd)

REGISTERED OFFICE	:	11, Jalan TTC 30 Taman Teknologi Cheng 75260 Melaka Tel: 06-3352153 Fax: 06-3352151
COMPANY SECRETARIES	:	Heng Soon Mee (MAICSA 7019654) ICSA, United Kingdom 12A.C, Mewah Court 43000 Kajang Selangor Yeo Peng Suee (MIA 9964) B. Accounting (Hons), UPM, Malaysia 4, Jalan Bahagia Satu Taman Desa Damai Cheng 75250 Melaka
PRINCIPAL BANKERS	:	United Overseas Bank (Malaysia) Berhad (271809-K) 33, Lorong Hang Jebat 75200 Melaka Overseas Union Bank (Malaysia) Berhad (295409-T) 124, Jalan Bunga Raya 75100 Melaka Arab-Malaysian Merchant Bank Berhad (23742-V) Suite 10.2, Level 10 Menara Pelangi No.2, Jalan Kuning Taman Pelangi 80400 Johor Bahru
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
REGISTRAR AND TRANSFER OFFICE	:	Sectrar Services Sdn Bhd (92781-X) 28-2, Jalan Tun Sambanthan 3 Brickfields 50470 Kuala Lumpur Tel: 03-22746133 Fax: 03-22741016
AUDITORS AND REPORTING ACCOUNTANTS	:	Arthur Andersen & Co. Public Accountants Graha Maju (Bangunan PKNM) Tingkat 10, Lot 1 Jalan Graha Maju 75300 Melaka

2. CORPORATE INFORMATION (Cont'd)

- SOLICITORS** :
- Lee Perara & Tan
55, Jalan Thambapillai
Off Jalan Tun Sambanthan
Brickfields
50470 Kuala Lumpur
 - Chia Wen Chow & Associates
229 -2, Jalan Perkasa Satu
Taman Maluri
55100 Kuala Lumpur
- VALUERS** :
- Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd
(136815-K)
669 & 669A, Taman Melaka Raya
75000 Melaka
- ADVISER & MANAGING UNDERWRITER** :
- Utama Merchant Bank Berhad (23878-X)
27th Floor, Central Plaza
Jalan Sultan Ismail
50250 Kuala Lumpur
- UNDERWRITERS** :
- HLG Securities Sdn Bhd (12855-D)
21st Floor, Wisma HLA
Jalan Raja Chulan
50200 Kuala Lumpur
 - Kestrel Securities Sdn. Bhd. (97150-A)
57, 59 & 61 Jalan Ali
84000 Muar
Johor Darul Takzim
 - OCBC Securities (Melaka) Sdn. Bhd. (18884-P)
No. 579, 580-581 A&B
Taman Melaka Raya
75000 Melaka
 - Perdana Merchant Bankers Berhad (169955-T)
11th Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
- LISTING SOUGHT** :
- The Second Board of the Kuala Lumpur Stock Exchange

3. INTRODUCTION

This Prospectus is dated 28 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.

The SC's approval shall not be taken to indicate that the SC recommends the Issues and the investors should rely on their own evaluation to assess both the merits and risk relating to the Issues.

Approval-in-principle has been obtained from the KLSE for admission to the Official List and for the listing of and quotation for the entire issued and paid-up ordinary shares of GOLSTA including The Issues which are the subject of this Prospectus on the Second Board of the KLSE on 20 June 2000. These shares will be admitted to the Official List of the KLSE Second Board and official quotation will commence after all notices of allotment arising from The Issues have been despatched to all successful applicants and after receipt of confirmation from MCD that all securities accounts of the successful applicants have been duly credited. Acceptance of applications for The Issues shares will be conditional upon permission being granted to deal in and quotation for all the issued and paid – up share capital of GOLSTA. Accordingly, monies paid in respect of any application accepted will be returned if the said permission from the KLSE is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act, 1965, the KLSE has prescribed GOLSTA as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

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

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

No person is authorised to give any information or to make any representation not contained herein in connection with the Issues and if given or made, such information or representation must not be relied upon as having been authorised by GOLSTA. Neither the delivery of this Prospectus nor any of The Issues 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 GOLSTA since the date hereof.

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

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

4. INVESTMENT CONSIDERATION

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

(i) ***No prior market for GOLSTA shares***

Prior to the Issues, there has been no public market for GOLSTA shares. There can be no assurance that an active market for GOLSTA shares will develop upon its listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The Issues Price of RM1.70 per share for The Issues has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and condition, its prospects and the prospects for the industry in which the Group operates, the management of the Group, the market prices for shares of companies engaged in business similar to that of the Group and the prevailing market conditions at the time the application for GOLSTA listing was submitted to the SC. There can be no assurance that the Issues Price will correspond to the price at which GOLSTA shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for GOLSTA shares will develop and continue upon or subsequent to its listing.

(ii) ***Business risks***

GOLSTA will be subject to certain risks inherent in the Machinery and Equipment industry. These include labour and raw material shortages, increases in the costs of labour and raw materials, changes in production technology, general economic and business and credit conditions. Although the Group seeks to limit these risks through, inter-alia, semi-automated operations, large pool of suppliers and expansion of markets, local and export, no assurance can be given that any change to these factors will not have a material adverse effect on the GOLSTA Group's business.

(iii) ***Competition***

The Machinery and Equipment industry is an oligopoly market, which comprises a few key participants. GOLSTA may face competition from various competitors including private and public listed companies. No assurance is given that GOLSTA will be able to maintain its existing market share in the future. However, steps have been taken to broaden its market base through expansion of the Group's product range and intensifying its marketing efforts in various Asia Pacific countries.

(iv) ***Dependence on Key Personnel***

The Group believes that its continued success will depend, to a significant extent, upon its abilities and continued efforts of its existing Directors and senior management. The loss of any of the key members of the Group, Directors and senior management could adversely affect the Group's performance. However, effort is presently made to groom the younger members of the senior management to gradually take over from the senior members to ensure a smooth transition in the management team.

However, based on the long and dedicated service of majority of its directors and employees, the Group is confident that they will continue serving the Group in the ensuing years.

4. INVESTMENT CONSIDERATION (Cont'd)

(v) ***Volatility of Raw Material prices***

The prices of raw materials especially steel and component parts are fairly volatile in tandem with demand and supply of market forces world-wide as well as exposure to foreign exchange fluctuations. The volatility of raw material prices affecting GOLSTA will similarly affect all its competitors. However, in the long term, any increase or saving in raw material costs will be substantially passed on to its customers.

(vi) ***Control by substantial shareholders***

Following the completion of the IPO, GSC, Messrs, Teng Swee Eng, Dai Kuang Yen, Yong Koy and Liow Teck Eng collectively will hold 50.8% of the enlarged issued and paid - up capital of the Company. Depending on how they choose to vote and because of the size of the shareholdings, these substantial shareholders will have a significant influence over the outcome of certain matters requiring the vote of the Company's shareholders.

(vii) ***Industry Perspective and Prospects***

Certain statements under the caption "Industry Perspective And Prospects" in Section 9 and elsewhere of this Prospectus are based on historical statistics which may not be reflective of the future results, and others are forward - looking in nature, which may or may not be achieved. This is especially so in view of the regional economic uncertainty. Whether such statements ultimately prove to be accurate depends upon a variety of factors that may affect the business and operations of the Company, and such forward - looking statements also involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company, or industry results, to be materially different from any future results, plans, performance and achievements expressed or implied by such perspective and prospects statements.

(viii) ***Profit Forecast and Projections***

Certain bases and assumptions used in preparing the financial forecast and projections of the Group are subject to uncertainties and contingencies whilst some are judgmental in nature. Due to the subjective judgements and inherent uncertainties of financial forecasts and projections and because events and circumstances may not occur as expected, actual future results may deviate significantly from those projected. Investors should study and understand the underlying assumptions and uncertainties in this Prospectus upon which the financial forecasts are based. If in doubt, prospective investors should consult their professional advisers before taking any action.

(ix) ***The Millennium Bug (Y2K Problem)***

The Millennium Bug refers to the situation whereby computers and software programmes will be unable to process correctly two-digit references in dates after 31 December 1999. This situation is attributed to the computer system which recognises and process references to years on a two digit rather than four digit basis. Therefore, as the year 2000 commences, these systems may mistakenly interpret "00" in the year field as "1900" and this may lead to a system failure.

4. INVESTMENT CONSIDERATION (Cont'd)

The Board of Directors of Group recognises the importance of this problem and have taken steps to ensure that the Group is Y2K compliant. Currently, the majority of the software in the Group, including for the accounting department and the operations software are Y2K compliant. The Group has invested about RM500,000 for the upgrade and replacement of all non Y2K compliant computer hardware and software. There would be no direct exposure to external parties' Y2K problem. Therefore, the management of GOLSTA is of the opinion that the Y2K issue would not have any significant impact on the Group's future financial condition and operational activities as the GOLSTA Group is currently Y2K compliant.

During the recent rollover, the Group did not experience any Y2K problem and till to-date, no Y2K problems have been encountered in the day-to-day operations of the Group.

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5. SHARE CAPITAL

Authorised	RM
- 50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
Issued and fully paid	
- 33,000,000 ordinary shares of RM1.00 each	33,000,000
To be issued pursuant to this Prospectus:	
Special Issue	
- 2,600,000 new ordinary shares of RM1.00 each	2,600,000
Public Issue	
6,400,000 new ordinary shares of RM1.00 each	<u>6,400,000</u>
	<u>42,000,000</u>

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Issues 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 the right to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on 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 need not be a member of the Company.

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6. PARTICULARS OF THE FLOTATION

6.1 Purposes of the Issues

The purposes of the Issues are as follows: -

- (i) To provide an opportunity for the Malaysian public and eligible Directors, employees and business associates of GOLSTA Group to participate in the equity and continuing growth of the GOLSTA Group;
- (ii) To provide GOLSTA an access to the Malaysian capital market for funds required for its future expansion and diversification;
- (iii) To enable GOLSTA to comply with the National Development Policy on Bumiputra participation in the equity of GOLSTA; and
- (iv) To obtain a listing of and quotation for the Company's entire enlarged issued and paid-up capital of RM42,000,000 comprising 42,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

6.2 Details of the Issues

6.2.1 Special Issue

2,600,000 Special Issue Shares of RM1.00 each will be issued to eligible Bumiputra institutions and/or individuals to be nominated and approved by MITI.

6.2.2 Public Issue

The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the 6,400,000 Public Issue Shares will be allocated in the following manner: -

(a) Eligible Directors, Employees and Business Associates

1,200,000 Public Issue Shares of RM1.00 each have been reserved for the eligible Directors, employees and business associates of the GOLSTA Group; and

(b) Malaysian Public

5,200,000 Public Issue Shares of RM1.00 each will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

Any shares in respect of paragraph (a) above not taken up by eligible Directors, employees and business associates of the GOLSTA Group will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions.

6. PARTICULARS OF THE FLOTATION (Cont'd)

6.3 Proceeds of the Rights, Special and Public Issues

The Special Issue is expected to raise gross proceeds of RM4,420,000 to the Company. The Public Issue is expected to raise net proceeds of RM9,580,000 after deducting the estimated listing expenses of RM1,300,000. The proceeds from the Issues will accrue to the Company.

Underwriting commission, brokerage and stamp duty relating to the Public Issue and all other expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of GOLSTA on the Second Board of the KLSE estimated at RM1,300,000 shall be borne by the Company.

The entire gross proceeds of RM32,789,793 arising from the Rights Issue (RM17,489,794) and Special Issue (RM4,420,000) and the Public Issue (RM10,880,000) relating this listing exercise will be utilised in the following manner : -

	Note	RM'000
Finance the construction of new factory building with fitting and handling facilities	(i)	6,100
Purchase of plant and machinery	(ii)	7,000
Repayment of bank borrowings	(iii)	6,500
Research and development activities on new products/process technology	(iv)	1,500
Upgrading of overseas marketing offices	(v)	2,000
Working capital	-	6,590
Listing expenses	-	1,300
Upgrading of computer operating systems	(vi)	1,800
Total		32,790

Notes:-

(i) *The construction of factory building with a total built-up areas of 70,000 sq. ft on the Lot 4225 adjacent to the existing factory premises situated at Lot 4224, Mukim of Cheng, district of Melaka Tengah, Melaka, which was acquired in 1996, at a cost of RM2.4 million with RM1.9 million being financed by bank borrowings and the balance by internal funds. The construction of the building will commence in the beginning of year 2001 and is expected to be completed in July 2002. The estimated cost to be incurred amounting to approximately RM4.9 million with the necessary fittings and mechanical handling facilities cost about RM1.2 million.*

(ii) *The purchase of plant and machinery is catered for the modernisation and expansion plans with the details as follows:-*

Description	Quantity (units)	Cost RM'000	Maximum capacity per plant (units)
CNC heavy duty 5 axis milling and boring machines	2	3,200	250
CNC Lathe machines	2	1,500	100
CNC machine centres	2	800	50
CNC centreless shaft grinding machine	1	750	50
Testing tools and instruments for QA/QC department	Various	750	50
		7,000	500

The above machinery will be utilized for machining component parts of larger sizes with increasing precision. Such machinery is expected to be commissioned in February 2001 which will then increase the existing annual output of approximately 600 stand-alone units to 1,100 units after the commissioning.

6. PARTICULARS OF THE PUBLIC ISSUE AND FLOTATION (Cont'd)

- (iii) *The repayment of bank borrowings will reduce the total bank borrowings of the Group from RM11.1 million to RM4.6 million which results in a saving of interest cost after tax estimated at about RM450,000 per annum. The RM6.5 million repayment of bank borrowings are for the following:-*

	<i>RM'Million</i>
a) <i>Purchases of land for the new factory</i>	5.3
b) <i>Piling and earth foundation works</i>	0.7
c) <i>Part payment for plant and machineries newly acquired</i>	0.5
	6.5

The utilisation of the RM5.3 million in item (a) above is further subject to the SC's approval on the valuation of the land.

- (iv) *Since 1996, the Group has been undertaking research and development activities on machinery and equipment with microwave application, such benefits are expected to be derived in the near future.*
- (v) *The Group is in the process of upgrading its overseas marketing offices in particular the two in Amsterdam of Netherlands and Shanghai of China to full-fledged regional marketing centres for product display, project consultation, sales canvassing and providing after sales service. The upgrading of the regional marketing centres is expected to be completed by June 2002.*
- (vi) *The Group is in the process of acquisition and implementing Enterprise Resource Planning (ERP) operating software into its integrated manufacturing activities and hardware together with other application software utilised in the day-to-day operations.*

6.4 Brokerage and Underwriting Commission

Brokerage is payable by the Company in respect of the Public Issue Shares at the rate of 1.0% of the issue price of RM1.70 per share in respect of successful applications and subscribers bearing the stamp of Utama Merchant Bank Berhad, 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 Underwriters mentioned herein have agreed to underwrite all the Public Issue Shares totalling 5,200,000 ordinary shares which are available for application by the Malaysian public. In the event of such Public Issue Shares are not taken up by the Directors, employees and business associates of the Golsta Group, such shares will be made available for application by the Malaysian public and arrangement has been made for such shares to be fully underwritten by the Managing Underwriter and Underwriters. Underwriting commission is payable by the Company in respect of the Public Issue Shares at a rate of 1.0% of the issue price of RM1.70 per share.

The Special Issue Shares of 2,600,000 ordinary shares will not be underwritten.

7. PROCEDURE FOR APPLICATION AND ACCEPTANCE

7.1 Opening and Closing of Application Lists

The Application Lists will open at 10.00 a.m. 20 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 GOLSTA in their absolute discretion may decide.

7.2 Application Forms

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

- (a) **Pink** Application Forms for application by eligible Directors, employees and business associates of GOLSTA Group; and
- (b) **White** Application Forms for application by Malaysian citizens, companies, co-operatives, societies and institutions of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies and institutions.

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

7.3 Procedure for Application

Application for the The Issues Shares must be made on the relevant 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. 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 the Prospectus or Application Form or Notes and Instructions printed therein or which are illegible, will not be accepted. The Company will make no acknowledgement of receipt of the Application Forms or application monies.

(a) ***Applications by the eligible Directors, employees and business associates of the GOLSTA Group***

Applications for the 1,200,000 Public Issue shares reserved for eligible Directors, employees and business associates of GOLSTA Group must be made on the **Pink** Application Forms provided and NOT on any other Application form or by way of Electronic Share Application through a Participating Financial Institution's ATM. The amount payable in full on application is RM1.70 per share.

(b) ***Applications by the Malaysian Public***

Applications for 5,200,000 Public Issue Shares made available for application by the Malaysian public must be made on the **White** Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM. A corporation or institution cannot apply for shares by way of Electronic Share Application. The amount payable in full on application is RM1.70 per share.

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

Only one application form from each applicant will be considered. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED** and application must be for 1,000 ordinary shares or multiples thereof. Directors and employees of MIH and their immediate family are strictly prohibited from applying for the Public Issue Shares.

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

EACH COMPLETED APPLICATION MUST BE ACCOMPANIED BY REMITTANCE IN MALAYSIAN RINGGIT FOR THE FULL AMOUNT PAYABLE BY EITHER: -

- (I) **BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTRA APPLICANTS); OR**
- (II) **CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTRA APPLICANTS); OR**
- (III) **MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR**
- (IV) **GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTRA APPLICANTS); OR**
- (V) **ATM STATEMENT OBTAINED FROM EITHER: -**
 - ARAB-MALAYSIAN BANK BERHAD, (Company No: 295576-U)
 - ARAB-MALAYSIAN FINANCE BERHAD, (Company No: 5493-X)
 - ASIA COMMERCIAL FINANCE (M) BERHAD, (Company No: 6521-U)
 - BAN HIN LEE BANK BERHAD, (Company No: 1147-M)
 - BUMIPUTERA-COMMERCE BANK BERHAD, (Company No: 13491-P)
 - BSN COMMERCIAL BANK BERHAD, (Company No: 23877-T)
 - BANK UTAMA (MALAYSIA) BERHAD, (Company No: 27714-A)
 - CREDIT CORPORATION MALAYSIA BERHAD, (Company No: 5023-H)
 - EON BANK BERHAD, (Company No: 92351-V)
 - EON FINANCE BERHAD, (Company No: 9692-K)
 - HOCK HUA BANK BERHAD, (Company No: 111501-D)
 - HOCK HUA FINANCE CORPORATION BERHAD, (Company No: 9010-H)
 - HONG LEONG BANK BERHAD, (Company No: 97141-X)
 - HONG LEONG FINANCE BERHAD, (Company No: 7797-V)
 - INTERNATIONAL BANK MALAYSIA BHD (Company No: 22671-U)
 - MALAYAN BANKING BERHAD, (Company No: 3813-K)
 - MAYBAN FINANCE BERHAD, (Company No: 3905-T)
 - MBf FINANCE BERHAD, (Company No: 8515-D)
 - MULTI-PURPOSE BANK BERHAD, (Company No: 88103-W)

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

- ORIENTAL BANK BERHAD, (Company No: 845-W)
- ORIENTAL FINANCE BERHAD, (Company No: 50555-A)
- PHILEO ALLIED BANK (MALAYSIA) BERHAD,
(Company No:306350-K)
- PUBLIC BANK BERHAD,(Company No: 6463-H)
- PUBLIC FINANCE BERHAD, (Company No: 6471-U)
- RHB BANK BERHAD, (Company No: 6171-M)
- SABAH BANK BERHAD, (Company No: 45788-D)
- THE PACIFIC BANK BERHAD, OR (Company No: 5024-T)
- UNITED MERCHANT FINANCE BERHAD. (Company No: 3838-T)

AND MUST BE MADE OUT IN FAVOUR OF “**MIH SHARE ISSUE ACCOUNT NO. 177**” AND CROSSED “**A/C PAYEE ONLY**” (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM).

THE NAME AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS IN THE APPLICANT'S IDENTITY CARD (NRIC) OR "RESIT PENGENALAN SEMENTARA (JPN 1/9)" OR "RESIT PENUKARAN KAD PENGENALAN (JPN 1/22)" WHICH MUST BE ATTACHED TOGETHER WITH THE LEGIBLE PHOTOCOPY OF THE NRIC OR CHANGE OF ADDRESS CARD IN THE CASE OF INDIVIDUAL APPLICANTS EXCEPT FOR ARMED FORCES/POLICE PERSONNEL WHICH SHOULD BE BASED ON THEIR RESPECTIVE CAMP / BASE / STATION. IN THE CASE OF CORPORATE / INSTITUTIONAL APPLICANTS, THE NAME MUST ALSO BE EXACTLY THE SAME AS IN THE CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED ADDRESS.

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

Each completed Application Form must be despatched by **ordinary post** in the official envelopes provided, to the following address: -

Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** IN THE Drop-in-Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur so as to arrive not later than 8.00 p.m. on 20 July 2000. Applications may also be delivered in a drive - in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 20 July 2000 between 8.30 a.m. to 8.00 p.m. only.

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

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

7.4 Applications and Acceptances

The Directors of GOLSTA reserve the right to reject any application, which does not strictly comply with the instructions, or to accept any application in part only without assigning any reason therefor. The submission of an Application Form does not necessarily mean that the application will be successful.

In the event of an over-subscription, acceptance of applications by the Malaysian public shall be subject to ballot to be conducted in a manner as approved by the Directors. The basis of allocation shall be in such manner as to spread the shareholding base in GOLSTA over a reasonable number of applicants with a view to establishing an adequate market in GOLSTA shares. Acceptance of application will be made in a manner so as to comply with SC's shareholding spread requirement that at least 25% of the issued and paid-up share capital is in the hands of public shareholders and a minimum number of 750 public shareholders (at least 500 of which are public shareholders who are not employees) holding not less than 1,000 Shares each. Applicants will be selected in a manner to be determined by the Directors of GOLSTA. In the event the shareholding spread is not met, the Company may not be allowed to proceed with its listing.

In the event of an under-subscription by the eligible Directors and employees of GOLSTA Group in respect of the Pink Form Applications, the number of Public Issue Shares not applied for will also be made available to the Malaysian Public. In the event of an under-subscription by the Malaysian Public, all the ordinary shares not applied for will be made available for subscription proportionately by the Managing Underwriter and the Underwriters in the proportions specified in the Underwriting Agreement dated 25 May 2000.

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

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTRA APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTRA APPLICANTS WHOSE MONIES HAVE BEEN BANKED IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST 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 REMITTANCES BEING PRESENTED FOR PAYMENT.

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

7.5 CDS Accounts

Pursuant to Section 29 of the Securities Industry (Central Depository) Act 1991, all dealings in the Issue Shares of GOLSTA will be by book entries through CDS Accounts and no share certificates will be issued to successful applicants.

In the case of an application by way of an Application Form, an applicant should state his CDS Account number in the space provided on the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Applicant Form his preferred ADA Code in the space provided. Where an applicant already has a CDS Account he should not complete the preferred ADA Code.

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

In the case of an applicant 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 or by way of keying in his CDS Account Number if the instructions on 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 the preferred ADA Code may result in the application being rejected. The Directors of the Company reserve the right to reject any incomplete or inaccurate application. 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 record, such as the identity card number, name and nationalities.

7.6 Notice of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS Accounts. A notice of successful allotment will be despatched to the successful applicant at his/her address shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application. For Electronic Share Applications, the notice of allocation will be despatched to the successful or partially successful applicant at his/her address last maintained with the 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.

7.7 Formalising CDS Accounts

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/her CDS account number or preferred ADA Code, is required to formally open his/her 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.

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

7.8 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 (the “Steps”). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in “Steps for Electronic Share Application through a Participating Financial Institution’s ATM” in Section 7.9 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 bank 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 that 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 at the ATM or any data relating to such an Electronic Share Application by the Company 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 offer for the application for the IPO Shares on 20 July 2000 at 8.00p.m. (“Closing Date and Time”), the Participating Financial Institution shall submit a magnetic tape containing its respective customers’ applications for the IPO Shares to MIH as soon as practicable but not later than 12.00 p.m. 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. An applicant who has a bank account with a participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one application.

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.

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

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained in Section 7.8 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 the company.
- (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 this application.
 - * This is the only application that I am submitting.
 - * 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 Institution 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 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 IPO SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.**
- (d) The application must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Shares Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instruction set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

7. 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 the Company decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicant, 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 the Company.
- (f) The Company 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 application. 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 application within two (2) market days of the balloting date. The applicant may check his account on the fifth market day from the balloting date.

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 applications 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 and sent by registered post by MIH 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 the Company : -
 - (1) to credit the shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - (2) to issue share certificate(s) representing such shares allotted or allocated in the name of MCD Nominees Sdn Bhd and send the same to MCD.

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

- (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 the Company, MIH or the Participating Financial Institution, irrevocably agrees that if : –
- (1) The Company or MIH does not receive the applicant's Electronic Share Application; and
 - (2) 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 the Company or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against the Company, MIH or the Participating Financial Institutions 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 the Company, 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 allotment or 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:
- - (1) in consideration of the Company 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;
 - (2) the Company, 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 the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (3) notwithstanding the receipt of any payment by or on behalf of the Company, 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 allotment for prescribed securities in respect of the said shares;
 - (4) the applicant irrevocably authorises MCD to complete and sign on his behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the shares allotted or allocated to the applicant; and

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

- (5) the Company 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 Scheme 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 submits to the jurisdiction of the Courts of Malaysia.
- (m) The Directors of the Company 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 to ascertain the regularity or propriety of the application. The Directors of the Company 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 the Company reserve the right to reject applications which do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches : -
- ARAB-MALAYSIAN BANK BERHAD (295576-U)
 - ARAB-MALAYSIAN FINANCE BERHAD (5493-X)
 - BUMIPUTRA-COMMERCE BANK BERHAD (13491-P)
(at selected branches in the Klang Valley only)
 - HSBC BANK MALAYSIA BERHAD (127776-V)
(formerly known as Hongkong Bank Malaysia Berhad)
 - MALAYAN BANKING BERHAD (3813-K)
 - MAYBAN FINANCE BERHAD (3905-T)
 - OCBC BANK (MALAYSIA) BERHAD (5493-X)
 - ORIENTAL BANK BERHAD (845-W)
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (115793-P)
(at selected branches only)
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institutions.

7.9 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.

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

- (c) Applicant is to apply for the initial public share offering via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application is set out in Section 7.8 under the Terms and Conditions for Electronic Share Application. 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 Number
 - * CDS Account Number
 - * Number of Shares applied for and/or the Ringgit amount to be debited from the account
 - * Confirmation of several mandatory statements.

7.10 List of Authorised Depository Agents

A list of ADAs and their respective Broker codes are as follows: -

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
Affin-UOB Securities Sdn. Bhd. (Company No: 431338-P)	Level 3, Menara Keck Seng, 203, Jalan Bukit Bintang, 55100 Kuala Lumpur. Tel. No: 03-2438668	028-001
Arab-Malaysian Securities Sdn Bhd (Company No: 92977-U)	15th Floor Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2382788	086-001
BBMB Securities Sdn Bhd (Company No: 164534-K)	Level 2,3 & 4 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur P.O. Box 10584 Tel No:03-2019900	099-001
BIMB Securities Sdn Bhd (Company No: 290163-X)	1st & 2nd Floor Podium Block, Bangunan AMDB No. 1 Jalan Lumut 50400 Kuala Lumpur Tel No: 03-4433533	024-001
Fima Securities Sdn Bhd (Company No: 210959-K)	No. 45-14, Plaza Level & Level 1, Plaza Damansara, Jalan Medan Setia Satu, Damansara Heights 50490 Kuala Lumpur Tel No: 03-2549966	018-001

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

Name	Address and Telephone No.	Broker Code
<u>KUALA LUMPUR</u> (Cont'd)		
CIMB Securities Sdn Bhd (Company No: 163712-V)	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No: 03-2532288	065-001
HLG Securities Sdn Bhd (Company No: 12855-D)	21 st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel No:03-2452998/2022778	066-001
Inter-Pacific Securities Sdn Bhd (Company No: 12738-U)	Level 7, Menara Shahzan Insas 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2441888	054-001
Jupiter Securities Sdn Bhd (Company No: 48703-W)	7 th – 9 th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-2041888	055-001
Kuala Lumpur City Securities Sdn Bhd (Company No: 126994-W)	3.07, Level 3, Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2449322	076-001
K & N Kenanga Bhd (Company No:15678-H)	8th Floor, Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2613066	073-001
MIDF Sisma Securities Sdn Bhd (Company No: 423833-U)	17 th & 18 th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-2668888	026-001
Leong & Company Sdn Bhd (Company No: 8789-P)	Level 18, Wisma Cyclecarriage 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-2928888	061-001
Mayban Securities Sdn Bhd (Company No: 165630-M)	30 th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel No: 03-2323822	098-001
MGI Securities Sdn Bhd (Company No: 682-X)	1st & 2 nd Floor, Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel No: 03-2911889	052-001

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

Name	Address and Telephone No.	Broker Code
<u>KUALA LUMPUR (Cont'd)</u>		
OSK Securities Bhd (<i>Company No: 14152-V</i>)	10 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2624388	056-001
PB Securities Sdn Bhd (<i>Company No: 20027-W</i>)	27 st Floor, Bangunan Public Bank, No.6, Jalan Sultan Ismail 50000 Kuala Lumpur Tel No: 03-2013011	051-001
PM Securities Sdn Bhd (<i>Company No: 66299-A</i>)	Ground Mezzanine & 1 st Floor Menara Pengkalen 2 Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-2448055	064-001
Rashid Hussain Securities Sdn Bhd (<i>Company No: 95060-A</i>)	Level 9, Tower One 424, Jalan Tun Razak, RHB Centre 50400 Kuala Lumpur Tel No: 03-9852233	087-001
KAF-Seagroatt & Campbell Sdn Bhd (<i>Company No: 134631-U</i>)	26 th -30 th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2081600	053-001
Sime Securities Sdn Bhd (<i>Company No: 165878-V</i>)	21st Floor, Bangunan SIME Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-2749288	097-001
TA Securities Bhd (<i>Company No: 16029-V</i>)	Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No: 03-2321277	074-001
<u>SELANGOR DARUL EHSAN</u>		
Amsteel Securities (M) Sdn Bhd (<i>Company No: 51253-A</i>)	No.1, Lintang Pekan Baru (2 nd , 3rd & 4th Floor) Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-3439999	080-001
Halim Securities Sdn Bhd (<i>Company No: 107442-X</i>)	68, Jalan 52/6 New Town Centre P O Box 561 46770 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7555777	091-001

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

Name	Address and Telephone No.	Broker Code
<u>SELANGOR DARUL EHSAN</u> (Cont'd)		
JF Apex Securities Sdn. Bhd (Company No: 47680-X)	3rd Floor, Wisma Apex 145A-C, Jalan Bukit P.O. Box 16 43007 Kajang Selangor Darul Ehsan Tel No: 03-8361118	079-001
Mohaiyani Securities Sdn Bhd (Company No: 140238-A)	2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7197345	095-001
SJ Securities Sdn Bhd (Company No: 141671-T)	Level 3, Holiday Villa No. 9 Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7340202/101	096-001
Hwang-DBS Securities Berhad (Company No: 14389-U)	18 th – 20 th Floor, Plaza Masalam, 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9, 40100 Shah Alam, Selangor Darul Ehsan. Tel No: 03-5533288	068-002
<u>MELAKA</u>		
Malacca Securities Sdn Bhd (Company No: 16121-H)	No. 1,3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang P O Box 248 75000 Melaka Tel No: 06-3371533	012-001
OCBC Securities (Melaka) Sdn Bhd (Company No: 18884-P)	579,579A & 579B, Taman Melaka Raya 75000 Melaka Tel No: 06-2825211	072-001
Straits Securities Sdn Bhd (Company No: 74070-T)	Lot 9 & 10, 1 st Floor Bangunan Tabung Haji Jalan Bandar Kaba P O Box No. 209 75740 Melaka Tel No: 06-2833622	011-001

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

Name	Address and Telephone No.	Broker Code
<u>PERAK DARUL RIDZUAN</u>		
Botly Securities Sdn Bhd (Company No: 14948-M)	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No: 05-2531313	058-001
Kin Khoon & Co Sdn Bhd (Company No: 17816-P)	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
MBf Northern Securities Sdn Bhd (Company No: 14782-V)	No. 71, Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel No: 05-2548999	067-001
M & A Securities Sdn Bhd (Company No: 15017-H)	M&A Building, 52A, Jalan Sultan Idris Shah, 30000 Ipoh Perak Darul Ridzuan Tel No: 05-2419800	057-001
Phileo Allied Securities Sdn Bhd (Company No: 25397-M)	63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2558233	071-001
SBB Securities Sdn Bhd (Company No: 100518-M)	51-53 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	090-001
Taiping Securities Sdn Bhd (Company No: 113521-K)	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No: 05-8060888	092-001
OSK Securities Berhad (Company No: 14152-V)	21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415100	056-002
<u>PULAU PINANG</u>		
A. A. Anthony & Company Sdn Bhd (Company No: 13622-K)	No 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No : 04-2299318	014-001

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

Name	Address and Telephone No.	Broker Code
<u>PULAU PINANG (Cont'd)</u>		
Hwang-DBS Securities Bhd (Company No: 14389-U)	Level 2 & 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-2636996	068-001
Ke-Zan Securities Sdn Bhd (Company No: 89986-P)	Wisma Ke-Zan 64, Bishop Street 10200 Pulau Pinang Tel No: 04-2634222	085-001
Mercury Securities Sdn Bhd (Company No: 113193-W)	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel No: 04-3322123	093-001
Smith Zain Securities Sdn Bhd (Company No: 13901-H)	7th & 8th Floor, Wisma PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	016-001
Soon Theam Securities Sdn Bhd (Company No: 14147-K)	111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-2281868	060-001
Thong & Kay Hian Securities Sdn Bhd (Company No: 14592-P)	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-2635481	070-001
UT Securities Sdn Bhd (Formerly known as United Traders Securities Sdn. Bhd.) (Company No: 20710-W)	12th Floor, Bangunan Maybank Trust 3, Penang Street 10200 Pulau Pinang Tel No: 04-2626644	059-001
<u>KEDAH DARUL AMAN</u>		
Alor Setar Securities Sdn Bhd (Company No: 123654-H)	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No: 04-7318205	094-001

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

Name	Address and Telephone Number	Broker Code
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
Pan Malaysia Equities Sdn Bhd (Formerly known as Kimara Equities Sdn Bhd) (Company No: 228587-U)	2 nd , 9 th & 10 th Floor, Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7638999	084-001
Malpac Securities Sdn Bhd (Company No: 159143-V) (formerly known as Seremban Securities Sdn Bhd)	1st, 2nd & 3 rd Floors 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623131	063-001
<u>JOHOR DARUL TAKZIM</u>		
Eng Securities Sdn Bhd (Company No: 53333-T)	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2231211	081-001
JB Securities Sdn Bhd (Company No: 17812-U)	Level 6, 7 & 8 Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3332000/3332800	078-001
Kestrel Securities Sdn Bhd (Company No: 97150-A)	57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9532222	088-001
Peninsula Securities Sdn Bhd (Company No: 57258-V)	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3333600	077-001
South Johor Securities Sdn Bhd (Company No: 53647-D)	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4317033	069-001
PJB Pacific Securities Sdn Bhd (Company No. 430550-H)	Podium 2A & 3 Menara Ansar, 65 Jalan Trus 80000 Johor Bharu Johor Darul Takzim Tel: 07-2222692	027-001

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

Name	Address and Telephone No.	Broker Code
<u>PERLIS INDRA KAYANGAN</u>		
Upen Securities Sdn Bhd (<i>Company No: 254920-D</i>)	2 nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kanyangan Tel No: 04-9766315	023-001
<u>PAHANG DARUL MAKMUR</u>		
WK Securities Sdn Bhd (<i>Company No: 70978-V</i>)	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah, 25300 Kuantan Pahang Darul Makmur Tel No: 09-5660800	083-001
<u>KELANTAN DARUL NAIM</u>		
Kota Bharu Securities Sdn Bhd (<i>formerly known as Lee & Kee Securities Sdn Bhd</i>) (<i>Company No: 15629-M</i>)	298, Jalan Tok Hamim 15000 Kota Bharu Kelantan Darul Naim Tel No: 09-7433388/7432288	075-001
<u>TERENGGANU DARUL IMAN</u>		
FA Securities Sdn Bhd (<i>Company No: 251711-V</i>)	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
PTB Securities Sdn Bhd (<i>Company No: 425317-T</i>)	1 st , 2 nd & 3 rd Floors 61 Jalan Sultan Ismail P O Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6235767/6235546	025-001
<u>SARAWAK</u>		
Sarawak Securities Sdn Bhd (<i>Company No: 219322-W</i>)	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No: 082-338000	019-001

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

Name	Address and Telephone No.	Broker Code
<u>SARAWAK</u> (Cont'd)		
Sarawak Securities Sdn Bhd (Miri Branch) (Company No: 432200-A)	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No: 085-435577	019-002
Borneo Securities Sdn Bhd (Company No: 444043-M)	12G, Jalan Kampung Datu 96000 Sibul Sarawak Tel No: 084-319998	030-001
<u>SABAH</u>		
Innosabah Securities Sdn Bhd (Company No: 194990-K)	11 Equity House, Blok K, Kompleks Sadong Jaya Karamunsing 88100 Kota Kinabalu Sabah Tel No: 6088-234099/090	020-001
<u>LABUAN</u>		
Labuan Securities Sdn Bhd (Company No: 239683-W)	Level 2, Wisma Oceanic Jalan OKK Awang Besar 87007 Wilayah Persekutuan Labuan Tel No: 087-410621	022-001

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8. PARTICULARS OF THE GOLSTA GROUP

8.1 Restructuring and Listing Exercises

The restructuring and listing exercises were approved by FIC on 9 October 1999, MITI on 5 October 1999 and SC on 21 March 2000 and 9 May 2000 respectively.

In conjunction with its flotation on the Second Board of the KLSE, GOLSTA undertook the restructuring as approved by the relevant authorities, which entails the following: -

(i) Revaluation of Landed Properties of the GSB Group

GSB Group's landed properties were revalued by Messrs. Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd, an independent firm of professional Valuers on the 16 June 1999 by applying the Comparison Method of valuation, which prescribed an open market value of RM23,490,000. However, the SC has approved on 21st March 2000 an open market value of RM22,930,000. Accordingly the revaluation surplus as approved by the SC amounting to RM6,570,912 based on the audited net book value of RM16,359,088 as at 31 December 1998 and the open market value of GOLSTA Group's landed properties will be incorporated into the respective subsidiaries' accounts for the financial year ending 31 December 2000.

Further details of the landed properties, together with their respective open market values as prescribed by the valuers and as accepted by the SC, net book value as at 31 December 1998 and 31 December 1999 and the resultant revaluation surplus, are set out in Section 8.5.

(ii) Revaluation of investment in subsidiaries by GSB

GSB revalued its investment in subsidiaries from RM8,321,599 to RM10,167,892 by incorporating the surplus of RM1,846,292 on revaluation of the landed properties belonging to FESB, one of its subsidiaries.

Further details of the landed properties, belonging to the FESB, together with their respective open market values as prescribed by the valuers' and accepted by the SC, net book value as at 31 December 1998 and 31 December 1999 the resultant revaluation surplus are set out in section 8.5.

(iii) Acquisition of GSB

GOLSTA acquired the entire equity interest of GSB comprising 3,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM22,058,879 satisfied by issuance of 22,058,879 new ordinary shares in GOLSTA at par to be credited as fully paid. The purchase consideration was arrived at based on the audited NTA of GSB as at 31 December 1998 of RM22,058,879 after incorporating the revaluation surplus of RM6,570,912 arising from the revaluation of the landed properties of the GSB Group.

The acquisition of GSB was completed on 30 May 2000.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(iv) Rights Issue

Subsequently, GOLSTA undertook a Rights Issue of 10,931,121 new ordinary shares of RM1.00 each at an issue price of RM1.60 each on the basis of approximately 495.3 new ordinary shares for every 1,000 ordinary shares held based on the issued and paid - up share capital comprising 22,068,879 ordinary of RM1.00 each after the acquisition mentioned in Section 8.1 (iii) of this Prospectus.

The Rights Issue price of RM1.60 has been arrived at after taking into consideration, inter-alia, the following factors:-

- (i) the proforma Group NTA per share of GOLSTA as at 31 December 1999 is RM1.46, represents a premium of 9.6% over the proforma Group NTA as at that date;
- (ii) the forecast net PE multiple of approximately 6.9 times based on the Group's forecast net EPS of 23.11 sen for the financial year ending 31 December 2000; and
- (iii) the Rights Issue price of RM1.60 which represents a marginal discount of 5.88% against the IPO price of RM1.70.

The Rights Issue was completed on 19 June 2000 and the issued and paid-up share capital of GOLSTA was accordingly increased to RM33,000,000 comprising 33,000,000 ordinary shares of RM1.00 each.

(v) Flotation Scheme

(a) Special Issue

GOLSTA will undertake a Special Issue of 2,600,000 new ordinary shares of RM1.00 each at an issue price of RM1.70 each to eligible Bumiputra institutions and/or individuals to be nominated and approved by MITI.

Upon completion of the Special Issue, the issued and paid-up share capital of the Company will be increased to RM35,600,000 comprising 35,600,000 ordinary shares of RM1.00 each.

(b) Public Issue

GOLSTA will undertake a Public Issue of 6,400,000 new ordinary shares of RM1.00 each at an issue price of RM1.70 per share. Details of the Public Issue which, is the subject of this Prospectus, are stated in Section 6 of this Prospectus.

Upon completion of the Public Issue, the issued and paid-up capital of the Company will be further increased to RM42,000,000 comprising 42,000,000 ordinary shares of RM1.00 each.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(c) *Listing and Quotation*

The admission to the Official List and the listing and quotation for the entire enlarged issued and paid up share capital of GOLSTA comprising 42,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

(vi) **Basis of arriving at the Issue Price**

The IPO price of RM1.70 per share was determined and agreed upon by the Company and Utama Merchant, as the Advisor and Managing Underwriter of the IPO, after taking into consideration of the following factors:-

- (i) the proforma Group NTA of RM1.46 per share as at 31 December 1999;
- (ii) the forecast net PE multiple of approximately 7.36 times based on the forecast Group's net EPS of 23.11 sen for the financial ending 31 December 2000; and
- (iii) prospect of the Group as outlined in section 9 of this Prospectus.

8.2 History and Business

(i) **Incorporation and Principal Activities**

GOLSTA was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 2nd June 1999 and converted to a public limited company on 8th June 1999. It was incorporated for the purpose of implementation of the proposals as described in Section 8.1 to facilitate the subsequent flotation of GOLSTA on the Second Board of the KLSE.

The principal activities of the Group consist of design, fabrication, installation and maintenance of industrial machinery and equipment for a wide spectrum of user industries either for stand-alone units or the whole plant set-up on contract or turnkey basis. The Group also provides technology advisory and project consultancy and management.

(ii) **History and Business**

The Directors' active involvement in engineering activities can be dated back to their earlier engineering company registered in 1976 known as Golden Star Engineering Works operating in a modest workshop of about 9,000 sq. ft. in floor area along Jalan Lorong Pandan, 75200, Melaka.

Its activities then were confined to fabrication of simple engineering structures and duplication of components and parts to service the needs of the imported machinery and equipment used in construction, rubber processing, plywood, palm oil and other manufacturing industries.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

After gaining a firm foothold in the industry, the said partnership was converted to Golsta Sdn Bhd (130958-H) (“GSB”) in 1984 to consolidate its management and manufacturing base and to meet with the increasing varying needs of clients. At this juncture, GSB began to gain recognition as a leading engineering contractor with fabrication and installation capabilities in completing fast-track projects on schedule, cost-effectively with good quality.

During 1985 to 1987, GSB proved its resilience to the economic downturn by exhibiting steady growth in turnover as well as profitability. GSB’s business activities were further expanded with increasing orders secured during the economic recovery which was underpinned by the influx of foreign investment and robust growth in local consumption. GSB began to secure, fabricate and install machinery and equipment with increasing complexity and higher volume throughputs under the trademark of “GOLSTA” for a wide spectrum of user industries.

To further expand the business, in 1993 GSB embarked on a horizontal and downward integration scheme by acquisition of 85,002 shares of RM1.00 each (equivalent to 85% of equity) in Foundry Engineering Corporation Sdn Bhd (“FESB”) (formerly known as Foundry Engineering Works (Malacca) Sdn Bhd)(43527-M) to complement its existing activities. In January 1996, the Company acquired the remaining 15% of the said equity and FESB then became a wholly owned subsidiary of GSB.

FESB is principally involved in designing, fabricating, installing and commissioning of packaging machines, material handling machinery and equipment, specialising in process machinery for food and snack food industries and customising machinery and equipment upon request of clients under the trademark of “FEWM”.

FESB was incorporated on 29th November 1978 and is currently operating at a modern manufacturing plant with a total land area of 104,905 sq. ft and built up area of about 61,000 sq. ft situated at plot 197, Kawasan Perindustrian Bukit Rambai, Malacca.

In early 1994, the GSB went through a major structural change in operation by moving to a new factory premise with a land area of about 51,000 sq. ft and built up area of 35,000 sq. ft located at Lot 3-4, Kawasan Perindustrian Cheng, Malacca.

GSB then further integrated its engineering activities to manufacture machine and equipment on “Design, Manufacture and Install” basis for SMR rubber, animal feedmeal and related industries catered for multi-national corporation (“MNCs”) and overseas market and emerged as one of market leaders in the industry.

During the same period, the GSB Group had successfully transformed its modest back-yard operation to a modern integrated manufacturing plant with strong emphasis on constant product development and production process upgrading to enhance efficiency and reduce wastage. GSB had also begun to comprehensively adopt the modern automated manufacturing facilities with computer-aided design (CAD) or computer-aided-manufacturing (CAM) systems of controls and human resource development in order to bolster its production output and the overall productivity.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

To enhance its engineering design capability, the GSB Group has in stages incorporated CAD softwares like AutoCAD and Drawbase into its project design and shop drawing back-up activities.

In 1995, the GSB Group acquired Golsta Industries Sdn Bhd (138735-M) (“GISB”), a project management and consultancy company which renders project consultancy and management services for the machinery and engineering projects. The Group is backed by a team of experienced and competent personnel led by Messrs Teng Swee Eng who has extensive “hands on” working experience and expertise in the same field.

To coincide with the rapid growth of the industry, in 1997 GSB further expanded its factory capacity by acquiring two more industrial lots near its existing factory premise with a total land area of about 400,000 sq. ft and built up area of 140,000 sq. ft at a total cost of about RM12 million to house the “state-of-the-art” engineering facilities including the recently purchased two units of CNC turret punch and laser cutting machinery (the only two in Malaysia) of about RM3.1 million and three units of heavy-duty CNC/NC horizontal boring, drilling and facing machine worth RM2.3 million.

In September 1998, the Group joined hands with Machinefabriek Hendrick, B.V, Netherlands to form a joint-venture company under the name of GEM Asia Sdn Bhd (Company No. 470924-W) to undertake design, fabrication and manufacture of specialised industrial machinery, automation and mechanization for all types of user industries for Asia Pacific region.

Over the years, the Group places strong emphasis on product/service quality, productivity and effectiveness of the overall operational systems by investing substantially in the “state-of-the-art” manufacturing plant and machinery at cost of about RM12.7 million (market value : RM16.6 million) and continuous human resource development in order to enhance its competitive advantages in the increasing competitive international market. To boost the profitability and earnings base, the Group also undertakes higher-end and/or higher margin projects with increasing engineering complexity and inputs backed by its marketing offices scattered in Amsterdam of Netherlands, Neuilly of France, Ho Chi Minh City of Vietnam, Medan of Indonesia and Shanghai of China.

In quest of new technologies, the Group has entered into several technological transfer agreements and arrangements involving licensing, production, technical supports, information access, staff training and learning programmes with leading European engineering firms in particular those from Netherlands and Belgium to undertake design, fabrication and development of specialised industrial machinery, process automation and mechanization which in turn enabling the Group to broaden and deepen its industrial and technological bases for its future expansion and development.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(iii) Principal Activities

The details of GOLSTA Group's principal activities are set out below: -

Subsidiary / (Activities)	Products/Services	Annual production capacity / (output) Unit	Number of shifts in operation	End User Industry/ Applications
GSB / (Manufacturing of machinery & equipment)	<ul style="list-style-type: none"> - Whole plant set-up or stand-alone machine Industrial machinery and equipment - Engineering components and parts 	400/ (260)	1 ½	<ul style="list-style-type: none"> - SMR rubber - Animal feedmeal - Latex dipped products - Cocoa processed products - Industrial conveyors Industrial oven & drying tunnels
FESB / (Manufacturing of machinery & equipment)	<ul style="list-style-type: none"> - Whole plant set-up or stand-alone machine - Industrial machinery and equipment - Engineering components and parts 	200 / (150)	1 ½	<ul style="list-style-type: none"> - Food processing - Snack food - Industrial printing - Packaging - Special customers process machinery
GASB / (Technology Advisory)	<ul style="list-style-type: none"> - Advanced technology advisory and development 	N/A	N/A	<ul style="list-style-type: none"> - Automated manufacturing facilities - Microwave applications - Specialised product development
GISB / (Project Consultancy)	<ul style="list-style-type: none"> - Project consultation & management - Maintenance services 	N/A	N/A	<ul style="list-style-type: none"> - Engineering design - Trouble shooting - Refurbishment, retrain and shut-down services

The Group's products are mostly customised and applicable to a vast range of user industries. They are designed and structured to contain engineering properties and capabilities to assist and activate manufacturing processes.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(iv) Analysis of Contribution by Product Line / User Industry for the past 5 financial years:-

• **Turnover**

<u>Product line / User industry</u>	← Financial Year ended 31 December →				
	<u>1995</u> %	<u>1996</u> %	<u>1997</u> %	<u>1998</u> %	<u>1999</u> %
Rubber processing	26.0	20.3	23.4	22.7	24.0
Poultry Feedmeal	20.0	17.7	20.6	16.5	12.7
Snack food	13.0	12.2	10.3	16.4	18.9
Food processing	11.6	15.3	10.3	11.2	13.1
Industrial oven / drying tunnel	7.7	10.5	10.0	10.3	11.4
Industrial printing & packaging	3.7	6.0	3.5	5.2	3.8
Industrial conveyors & distributions	10.0	7.6	13.4	7.3	6.2
Specialized custom items	8.0	10.4	8.5	10.4	9.9
TOTAL	100.0	100.0	100.0	100.0	100.0

• **Profit Before Taxation**

<u>Product line / User industry</u>	← Financial Year ended 31 December →				
	<u>1995</u> %	<u>1996</u> %	<u>1997</u> %	<u>1998</u> %	<u>1999</u> %
Rubber processing	25.1	20.2	23.6	24.2	24.1
Poultry Feedmeal	20.5	15.3	18.0	13.2	9.9
Snack food	11.8	16.5	13.2	19.2	21.4
Food processing	11.1	13.9	9.7	10.8	14.0
Industrial oven / drying tunnel	11.1	12.3	10.1	10.5	11.3
Industrial printing & packaging	4.4	6.6	3.7	5.3	3.6
Industrial conveyors & distributions	10.9	7.6	13.9	7.6	6.4
Specialized custom items	5.1	7.6	7.8	9.2	9.3
TOTAL	100.0	100.0	100.0	100.0	100.0

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(v) Annual Production Output for the past financial years

<u>Product line / User industry</u>	← Financial Year ended 31 December →				
	<u>1995</u> Units	<u>1996</u> Units	<u>1997</u> Units	<u>1998</u> Units	<u>1999</u> Units
Rubber processing	71	57	77	81	95
Poultry Feedmeal	48	44	71	57	46
Snack food	46	41	44	74	83
Food processing	41	53	48	52	57
Industrial oven / drying tunnel	24	29	35	42	41
Industrial printing & packaging	9	18	15	19	15
Industrial conveyors & distributions	27	26	46	29	25
Specialized custom items	25	37	36	43	48
TOTAL	291	305	372	397	410

(vi) Source of Raw Materials, Component Parts and Electrical Accessories Used

<u>Type</u>	<u>Local</u> %	<u>Foreign</u> %	<u>Countries of Origin</u>
<u>a) Raw materials</u>			
Mild steel and stainless steel plates, angles, shafts, rods, nettings, strips, bars, blocks, bolts and nuts	10	90	Japan, Taiwan, China, Brazil, Spain and South Korea
<u>b) Component parts</u>			
Couplings, sprockets, bearing, chains, gears and gear boxes.	15	85	China, Taiwan, Spain, South Korea, Japan, India and Italy
<u>c) Electrical accessories</u>			
Electrical motors, transformers, CNC and electric control panels, sensors, electronic and electric parts and components.	40	60	China, Taiwan, Spain, India, Japan, Italy and USA.

(vii) Principal Market

About 60% to 75% of the Group's output is catered for the export market with principal market destination such as Thailand, Vietnam, Indonesia, China, Ivory Coast, Ghana, Cameron, Guinea, Mexico, Guatemala, Netherlands and France.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(viii) Engineering Technology

Technology is a key resource of paramount importance for the Group's steady growth and profitability. In order to be at the forefront of the industry and be internationally competitive, the Group has adopted the practice of integrating technology strategy with other business strategies to meet with the challenges posed by the increasing stringent needs as demanded by the rapid changing M&E industry.

Throughout the years, the Group has accumulated or caused to procure the necessary indigenous technology and expertise in design, fabrication, installation and commissioning of industrial machinery and equipment for a wide spectrum of industries which are instrumental to the success of the Group, with minimum reliance on external contribution or inputs. Backed by a strong technical team and the in-house R&D Department, the management has embarked on strategic technology management (STM) which consists of anticipating and creating technology strategies by forecasting technological changes, formulating technology plans and implementing R&D into new product and process development.

The STM being in-charged by the technical team, has so far achieved commendable success as evident by successful technology acquisition via technology transfer and continuous technology development agreements entered into with various leading international engineering firms, improvement in product design and functional engineering thereby increasing response as well as orders received from its existing and new customers.

The technical team supported by the R&D department is functioning independently in evaluating, formulation, implementation and review of technology management for the overall operations as well as management of innovation in the product development cycle for current and rapid responses.

To date, the GOLSTA Group has entered into several technology transfer agreements and arrangements involving licensing arrangement, production and technical supports, information access, staff training and learning programmes. Amongst the foreign technology partners and their respective arrangement/agreements are as follows: -

Technology Partner	Country of Origin	Products	Scope of Agreement
i) Machinefabriek Hendricks B.V	Netherlands	Specialised industrial machinery and process automation	Technological transfer in design and development of specialised industrial machinery, process, automation and mechanization.
ii) Microwave Energy Applications Consult	Belgium	Microwave drying machine or systems	Technological co-operation in design and developing microwave drying systems in particular for the drying of SMR rubber and local food products.
iii) Myrich Investment Limited	Netherlands	Fiber illumination displays	Joint-venture in design, manufacturing and marketing of fibre illumination displays for industrial uses.
iv) Van Der Pol Oven & Machinebouw B.V.	Netherlands	High-end industrial machinery and equipment	Joint-venture in design, development information exchange and marketing support.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(ix) Upgrading of Information Technology System and Database

Currently, the Group has in stages upgraded its information and financial system to the level already meet the next millennium year 2000 compliance and operational needs.

Towards this end, the Group already spent a total of about RM500,000 to upgrade its information technology database to meet new challenges and additional information technology revolution ahead by the turn of the century.

(x) Research and Development (R&D)

In order to be remained competitive in both the local and export markets, the GOLSTA Group has embarked on extensive R&D activities on areas relating to new products, new process technology and not only enhancing but also perfecting its existing products or processes development.

In 1996 the R&D department was established to undertake various types of R&D activities which are concurrent and in supporting the expansion, diversification and modernisation exercises of the Group. Since then, the Group has in stages incorporated the latest design and production technology into its manufacturing process whilst improving of its product quality and design. At present, the R&D Department has total work force of five (5) working staff.

To expedite and reinforce the R&D capabilities, the Group has joined forces and in collaboration with numerous leading international engineering firms to reap synergetic benefits arising from such strategic alliances. Since 1996, GSB has budgeted 1.0% to 2.5% of the turnover towards the aforesaid R&D activities which will not only positively contribute to the production and process development but also strengthen the innovative and industrial strength of the Group in the long - run.

For the financial years 1997 to 1999, GSB incurred about 1.4% to 1.8% of its turnover amount in R&D activities and has budgeted R&D expenditure for the following areas in next two (2) years as below:-

- (i) Continuous product development and diversification;
- (ii) Continuous product innovation and enhancement;
- (iii) Upgrading and development of production technology; and
- (iv) Redesigning of process flows and upgrading production facilities for higher yield and productivity.

	Actual			Budget	
	1997	1998	1999	2000	2001
R&D Expenditure (RM'000)	332	517	520	750	974
% of GSB's turnover	1.4	1.8	1.6	1.8	2.0

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(xi) Marketing Strategies and Distribution Network

The GOLSTA Group adopts an aggressive marketing plan in securing sales/projects. Till now, the Group has carved out a competitive niche in the industry due to its flexible marketing and promotion strategies adopted with timely response to changes in market environment by special focus on the following:-

- (i) to meet with the clients' needs by the right product at right cost, right quality and timely delivery.
- (ii) to ensure customers satisfaction and acceptance with minimal complaints and rejection from customers.
- (iii) to provide excellent customer services from the conceptual stage till the final stage of completion and commissioning.
- (iv) to develop a strong and diverse pool of faithful customers with strong brand loyalty.

At present, the Group with its manufacturing plant and headquarter in Melaka, it also has five branch offices scattered in Amsterdam of Netherlands, Neuilly of France, Ho Chi Minh city of Vietnam, Medan of Indonesia and Shanghai of China form an effective distribution network. These branch offices service as regional offices in collating marketing intelligence and effectively servicing its broad base of clientele in the respective geographical coverage.

Towards these ends, the Group has entered into agency and co - operative agreements with numerous leading consulting and engineering firms in overseas for sharing of marketing intelligence and for distribution and promotion of the Group's products and services. The Group also intensifies various promotion campaigns by participating in seminar, trade fairs and exhibitions held locally and overseas in particular the annual trade exhibitions held in Hannover and Dusseldorf in Germany.

In addition to the above, the Group also advertises its products and services in local magazines, offering informational seminars for the products using videos and sales materials and the dissemination of the Group's overview brochures to various potential customers. These techniques have been proven successful and the Group will continue to pursue such strategies.

(xii) Plant Machinery and Equipment

The Group's factories are well equipped with the "state-of-the-art" manufacturing facilities with plant and machinery costing about RM12.7 million (estimated market value of RM16.6 million due to the upsurge in price) in producing a diverse range of M&E products.

Most of them were acquired less than two (2) years and are in good working condition. Such integrated production facility with the advanced technology is at par, if not surpassing, with those of the other leading M&E companies in the region.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

With the application of this advanced manufacturing facility, the Group is capable of exercising controls over the utilisation, timing schedule and location of these machinery thereby reducing unnecessary costs, long and queing time and labour that are required via external sourcing.

(xiii) Human Resources and Management

The management adopts a flexible organic organisation structure which is able to speedily respond and adaptable to the rapid changes in business environment as indicated by the immediate change of the Group to implementing pro-active measures in mitigating various adverse effects of and riding out from the recent economic meltdown and the successful evolution of the Group from a backyard operator to a modern integrated manufacturer.

So far, the Group values human resource as one of the most important assets for the success of the firm and over the years, it has invested substantially on human resource development by training and retraining of staff in upgrading their managerial or technical skill and competency and instil cohesiveness and team spirit so that they can attain the improved calibre not only be able to achieve the Company's target as set but also be able to take up heavier responsibilities after being promoted to higher ranks of management.

8.3 Changes in Issued Share Capital

The present authorised share capital of GOLSTA is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each of which RM33,000,000 are currently issued and fully paid. Changes in the issued and paid – up share capital of the Company since its incorporation are as follows: -

Date of Allotment	Consideration	Par Value RM	No. of shares allotted RM	Total issued and paid – up share capital RM
2.6.1999	Cash (inclusive of 2 subscribers' shares) at par	1.00	10,000	10,000
30.5.2000	Share swap for the acquisition of GSB at par	1.00	22,058,879	22,068,879
19.6.2000	Rights issue at RM1.60 per share	1.00	10,931,121	33,000,000

Subsequent to the Special Issue of 2,600,000 ordinary shares of RM1.00 each and Public Issue of 6,400,000 ordinary shares of RM1.00 each, the issued and paid–up share capital of the Company will be increased to 42,000,000 ordinary shares of RM1.00 each.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

8.4 Information on Subsidiaries

The principal activities of the direct and indirect subsidiaries of GOLSTA all of which incorporated in Malaysia are as follows: -

Company Name	Date of Incorporation	Issued and paid-up capital RM	Effective Equity Interest %	Principal Activities
GSB	19.11.84	3,000,000	100	Design, fabrication and installation of plant and process engineering related components
FESB	29.11.78	6,000,000	100	Design, fabrication and installation of industrial machinery and equipment
GASB	27.10.98	100,000	51	Advanced technology advisory and product development
GISB	20.4.84	100,000	100	Project consultancy and management

(a) Golsta Sdn Bhd ("GSB")

(i) History and Business

Golsta Sdn Bhd ("GSB") was incorporated on 19 November 1984 as a private limited company under the Companies Act, 1965 to take over the partnership, Golden Star Engineering Works which was inter-alia, founded by the three (3) founding directors cum substantial shareholders namely Teng Swee Eng, Dai Kuang Yen and Liow Teck Eng, who have more than 25 years "hands - on" experience in the engineering industry. They are instrumental for the steady growth and overall success of the GSB Group. GSB is principally involved in design, procurement, fabrication, installation and commission of specialised industrial machinery and equipment under the "GOLSTA" brand for SMR rubber, animal feedmeal, cocoa processed products, industrial conveyors, industrial oven and drying tunnels and related engineering products.

These products are marketed either for the whole plant set – up on contract or turnkey basis or stand alone units. In recent years, approximately 65% to 75% of the products are exported overseas largely to government agencies or MNCs in the developing or under developing countries such as China, Vietnam, Thailand, Indonesia, South America and Africa.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(ii) Changes in Share Capital

The authorised share capital of GSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up capital is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each.

Changes in the issued and paid-up capital of GSB since its incorporation are as follows: -

Date of Allotment	Consideration	Issue Price/ Par Value RM	No. of Shares Allotted	Total Issued and Paid-Up Capital RM
19.11.84	Subscribers' shares	1.00	7	7
15.07.87	Cash	1.00	139,993	140,000
01.10.90	Cash	1.00	210,000	350,000
14.08.98	Debt capitalisation	1.00	850,000	1,200,000
14.08.98	Cash	1.00	1,800,000	3,000,000

(iii) Subsidiaries and Associated Companies

GSB has three (3) subsidiaries namely FESB, GASB and GISB but does not have any associated company.

(b) Foundry Engineering Corporation Sdn Bhd ("FESB")**(i) History and Business**

Foundry Engineering Corporation Sdn Bhd was incorporated on 29 November 1978 under the name of Foundry Engineering Works (Malacca) Sdn Bhd and its name was changed to Foundry Engineering Corporation Sdn Bhd on 26 January 1999.

In 1993, 85% of the issued and paid-up capital of FESB was acquired by GOLSTA with the balance of 15% acquired in January 1996. FESB's principal activities are design, fabrication, installation, commissioning and maintenance of industrial machinery and equipment for food and snack food industries, printing and packaging machines, material handling machinery and equipment, and customised machinery and equipment upon request of clients under the brand of "FEWM". These products are approximately 60% exported overseas largely to end-users such as food and snack food manufacturers, consumer product manufacturers and industrial printing and packaging plants operators or investee corporations owned by MNCs in the developing or under-developing countries such as China, Vietnam, Eastern Europe, Russia and Indonesia.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(ii) Changes in Share Capital

The authorised share capital of FESB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The present issued and paid-up capital is RM6,000,000 comprising 6,000,000 ordinary shares of RM1.00 each.

Changes in the issued and paid-up capital of FESB since its incorporation are as follows: -

Date of Allotment	Consideration	Issue Price/ Par Value RM	No. of Shares Allotted	Total Issued and Paid-Up Capital RM
29.11.78	Subscribers' shares	1.00	2	2
30.07.79	Cash	1.00	100,000	100,002
18.08.98	Bonus Issue	1.00	400,008	500,010
24.12.98	Debt capitalisation	1.00	5,499,990	6,000,000

(iii) Subsidiary and Associated Company

FESB does not have any subsidiary or associated company.

(c) GEM Asia Sdn Bhd ("GASB")**(i) History and Business**

GEM Asia Sdn Bhd ("GASB") was incorporated on 27 October 1998. It is principally engaged in providing advanced technology advisory and product development for automated manufacturing facilities, microwave applications and specialised product development, under the brand name of "GEM", for a wide range of machinery and engineering projects. GASB's main business clients comprise food & snack food manufacturers and agricultural products processors or producers. At present, 90% of the resources is catered for the utilisation within the Group and the balance of 10% for other local clients. The major clients are Perfect Food Manufacturing Sdn Bhd and Crop Far East Sdn Bhd which are involved in food and snack food manufacturing and agricultural products processing respectively.

(ii) Changes in Share Capital

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

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Changes in the issued and paid-up capital of GASB since its incorporation are as follows: -

Date of Allotment	Consideration	Issue Price/ Par Value RM	No. of Shares Allotted	Total Issued and Paid-Up Capital RM
27.10.98	Subscribers' shares	1.00	4	4
21.12.98	Cash	1.00	99,996	100,000

(iii) Subsidiary and Associated Company

GASB does not have any subsidiary or associated company.

(d) Golsta Industries Sdn Bhd ("GISB")**(i) History and Business**

GISB was incorporated on 20 April 1985 and commenced its business operations in April 1995. GISB is principally engaged in project consultancy and management and maintenance services in supporting various subsidiaries within the GOLSTA Group. GISB is principally involved in developing new engineering design, trouble shooting engineering defects, refurbishing used machine and maintenance of machinery. At the moment, all GISB's resources are fully catered for internal use, with GSB accounted for 85% of its turnover and FESB for the balance.

(ii) Changes in Share Capital

The authorised share capital of GISB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The present issued and paid-up capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

Changes in the issued and paid-up capital of GSB since its incorporation are as follows: -

Date of Allotment	Consideration	Issue Price/ Par Value RM	No. of Shares Allotted	Total Issued and Paid-Up Capital RM
20.04.85	Subscribers' shares	1.00	7	7
28.12.98	Cash	1.00	99,993	100,000

(iii) Subsidiary and Associated Company

GISB does not have any subsidiary or associated company.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

8.5 Properties of the GOLSTA Group

The properties of the GOLSTA Group of which GSB and FESB are the respective proprietors are as follows: -

Location	Registered Owner	Tenure/ Approximate Age of Building	Existing Use / Description	Land area/ Gross Built-up Area (sq. m)	Net Book Value		Open Market Value		Revaluation Surplus
					31.12.99 RM	31.12.98 RM	As Per Valuer's Report RM	As Per Approval by the SC RM	
1. <u>GSB</u> Lot PT No. 4310, Mukim of Cheng	GSB	Leasehold land 99 years, expiring on 14/08/2096 / Building 6 years old	- Industrial A block of single-storey factory building together with four-storey office block annexe and a TNB sub-station	4,737 / 3312.18	2,098,490	2,140,407	2,250,000	2,250,000	109,593
2. Lot PT Nos. 4224 and 4225, Mukim of Cheng	GSB	Leasehold land 99 years, expiring on 14/08/2096/ Building 1 year old	- Industrial A block of large single-storey factory building, a four-storey office block, a canteen, a guard house, a locker room, a switch room, a toilet block and a TNB sub-station	36,878 / 13,241.93	11,510,618	10,789,430	15,120,000	15,120,000	4,330,570
3. Lot. No. 23, Pekan Paya Rumpit	GSB	Freehold	- Commercial cum Residential A plot of vacant commercial cum residential development land	20,521.61 / -	428,765	428,765	1,435,000	940,000	511,235
4. Plot 2-48 and 2-49, Mukim of Bukit Katil	GSB	Leasehold land 99 years, expiring on 5/12/2090	- Residential Two adjoining plots of vacant bungalow land.	2,000 / -	371,552	375,504	315,000	315,000	(60,504)
5. Parcel No. KP-10-03 (B4), 10 th Floor, Riviera Bay Resort Condominiums on parent Lot PT No. 37, Pekan Tanjung Kling, Seksyen III.	GSB	Leasehold land 99 years, expiring 29/10/2090 / Building 5 years old)	- Residential A 2-bedroom condominium situated on Level 10 of a 8-13 storey condominium block	- / 118.17	318,861	324,817	280,000	250,000	(74,817)
6. Parcel Unit No. 11-06, Sunshine Tower, Ocean Palms condominium on Parent Lot PT No. 146, Pekan Klebang, Seksyen I	GSB	Freehold / Building 3 years old	- Residential A 3- bedroom condominium on 11 th Floor of a 30 storey condominium block	- / 136	332,724	341,457	285,000	250,000	(91,457)
					15,061,010	14,400,380	19,685,000	19,125,000	4,724,620
7. <u>FESB</u> Lot PT No. 512, Mukim of Tanjung Minyak	FESB	Leasehold land 99 years, expiring on 28/04/2094 / Building 6 years old	- Industrial A block of single-storey factory building together with a double storey office block annexe and a guard house	9,746 / 5,753.58	1,800,336	1,837,162	3,655,000	3,655,000	1,817,838
8. Lot No. 3198 (PT Lama No. 2201), Mukim of Balai Panjang	FESB	Freehold / Building 5 years old	- Residential An intermediate double storey terrace house	111 / 162.57	119,379	121,546	150,000	150,000	28,454
					1,919,715	1,958,708	3,805,000	3,805,000	1,846,292
Total					16,980,725	16,359,088	23,490,000	22,930,000	6,570,912

8. PARTICULARS OF THE GOLSTA GROUP (*Cont'd*)

8.6 Directors, Management Team and Employees

(i) Board of Directors

YAM Tengku Dato Seri Ismail Shah Ibni Almarhum Sultan Hisamudin Alam Shah, aged 65, was appointed to the Board as the Chairman on 9 June 2000. Prior to this he was appointed as the Chairman of GSB on 23 June 1999. He obtained his Bachelor of Art (Honours) Degree major in Agricultural Science from the University of London in 1955. In recognition of his astute business acumen and managerial skill he was awarded Honourable Fellow of the Association of International Accountants and the Institute of Cost and Executive Accountants, both from United Kingdom in 1996. Since 1960, he has been appointed as Tunku Besar Putra (The Royal Major Chief) of Selangor Darul Ehsan. He is also the Honorary Adviser to the Malaysian Association of Small and Medium Entrepreneurs.

Currently, he also holds directorship in several other private limited companies.

Teng Swee Eng, aged 48, was appointed to the Board as the Managing Director of the Group on 31 May 2000. He is one of the founders of the Group and was appointed the Managing Director of GSB in 1984. He read Industrial Technical Training Courses in Alor Gajah Vocational Institute, Melaka in 1968/1969. He completed his Advanced Diploma in Mechanical Engineering (Business Administration) from Yelox Institute of Management, Kuala Lumpur and obtained his Bachelor of Mechanical Engineering Degree major in management from the Clayton University (formerly known as Open University) Missouri, USA in March 1999. He has more than 28 years of "hands-on" working experience and possesses invaluable experience knowledge and exposure in the Machinery and Engineering industry. He is the Chairman of the protem committee of the Malaysian Association of Machinery Industry. He is the driving force behind the Group's successful structural transformation from a backyard operation to a modern manufacturing plant and its steady growth in both turnover and profitability.

Currently, Mr Teng also holds directorship in several other private limited companies.

Dai Kuang Yen, aged 45, was appointed on the Board as Executive Director on 31 May 2000. He is one of the founders of the Group and was appointed Executive Director in GSB in 1984. He completed his Advanced Diploma in Business Administration from the Society of Business Practitioners, United Kingdom and obtained his Bachelor of Mechanical Engineering Degree major in management from the Clayton University, Missouri, USA in March 1999. He is the Technical Director of the protem committee of the Malaysian Association of Machinery Industry. He has about 25 years of management and technical design experience in setting up the entire industrial processing plants for a wide spectrum of user industries. He is responsible for technical matters and engineering design of all major industrial machinery and equipment projects and oversees and ensures a smooth operation of the factory operation and site works.

Currently, he also holds directorship in other private limited companies.

8. PARTICULARS OF THE GOLSTA GROUP (*Cont'd*)

Puan Sri Datin Minuira Sabki, aged 69 was appointed to the Board on 31 May 2000. She is a Diploma holder in Social Studies from the University of Singapore, Public Relations from the Malaysian Institute of Public Relations and Personnel Management from Institute Tadbiran Awam Negara. After 18 years in the public service, she joined Phillips Malaysia Sdn Bhd in 1974 as its Public Relations Manager and was promoted to Consultant from 1984 to 1989.

She is actively involved in voluntary and welfare services and is the Chairman of Wanita Perkim, Kuala Lumpur Utara, Vice-Chairman of Perkim and the Malaysia Film Censors Appeal Board. She also sits on the Board of several other private limited companies and is currently the Chairman of Peak Panache Management Consulting Group.

Currently, she also holds directorship in Geahin Engineering Berhad and FW Industries Berhad; both public listed companies and several other private limited companies.

Liow Teck Eng, aged 50, was appointed to the Board as Executive Director on 31 May 2000. He is one of the founders of the Group and was appointed Executive Directors of GSB in 1984. He possesses over 34 years of relevant working experience in the engineering industry. He started his career with Hup Heng Engineering, Melaka as factory supervisor and in 1976 joined Golden Star Engineering Works as one of the founders of the Group. Currently, he is responsible for the factory production, quality assurance and site project management.

Currently, he also holds directorship in several other private limited companies.

Yong Koy, aged 53, was appointed to the Board as Executive Director on 31 May 2000. He is the founder and the Managing Director of FESB. He has over 30 years of “hands-on” working experience in the industrial machinery industry. He was employed with Wong Cheng Co., Melaka as mould maker and fitter from 1970 to 1978 and then started FESB in 1978. He is instrumental for the steady growth of FESB. He possesses engineering aptitude in design and fabrication of industrial machinery and also strong inter-personal skill, which create a good rapport between the management and a highly motivated and dedicated workforce.

Currently, he also holds directorship in several other private limited companies.

Azra Bin Kamarudin, aged 28, was appointed to the Board as Non-Executive Director on 31 May 2000. He graduated from the International Islamic University, Malaysia with an Honour Degree in Bachelor of Law in 1996. In 1997, he was chambered under Messrs Azariah & Associates and was called to the Bar and admitted as a partner in the same firm in January 1998. He is active in the Bar Council Legal Aid Centre.

Currently, he also holds directorship in several other private limited companies.

8. PARTICULARS OF THE GOLSTA GROUP (*Cont'd*)

Yap Koon Loy, aged 38, was appointed as Non-Executive and Independent Director on 2 June 1999. He graduated from University Malaya, Malaysia with an Honour Degree in Bachelor of Law in 1986. In 1987, he was chambered under Messrs. Nordin & Phua and was called to the Bar and admitted as a partner in the same firm in 1988. Until 1997, he set up his own legal practice under the name of Messrs. Yap Koon Loy & Associates.

Currently, he holds directorship in several other private limited companies.

(ii) **Management team of the Group**

Fredericus Johannes Brink, aged 56, a Dutch Engineer was appointed on the Board as Executive Director of GASB on 28 October 1998. He obtained his education in Technical High School in Apeldoorn-Deventer, Netherlands from 1959 to 1965. He was engaged as General Manager at Ingenieurs Bureau "Het Noorden", a rayon factory in Netherlands from 1966 to 1985. Later, he joined Machinefabrick Hendriks B.V., a machine tool manufacturing plant in Netherlands as the General Manager specialised in design and construction of industrial machine.

Michel Pierre, aged 50, a French Engineer was appointed as the Adviser to GSB and GASB in early 1998. He obtained his Honour Degree in General Computer Science in 1973 and became a Trainee Engineer in the same year. He was qualified as Professional Engineer in 1975. Shortly, he commenced his career with the Rubber Research Institute, Ivory Coast and was promoted to the Head of Department of Chemistry, Technology and Processing. He has extensive "hands-on" working experience in carrying out feasibility studies, design, fabrication, erection, commissioning and periodic supervision and review of rubber processing plants and palm oil mills scattered in the developing countries such as Thailand, Vietnam, Guatemala and Ivory Coast.

Currently, he also acts as an Independent Consultant with various world organizations.

Tan Liam Seng, aged 49, was employed with GSB as Senior Technical Manager in 1997. He obtained his Diploma in Natural Rubber Processing from the Rubber Research Institute, Malaysia in 1971 and his Diploma in Personal Development from a local institute in 1985. In 1970, he started his career with Melaka Tong Bee Sdn Bhd as a Laboratory Chemist and was later promoted to Factory Manager. Until 1996, he joined GSB and assumed the present post.

Yeo Peng Suee, aged 34, joined GSB as Finance Manager in 1996. He graduated from University Putra Malaysia with an Honours Degree in Bachelor of Accountancy in 1992. He was trained with Arthur Andersen & Co., Melaka Branch and was promoted to as Audit Senior during the period 1992 to 1996. He is taking charge of the Finance and Accounts Departments.

Lee Cheam Choon, aged 46, joined GSB as Assistant Factory Manager in 1997. He attended several Advanced Management and Industrial Training Courses in local institutes. Prior to this appointment, he was a government officer with the Ministry of Housing and Local Development from 1987 to 1995. He was then engaged as a Marketing Consultant and Trainer with a renowned insurance corporation from 1995 to 1997.

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Madam Chin Lee Hong, aged 32, joined GSB as Human Resources and office Manager in 1997. She graduated with an Honours Degree in Bachelor of Economics from the Monash University, Australia in 1991. She commenced her career with Carlsberg Marketing Sdn Bhd Melaka Branch as a Promotion Executive from 1992 to 1997.

Ong Kim Teck, aged 26, attached to GSB as Mechanical Engineer from 1998. He obtained his Honour Degree in Bachelor of Engineering from the University of Liverpool, United Kingdom in 1997. He is also the acting Head, responsible for the smooth running and producing favourable results of the Information Technology and Business Development Department.

Mohd Rusdi bin Safar, aged 25, joined GSB as Mechanical Engineer after he graduated from University Malaya with an Honour Degree in Bachelor in Mechanical Engineer in March 1999. He is in charge of production control, plant maintenance, despatch scheduling and the upgrading of plant facility and resources planning to ensure its smooth operation.

Albert Ang Mui Khiang, aged 29, joined GASB as Project Engineer in 1998 after he completed a Diploma in Mechanical Engineering in 1991 at Tengku Abdul Rahman College. Prior to joining GASB, he worked as Technical Executive in Perfect Food Manufacturing Sdn. Bhd., Melaka from 1992 to 1997 and was responsible for the food processing and packaging plant maintenance.

Chiang Wee Ting, aged 36, was employed by GSB as Assistant Engineer in 1997. Before joining GSB, he had underwent 4 years "Tool Room Machining & Die Making" apprenticeship programme in Singapore Vocational and Industrial Training Centre from Singapore Shinei Sangyo Pte. Ltd. Prior to joining GSB, he has been working as machinist and technical supervisor for various multinational corporation. He is taking charge of QA/QC Department, and is also responsible for the CNC/NC programming for the machine tools and workshop design upgrading and maintenance.

Employees

As at 20 June 2000, (being the latest practicable date at which this could be calculated), the GOLSTA Group employed a total of 167 employees, as set out below: -

Company	No. of Employees
GOLSTA	-
GSB	103
FESB	59
GASB	2
GISB	3
Total	167

The employees of the GOLSTA Group do not belong to any union and the management maintains an excellent relationship with its employees.

Family Relationships

None of the Directors and senior management within the GOLSTA Group is related to each other.

8. PARTICULARS OF THE GOLSTA GROUP *(Cont'd)*

8.7 Completed and Current Projects of the GOLSTA Group

(a) Completed Projects

A brief list of the completed contracts reflecting the diversity of clientele base and quality of services provided by the GOLSTA Group as follows: -

Breakdown of Major Completed Projects

Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Asian Produce Trading Co.	Singapore	Design, manufacture and commission of crumb rubber equipment	1996	220
Ideal Multifeed Sdn. Bhd.	Malaysia	Design, supply, installation and commissioning of feedmill processing machinery	1996	6,010
Marco Polo Food Industrial (Xiamen) Co. Ltd.	China	Design, manufacture and commission of food processing line, conveyor, packaging machine and oven.	1996	1,190
P.T. Remco Palembang	Indonesia	Design, manufacture, erection and commission of crumb rubber processing line.	1996	750
P.T. Perseroan Dagang Sunan Rubber	Indonesia	Design, manufacture, erection and commission of crumb rubber processing line.	1996	740
P.T. Perseroan Dagang Hok Tong - Palembang	Indonesia	Design, manufacture, erection and commission of crumb rubber processing line.	1996	720
P.T. Perseroan Dagang Hok Tong - Pontianak	Indonesia	Design, manufacture, erection and commission of crumb rubber dryer, equipment and hydraulic press.	1996	730
Mardec Berhad	China	Design, erection and commission crumb rubber machinery.	1996	630
Wingleson International Ltd.	Hong Kong	Design, manufacture and commission of one automatic noodle processing line & packaging machine.	1996	690
Resource Food Import & Export Sdn. Bhd.	Malaysia	Design, manufacture and commission of wafer roll machine complete with storage tanks, hangers, hoppers and conveyors.	1996	490
Useful Food Co. Ltd.	Thailand	Design, manufacture and commission of multipurpose snack food processing line .	1996	440
Bet Ged Trading co.	Hong Kong	Design, manufacture and commission of dryer for snack food line.	1996	390
Kimanis Food Industries Sdn. Bhd.	Malaysia	Design, manufacture and commission of one complete line of snack food machine.	1996	270

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Major Completed Projects				
Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Chun Yuen Fung Trading Co.,	Hong Kong	Design, manufacture and commission of automatic noodle processing machine.	1996	270
Southcorp Industrial Textiles Sdn. Bhd.	Malaysia	Design, supply of one unit 3 colours printing machine.	1996	140
Fuma Foodstuff Industry Co., Ltd.	China	Supply part for pop corn machine.	1996	110
General Import-Export & Service Co. " Getranimex"	Vietnam	Design, manufacture of snack food machine.	1996	300
Sunrise Supply (HK) Ltd.	Hong Kong	Design, manufacture of automatic packaging machine.	1996	160
Yu Tiong Ltd.	Hong Kong	Manufacture of automatic packaging machine.	1996	200
Central Vista (M) Sdn. Bhd.	Malaysia	Design, manufacture and commission of deep fryer machine, automatic noodle processing machine and automatic packaging machine .	1996	310
Hatthai Food Industries Co., Ltd.	Thailand	Design, manufacture of wafer roll machine.	1996	120
Seng Fat (International) Trading Co.	Hong Kong	Design, manufacture and commission of one unit automatic noodle processing machine.	1996	140
Hiang Hiang Food Industries Co., Ltd.	Malaysia	Design, manufacture and commission of complete pop corn machine line.	1996	200
Chip Hin Leong	Singapore	Design, manufacture and commission of automatic noodle processing machine.	1996	120
Far East Overseas Investment Pte. Ltd.	Singapore	Design, manufacture and commission of automatic noodle processing line & packaging machine.	1996	340
P.T. Hadi Baru Crumb Rubber Factory	Indonesia	Design, manufacture, erection and commission of crumb rubber processing machinery .	1996	2,720
Modern Confectionery	Indonesia	Design, manufacture and commission of cocoa bean roaster.	1996	140
Nam Bee Co. Sdn. Bhd.	Malaysia	Supply and erection of flat bottomless grain silo.	1996	140
GMG Investment (S) Pte. Ltd.	Singapore	Fabrication of twin screw prebreaker.	1996	180

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Major Completed Projects				
Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Societe Africaine De Plantations D'Hevea (SAPH)	Ivory Coast	Design, manufacture, erection and commission of crumb rubber equipment.	1996	790
P.T. Hadi Baru Crumb Rubber Factory	Indonesia	Design, manufacture, erection and commission of crumb rubber processing line.	1996	1,000
Perfect Food Manufacturing (M) Sdn. Bhd.	Malaysia	Design, manufacture of wafer roll machine.	1996-1997	400
FT Machinery & Engineering Supply	Indonesia	Design, manufacture and commission of copper nugget charging machine .	1997	130
P.T. Badja Baru/ Chan Tong	Indonesia	Design, manufacture, erection and commission of crumb rubber processing line .(Turnkey Project)	1997	3,940
Good Credit Enterprise Co.	Hong Kong	Design, manufacture and commission of automatic noodle processing machine.	1997	140
Fe Chang Meng T/A Boon Meng Food Ind.	Malaysia	Manufacture of extruder machine and automatic noodle processing machine.	1997	570
Binh Duong Export-Import Company	Vietnam	Design, manufacture, erection and commission of rubber processing machinery.	1997	1,470
Montreal Shantau Food Co., Ltd.	China	Design, manufacture and commission of automatic noodle processing line snack food machine and packaging machine .	1997	550
Rhone Poulenc Malaysia Sdn. Bhd.	Malaysia	Design, manufacture and commission of liquid weighing system c/w load cell & control system..	1997	200
Hua Huat Manufacturing Sdn. Bhd.	Malaysia	Design, manufacture and commission of snack food machine .	1997	290
The Crown Trading (Singapore) Pte. Ltd.	Singapore	Manufacture of parts for snack food machine.	1997	200
Kilang Makanan Mamee Sdn. Bhd.	Malaysia	Design, manufacture and commission of automatic noodle processing machine.	1997	140
C&F Enterprise Sdn. Bhd.	Malaysia	Manufacture of snack foods machine parts.	1997	170
Ideal Incentives Sdn. Bhd.	Malaysia	Design, manufacture and commission of snack food machine line .	1997	400
Goi Hiang (M) Sdn. Bhd.	Malaysia	Design, manufacture and commission of automatic noodle processing machine .	1997	440

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Major Completed Projects				
Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Viet Long Frozen Foods Enterprise	Vietnam	Design, manufacture and commission of automatic noodle processing line .	1997	790
Goodtaste Foods Manufacturing (Tianjin) Co., Ltd.	China	Design, manufacture and commission complete line of snack food machine .	1997	540
General Import Export Service Company	Vietnam	Design, manufacture and commission of snack food machine and packaging machine.	1997	520
Nangyang Foodstuff(Quanzhou) Co., Ltd.	China	Design, manufacture and commission of snack food processing line & automatic packing machine.	1997	810
P.T. Perseroan Dagang Hok Tong	Indonesia	Design, manufacture and commission baling press machine.	1997	280
Topaz Industries Sdn. Bhd.	Malaysia	Supply storage tanks and piping .	1997	330
P.T. Lingga Djaja	Indonesia	Design, manufacture, erection and commission of crumb rubber crumb rubber processing machinery and press .	1997	800
Boon Meng Food Industries	Malaysia	Supply 150KVA acoustic generator .	1997	310
Teck Bee Hang	Thailand	Design, manufacture, erection and commission of tunnel dryer .	1997	970
Mardec Berhad	Malaysia	Supply of rubber processing equipment.	1997	650
Cargill Animal Nutrition, USA/Cargill Feed Sdn. Bhd.	USA	Designed, fabricated and erected multi-storey feedmill processing plant. (turnkey project)	1997-1998	24,250
P.T. Aneka Bumi Pratama	Indonesia	Furnish all design, and equipment for the completion of crumb rubber processing line.	1998	3,180
Von Bundit Co., Ltd.	Thailand	Design, manufacture, supply, installation and commissioning of tunnel dryer c/w accessory.	1998	3,280
Shantau S.E. Z. Precious Foods Industry Co. Ltd.	China	Manufacture of stainless steel oven automatic snack food machine .	1998	190
Fuma foodstuff Industry Co. Ltd.	China	Supply of mixer, stainless steel crusher machine and pop corn machine .	1998	150
Chan Tong & Co. (Pte) Ltd.	Singapore	Design, fabricate & manufacture of hydraulic press .	1998	260

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Major Completed Projects				
Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Evermore Latex Products Sdn. Bhd.	Malaysia	Modification of gloves machine.	1998	280
P.T. Perseroan Dagang Hok Tong	Indonesia	Supply and manufacture of dryer trolley .	1998	100
Yi Ming Trading Company	Hong Kong	Supply of water cooling popcorn machine, horizontal type coating pan and crusher machine .	1998	200
Kilang Makanan Mamee Sdn. Bhd.	Malaysia	Supply of stainless steel recycle conveyor for empty tins, horizontal conveyor, vertical conveyor, and tunnel.	1998	120
Southland Resources Co., Ltd.	Thailand	Design, manufacture, erection and commission of tunnel dryer .	1998	3,060
Binh Long Rubber Company	Vietnam	Supply equipment for crumb rubber processing line (Turnkey Project)	1998	2,260
Thai Hua Rubber Public Co., Ltd.	Thailand	Supply rubber processing machinery.	1998	1,320
Harborn	Ivory Coast	Design, manufacture, erection and commission of tunnel dryer .	1998	720
Compagnie Heveicole De Cavally	Ivory Coast	Design, manufacture, erection and commission of tunnel dryer .	1998	780
Sodeci De Guatemala S.A.	Guatemala	Design, manufacture, install and commission of machinery for crumb rubber, skim treatment and ball mill.	1998	710
Tec Bee Hang, Thailand	Thailand	Design, manufacture, erection and commission of tunnel dryer .	1998	980
Van Der Pol Oven & Machinebouw B.V.	Netherlands	Design, manufacture and commission of wafer roll machine, biscuit line, vertical packaging machine, gas-air mixers, complete with accessories.	1998	950
P.T. Effem Indonesia	Indonesia	Design, manufacture and commission of cocoa bean Roaster.	1998	270

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Major Completed Projects				
Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Kenfood Trading	Abbas, Middle East	Design, manufacture and commission of snack food machine line.	1998	660
Eagle Food Industries (S) Sdn. Bhd.	Malaysia	Design, manufacture and commission of one fully automatic computer system for snacks food.	1998	260
Perfect Food Manufacturing (M) Sdn. Bhd.	Malaysia	Design and manufacture of one unit wafer roll machine.	1998	220
Hua Huat Manufacturing Sdn. Bhd.	Malaysia	Design and manufacture of first drier and horizontal type coating pan and stainless steel oven.	1998	200
Perusahaan Makanan Inderapura	Malaysia	Design, fabricate and manufacture of Hybrid Oven for biscuit line .	1998	120
Chia Shing Food Industries Sdn. Bhd.	Malaysia	Design, fabricate of water heater machine, water cooling conveyor c/w water pump a chiller, blower machine and stainless steel conveyor mesh and water pump.	1998	130
Von Bundit Co., Ltd.	Thailand	Supply of hydraulic baling press .	1999	120
Minh An Latex Industrial Co., Ltd.	Thailand	Design, manufacture and commission of rubber processing equipment	1999	120
Thai Hua Rubber Public Co., Ltd.	Thailand	Furnish all design, engineering, labour, material, tools and of crumb rubber processing line.	1998-1999	2,362
Felda Rubber Industries Sdn. Bhd.	Malaysia	Manufacture, supply, delivery, installation and commissioning of air scrubber c/w water tank for plumbing, electrical wiring.	1999	145
P.T. Aneka Bumi Pratama	Indonesia	Manufacture, supply of rubber machinery.	1999	170
P.T. Perseroan Dagang Hok Tong	Indonesia	Manufacture of crumb rubber processing machinery such as air scrubber, hydraulic press and conveyor belt.	1999	570
Felda Rubber Industries Sdn. Bhd.	Malaysia	Design, manufacture, installation and commissioning of SMR Precleaning Machines	1999	500
Guan Chong Cocoa Manufacturer S/B.	Malaysia	Design, fabricate, manufacture and commissioning of cocoa bean processing machinery.	1999	311
P.T. Perseroan Dagang Hok Tong	Indonesia	Design, manufacture and commission of dryer.	1999	700
Evermore Latex Products sdn. Bhd.	Malaysia	Design, manufacture, fabricate and commissioning of balloon machine.	1999	1,280
Hainan Enlian Rubber Development Co., Ltd.	China	Manufacture, supply, installation and commissioning of Rubber Processing Equipment.	1999	4,566

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Major Completed Projects				
Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Hainan Yangpu Rubber Development Co., Ltd.	China	Manufacture, supply, installation and commissioning of Rubber Processing Equipment.	1999	4,905
Von Bundit Co., Ltd.	Thailand	Supply, installation and commissioning of dryer.	1999	1,160
Minh An Latex Industrial Co., Ltd.	Thailand	Modification & Upgrading of dryer.	1999	381
Perfect Food Manufacturing Sdn. Bhd.	Malaysia	Supply of Sandwiching Machine.	2000	298
Eagle Food Industries (M) Sdn. Bhd.	Malaysia	Supply of Automatic Noodle Processing Machine, Steam Kneader/cooker, Dough Sheeter, Stainless Steel Oven.	2000	411
European Asia Trading Co.	Hong Kong	New Wafer Roll Machine	2000	524
Chuan Yang Foods Machine Co. Ltd.	Taiwan	Fully Automatic Computer System For Snaks Food (F-Series)	2000	380
Magcl Group (M) Sdn. Bhd.	Malaysia	Design, Manufacture and commissioning of automatic computer system for snacks food for popcorn snack food.	1999	262
Woventex Fibc Sdn. Bhd.	Malaysia	Design, Manufacture and commission of cutting machine, 3 colours printing machine.	1999	290
Perfect Food Manufacturing (M) Sdn. Bhd.	Malaysia	Design, manufacture and commission of making biscuit line.	1999	3,200
			TOTAL	98,090

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(b) Current Projects

As at 20 June 2000 (latest practicable date prior to printing of this Prospectus), GOLSTA Group has projects in hand/secured contracts with total value of approximately RM44 million. Brief details of the notable current projects and secured contracts by the GOLSTA Group are as follows:-

Client/Owner	Country	Project Description	Breakdown of Current Projects in Hand	
			Contract Period	Value (RM'000)
Soguipah Ltd.	Republic of Guinea	Furnish all design, engineering, labour, material, tools and equipment for the completion of crumb rubber processing plant.	2000 - 2001	6,962
Van der Pol Bakery Equipment B.V.	Netherlands	Design, manufacture and commission of wafer roll machine	1999	576
Van der Pol Bakery Equipment B.V.	Netherlands	Design, manufacture and commissioning of biscuit line.	1999	738
P.T. Badja Baru	Indonesia	Design, manufacture and commissioning of crumb rubber processing equipment.	1999 - 2000	3,933
Van der Pol Bakery Equipment B.V.	Netherlands	Design, manufacture and commissioning of wafer plates .	1999 - 2000	893
Van der Pol Bakery Equipment B.V.	Netherlands	Manufacture and commissioning of peelboard frames.	1999 - 2000	506
P.T. Hadi Baru	Indonesia	Design, manufacture and commission of ocrumb rubber processing machine.	1999 - 2000	3,895
Quanzhou Weiguan Food Co. Ltd.	China	Design, manufacture and fabricate of wafer roll machine.	1999 - 2000	1,750
Dongguan General Food Mfg. Co., Ltd.	China	Fabrication, supply, installation and commissioning of biscuit production system .	1999 - 2000	3,610
Shantau Modern Foodstuff Industry Co. Ltd.	China	Design, fabricate, manufacture and commission of Potato Pellets Manufacturing line .	1999 - 2000	1,520
Von Bundit Co. Ltd.	Thailand	Upgrading the existing dryer at Surathani and Punohin.	1999 - 2000	500
Nanyang Foodstuff (Quanzhou) Co. Ltd.	China	Design, manufacture and commission of biscuit making machine.	1999 - 2001	3,230
Nanyang Foodstuff (Quanzhou) Co. Ltd.	China	Design, fabricate, manufacture and commission of snack food machine.	1999 - 2001	1,444
Fuma foodstuff Industry Co., Ltd., Fujian	China	Design, manufacture, fabricate and commission of potato pellets manufacturing line .	1999 - 2001	1,710
Fuma foodstuff Industry Co., Ltd.	China	Design, fabricate, manufacture and commission of snack food .	1999 - 2001	1,776
Super Coffemix Manufacturing Ltd.	Singapore	Fabrication, supply, installation & commissioning of biscuit production line.	1999 - 2001	3,724
P.T. Aneka Bumi Pratama	Indonesia	Supply, design, installation, fabricate, and commission of rubber processing machinery.	2000	1,615

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Current Projects in Hand

Client/Owner	Country	Project Description	Contract Period	Value (RM'000)
Pica De Hule Natural, S.A.	Guatemala	Supply, design, installation and commission of rubber processing machinery.	2000	656
Teck Bee Hang Co., Ltd.	Thailand	Supply, design, installation and commissioning of dryer c/w dryer trolley.	2000	2,684
Rhone Poulenc Malaysia Sdn. Bhd.	Malaysia	Supply and installation of Liquid Weighing System	2000	128
Liberty Foods Co. Ltd.	Bangladesh	Fabrication, supply, installation & commissioning of snack food machine.	2000	514
C& P Enterprise Sdn. Bhd.	Malaysia	Supply of Fry Extruder & Round Shaped Twisty Oven.	2000	100
Yemen Co.	Arab	Supply of automatic snacks food machine	2000	349
Hua Huat Mfg. Sdn. Bhd.	Malaysia	Supply of oven & coating pan.	2000	196
Sociedad De Comercio E Industria De Guatemala, S.A.	Guatemala	Manufacture, installation and commissioning for dryer, filling station, conveyor, hammer mill, crumb pump, etc.	2000	513
Others		Approximately		620
			TOTAL	44,142

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

(c) *Projects Tendered*

As at 20 June 2000 (latest practicable date prior to printing of this Prospectus), GOLSTA Group has tendered projects with total value of approximately RM71 million. Brief details of the notable projects tendered by the GOLSTA Group are as follows : -

Breakdown of Projects Tendered

Client/Owner	Country	Project Description	Value (RM'000)
ACJ Dagang Sdn. Bhd.	Indonesia	Manufacture, supply, installation and commissioning for rubber processing line. (Turnkey Project)	3,500
Asian Produce Trading Co.	Thailand	Manufacture, installation and commissioning of Crumb rubber processing line.	4,772
B.Right Rubber Co. Ltd.	Thailand	Manufacture, installation and commissioning of rubber processing line.	4,182
Bestcuits Manufacturing Sdn. Bhd.	Malaysia	Supply of disk mill, pop corn machine and stainless steel oven.	208
Bridgestone Singapore Pte. Ltd.	Thailand	Furnish all design, engineering, labour, material, tools and equipment for the completion of crumb rubber processing line.	7,423
Bulkers Flexible Intermediate Bulk Containers	Australia	Manufacture, supply of colours printing machine.	155
C & F Enterprise Sdn. Bhd.	Malaysia	Supply of food processing equipment.	100
Central Chocolate Product (M) Sdn. Bhd.	Malaysia	Supply of stainless steel grinder, mixer, oven platform crusher machine, tableting machine.	135
Eagle Food Industries (S) Sdn. Bhd.	Malaysia	Manufacture, supply and commissioning of fully automatic snacks food machine.	661
Easy Pack Machinery Sdn. Bhd.	Malaysia	Supply of cooking tank, mixer, coating pan.	127
Fiberlux	Netherlands	Supply of Optical Fiber signboard.	6,000
Firestone Synthetic Rubber & Latex Co	Baltimore, Maryland	Machinery Parts	859
GMG Investment (S) Pte. Ltd	West Africa	Furnish all design, engineering, labour, material, tools and equipment for the completion of crumb rubber processing line.	2,248
Halsta Innovative Light Steel Construction	Germany	Prefabricate G.I. Profile parts.	7,480
Jad Industries Sdn. Bhd.	Malaysia	Supply of W Mesh Layers first dryer.	155
Jen Industrial Suppliers	Malaysia	Fabrication, supply, installation & commissioning of automatic Computer System for snack food.	1,249

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Projects Tendered

Client/Owner	Country	Project Description	Value (RM'000)
Kayang Motor Trading Company	Malaysia	Manufacture, supply and installation of fully automatic computer system for prawn cracker pellet snacks food.	545
Kido Food Co. Ltd.	Vietnam	Supply of steam kneader/cooker, cooling conveyor, cutter, stamper, cooling conveyor and first dryer.	532
Kimanis Food Insutries Sdn. Bhd.	Malaysia	Fabrication, supply, installation & commissioning of pop corn machine.	238
Legend Exports Sdn. Bhd.	Malaysia	Fabrication, supply & installation of automatic computer system for snacks food.	473
Mixtrade Sales And Services	Malaysia	Supply of complete line rubber gloves machine.	1,100
Oberg foods Sdn. Bhd.	Malaysia	Supply, manufacture and commissioning of machinery for prawn cracker.	697
P & U Food Industri	Malaysia	Supply of steam kneader/cooker & dryer.	201
P& U Food Industri	Malaysia	Fabrication, supply, installation commissioning of pop corn machine.	339
P.T. Aneka Bumi Pratama	Indonesia	Furnish all design, engineering, labour, material, tools and equipment for the completion of crumb rubber processing line	2,569
Pacific Resources Pte. Ltd.	Singapore	Manufacture, installation and commissioning of press and dryer.	787
Perfect Food Manufacturing (M) Sdn. Bhd.	Malaysia	Various equipment for flour storage.	469
Pica De Hule Natural, S.A.	Guatemala	Supply of air scrubber dryer, latex stirrer and vertical stirrer.	175
Prawat Pathan	Thailand	Manufacture, installation and commissioning of rubber processing line.	1,467
PT Sekar Laut	Indonesia	Fabrication, supply, installation & commissioning of snacks food machine.	605
Resource Food Machinery Sdn. Bhd.	Malaysia	Supply dryer, roaster & fryer machine .	356
Sarawak Biscuits & Food Mfg. Sdn. Bhd.	Malaysia	Supply of Fat(Dust) Spreader, steel mould, cookies rotary moulds, biscuits oven.	2,164
Sedap Food Industries Sdn. Bhd.	Malaysia	Supply of milling machine, mixer, popcorn machine, oven, coating pan.	378

8. PARTICULARS OF THE GOLSTA GROUP (Cont'd)

Breakdown of Projects Tendered

Client/Owner	Country	Project Description	Value (RM'000)
Socfinco S.A.	Belgium	Manufacture, installation and commissioning of lower grade line.	1,464
Sodeci de Mexico S.A. de C.U.	Mexico	Manufacture, installation and commissioning for latex, skim and dry rubber equipment.	1,020
Supertape Systems bv	Netherlands	Machinery Parts	350
Tego Multifil Sdn. Bhd.	Malaysia	Supply of Creel Stand Consists of 2430 packs.	270
Thai Eastern Rubber Co. Ltd.	Thailand	Design, Supply, installation and Commissioning of STR Rubber Processing Machinery at Chonburi.	2,419
Thai Hua Rubber Public Co. Ltd.	Thailand	Modification & Upgrading of Rubber Processing Machinery.	1,620
Thaimac STR Co. Ltd.	Thailand	Design, Supply, installation and Commissioning of Rubber Processing Machinery at Krabi.	4,080
Thaitech Rubber Corporation Ltd.	Thailand	Manufacture, installation and commissioning of crumb rubber processing line.	4,874
Thong Thye Groundnut Factory Sdn. Bhd.	Malaysia	Supply of popcorn machine, oven, coating pan, mixer.	118
Toyo Packaging Industries Pte. Ltd.	Singapore	Supply of deep fryer machine.	116
Toyo Packaging Industries Pte. Ltd.	Singapore	Manufacture, supply and commissioning of fully automatic wheat flour based snacks food machine.	311
Tsunf Hsing fod Machinery Co. Ltd.	Taiwan	Fabrication, supply, installation and commissioning of snack food machine & wafer roll machine.	691
United Chemical Industires Bhd	Malaysia	Supply of Colours Printing Machine, press machine & Semi-auto wrapping machine.	179
Vietnam General Rubber Corporation	Vietnam	Design, Supply, installation and commissioning for rubber processing machinery.	1,544
TOTAL			71,405

9. INDUSTRY PERSPECTIVE AND PROSPECTS

PERSPECTIVE

The Group is principally involved in the Machinery and Equipment Industry (“MEI”) (“the industry”), being a key component of the Machinery and Engineering Industry in support and serves the needs of a wide spectrum of user industries ranging from electrical and electronics, plastic, metal working, automotive, agro-based to rubber-based industries. The MEI is also cross-cutting with the Engineering Support Industry (“ESI”), and assumes a vital role in the overall industrial and economic development of the country.

In this regard, the MEI has been categorised as a “promoted activity” with tax incentives such as pioneer status and investment tax incentives under the Promotion of Investment Act 1986. Due to its strategic importance, it has also been earmarked as a key component industry sector to be nurtured, groomed and promoted for further development to ensure an evolution of a competitive cluster to support the overall growth of the manufacturing sector under the industrial linkage programme as set out in the Second Industrial Master Plan (“IMP2”)(1996-2005).

On the whole, the MEI is extremely wide, dynamic, spread over and cross-cutting with many industry frontiers and technologies but in general it may be categorised into the following sub-sectors: -

- i. Packaging machinery
- ii Laboratory/testing/Quality Control equipment
- iii Material handling machinery and equipment
- iv Machine tools for woodworking, metalworking and others
- v Supporting service machinery
- vi Specialised or process machinery and equipment for specific industry; and
- vii Other machinery and equipment (not included in any of the above)

The Directors reckon that at present, the United States of America, Japan, Germany, Italy and Taiwan are the world’s top-five producers of industrial machinery and equipment with China and South Korea set to joint the competition in the near future. Nonetheless, the machines manufactured in the United States are mainly catered for its domestic market; Germany focuses on higher price items with technological intricacy and higher engineering inputs while Japan, Italy and Taiwan pose head-to-head competition with each other for the international market.

It is by no coincidence that the world’s top three producers namely the United States of America, Japan and Germany are amongst the most industrialised and advanced countries in the world. Thus this sector is regarded as an important indicator for the overall performance and industrial strength of the respective country’s national economy and it also appears that those countries with more advanced and innovative technology will have a stronger manufacturing based economies.

In the Malaysian context; since the early years of industrial development, it has been heavily dependent on imports for the source of machinery and equipment required by various sectors of the economy. Although its development started from the needs to service various imported machinery and equipment used in the rubber processing and mining industries as early as 1900’s, hitherto the industry is still under developed and lags behind the development of other industrial sectors of the economy.

To date, the MEI is still predominantly represented by the small and medium enterprises (“SMEs”) operating at small scale workshops with low-end production facilities and a workforce of less than twenty workers in assembly or producing a limited range of low quantity and basic sub-parts or components on clients’ specific and single order or on sub-contract basis. These set-ups are generally categorised as “backyard cottage industry”.

9. INDUSTRY PERSPECTIVE AND PROSPECTS (*Cont'd*)

The IMP also revealed that the MEI despite being critical to the overall development of all industrial sectors, yet remains a laggard as it lacks integration and is supported by a weak and fragmented set of sub sectors which are mainly represented by SMIs using low-end technology and inefficient production facilities. These SMIs also suffer major deficiencies in foundry, forging and, heavy and precision machinery capabilities and facilities.

Recently the country has witnessed the emergence of a few industrial machinery and equipment manufactures with design, procurement, fabrication and commissioning capabilities in producing a limited range of industrial machinery and equipment in some industries like metal fabrication works, manufacture of agro-based machinery and rubber-based industries machinery. For other industries, apart from producing simple shears, guillotines, bender and power process by a few metal working machinery manufacturers, a large portion of the industry requirement for machinery and equipment is met by imports.

Even then within the locally manufactured machinery and equipment, there are substantial import contents, which comprise of major machine elements such as controls, sensors, special motors and controls, compressors, pneumatic and hydraulic components and other inputs. In 1996, the import of such equipment amounted to RM38.6 billion while the exports reached RM30.2 billion for the same year. Thus, the industry presents a vast potential for export and import-substitution opportunities.

With the Government's determination to expedite the national industrial drive by deepening and diversifying the country's industrial base towards knowledge-based technology intensive and high-technology activities and to reduce the country's high dependence on imports of the machinery and equipment, its intermediate products and inputs, thus improving its balance of payment, the MEI together with the engineering support industry under the IMP2 will be developed as a policy-driven cluster by providing special incentives and infrastructural support to ensure an evolution of a competitive cluster which is able to provide the cross-cutting support and linkages in accelerating the overall growth of the manufacturing sector.

Both the Seventh Malaysian Plan (7MP) (1996-2000) and IMP2 also call for automation and computerisation in production processes and higher precision and miniaturisation in manufacturing facilities in order to be competitive in the global market.

Toward this end, the Government has embarked on several strategic programmes to further strengthen the MEI by developing national capabilities in design and manufacture of critical machinery and equipment, components and parts for domestic and export markets; and automation and modernisation of existing manufacturing plants through upgrading of production facilities by investment in the modernisation of plants, product research & development and enhancing the support facilities in promoting export distribution channels and expanding market access.

The Malaysian economy has exhibited a sustained remarkable growth above 8% for the last 8 years until September 1997 which was substantially contributed by the robust growth of the manufacturing sector. In 1997, it contributed 35.7% (1996-33.1%) to the national GDP and it is expected to increase to 37.4% by the year 2000 and it is envisaged that the demand for industrial machinery and equipment will correspondingly increase.

The Government also constantly encourages manufacturing companies to go further downstream. This will not only increase the competition and supply but also substantially boost the overall demand for various types of industrial machinery and equipment.

9. INDUSTRY PERSPECTIVE AND PROSPECTS (*Cont'd*)

Given the strong growth of the industry together with the special focus by the Government on the creation of a right environment by the implementation of special support programmes on human resource development, technology development, financial incentives, supporting services and physical infrastructure and utilities to further develop the industry, the future prospects of the MEI industry indeed appear bright.

References:

- (i) *IMP2 (1996-2005)*
- (ii) *7MP (1996-2000)*
- (iii) *BT-Mida Engineering Supporting Industries (1998/99)*
- (iv) *MIDA Industrial Report April 1998*
- (v) *Taiwan Machinery Report, 1997*
- (vi) *Economic Report 1998/99*
- (vii) *Head to head by Lester Throw*

PROSPECTS

Malaysian Economy – Overview

The Malaysian economy has recovered in 1999 from the severe deflationary impact of the regional financial crisis which has resulted in a 7.5% contraction of the economy in 1998. The economy recovery has been underpinned by policies adopted under the National Economy Recovery Plan as well as other favourable domestic and external developments. Real Gross Domestic Product (GDP), which had contracted by an unprecedented 10.9% and 10.3% in the third and fourth quarters of 1998, registered a significantly milder contraction of 1.3% in the subsequent first quarter before recovering with a positive growth of 4.1% in the second quarter of 1999. (*Economic Report, pg. 17*) Thereafter, the GDP continued to soar to a growth of 8.2% in the third quarter and 10.6% in the fourth quarter. (*Budget Speech*)

In light of the economic recovery, average household income increased by 3.7%. (*Budget Speech*) Aggregate domestic demand for goods and services has recorded an increase of an estimated 3.5%. This reflects improvement in employment opportunities as well as the better financial performance of the business sector. (*Economic Report, pg.20*)

The prospective performance of the Malaysian economy in the year 2000 and beyond based of results tabled in 1999, is truly promising. Underlying this positive outlook is an economy that is becoming increasingly more resilient to external shocks and systematic risks, made possible by the recent policy measures to strengthen the nations external reserves position, financial system and the corporate sector. (*Economic Report, pg. 28*) Consequently, such measures would provide the necessary impetus for Malaysia's real GDP to expand at a faster rate of 5.8% in year 2000. (*Budget Speech*) Also, underpinning the expected higher output growth would be domestic demand which is forecasted to strengthen further due to stronger growth in private consumption and a recovery in private sector investment as well as through additional fiscal stimulus. (*Economic Report, pg. 28*)

9. INDUSTRY PERSPECTIVE AND PROSPECTS (*Cont'd*)

The manufacturing sector is among those sectors that came through the slump with a recorded positive growth in 1999. In response to a strengthening of overseas sales orders as well as an improvement in domestic demand, the manufacturing sector recovered strongly since February 1999 to record a significant rate of growth averaging 10% through August 1999. This growth is said to be driven by increase in output and demand for transport equipment, manufactured food, chemical and plastics, paper as well as basic metal products. The government forecasted this sector to sustain a robust growth of 8% in 2000. (*Economic Report, pg. 28*) Export-oriented manufacturing industries are expected to increase their output to 7.9% while domestic-oriented to a high of 9.2%; both driven by stronger demand. (*Economic Report, pg. 29*)

Private investment is projected to turn around to register a positive growth of 9% in 2000 to RM 37.9 million mainly in export-oriented manufacturing industries. Malaysian Industrial Development Authority (MIDA) has been giving higher investments approvals in 1999 to export-market-oriented manufacturing industries. However, due to excess capacity, the domestic-market-oriented manufacturing industries are not expected to undertake any major investment in 2000. (*Economic Report, pg.30*) On another note, in order to continue supporting the development of new high technology based industries as the engine of economic growth, sufficient funds will be made available in view of high risks factor. Malaysian-owned companies will have access to venture capital financing to purchase plant, machinery and equipment as well as to build factories for high technology industries. This is in line with the objective of the Second Industrial Master Plan to increase value-added of the manufacturing sector as well as our international competitiveness. (*Budget Speech*)

References:

- (i) *Economic Report 1999/2000, Ministry of Finance, Malaysia.*
- (ii) *The 2000 Budget Speech by Y.B. Tun Daim Zainuddin on 25 February, 2000.*

The GOLSTA Group

As one of the major players in the MEI, the GOLSTA Group has craved out competitive niches in the industry in terms of product design and construction, diversity of product line, technological capability and production efficiency. Throughout the years, the Group has made and effected a paradigm shift by moving to manufacturing of a wide range of products with increasing engineering complexity and higher margin and value added as evidenced by the successful transformation of the Group from a backyard operator to a modern integrated M&E manufacturer with superior plant manufacturing facility.

The Group has achieved remarkable track record in producing stand-alone units to the entire plant set-up for user industries, inter-alia, including SMR rubber, agricultural feedmeal, food and snack food manufacturing plants alike. Due to its favourable cost competitiveness of its operations, the GOLSTA Group has established an excellent market positioning in both local and export markets.

In recent years, the Government's fiscal stimulus package and low interest regime have in one way or another, positively contributed to the increase in domestic demand for the Group's products, lowering its financial cost and enabling the Group to easily access to cheaper source of funds for its modernisation and expansion programme.

9. INDUSTRY PERSPECTIVE AND PROSPECTS (Cont'd)

The favourable turnaround in manufacturing activities in local market as clearly reflected by the upward trend in the Manufacturing Production Index since 1999, has spurred increasing domestic demand for the new products and replacement in the MEI. Such improvement has benefited the GOLSTA Group in terms of turnover and profitability as well. The Government's ingenious decision to peg the Ringgit at RM3.80 to USD \$1.00 has in turn enhanced the Group's cost competitiveness and facilitated its increased sales in the export market.

So far the Group has demonstrated its flexibility in exploiting business opportunities to change with times by moving towards to new areas linked to its strength in which to expand. Given the sheer determination of the Government in developing Malaysia to a fully developed nation by 2020, the acceleration of such industrialisation drive would gather momentum for the structural transformation of the MEI towards the proliferous application of advanced science and technology, for both the hardware and software. With proactive steps taken by the Group, it is poised to be benefited from such transformation in the long run. As such, the prospect of the Group in the future appear bright.

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10. FINANCIAL INFORMATION OF THE GOLSTA GROUP

10.1 Profit and Dividend Record*Proforma Group*

The following is a summary of proforma consolidated results of the GOLSTA Group for five (5) financial years ended 31 December 1995 to 1999. The proforma consolidated results are prepared based on the audited Group accounts of GOLSTA on the assumption that the structure of the Group has been in existence throughout the years/period under the review. It is presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as annexed.

	← Year ended 31 December →				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	21,213	22,873	31,517	38,892	42,473
Profit before taxation	1,759	2,526	4,819	7,296	8,353
Taxation	(422)	(496)	(681)	(1,134)	(389)
Profit after taxation	1,337	2,030	4,138	6,162	7,964
Minority interest	(79)	-	-	-	(47)
Profit after taxation and MI	1,258	2,030	4,138	6,162	7,917
No. of ordinary shares assumed in issue ('000)	33,000	33,000	33,000	33,000	33,000
Gross earnings per share (RM)	0.05	0.08	0.15	0.22	0.25
Net earnings per share (RM)	0.04	0.06	0.13	0.19	0.24
Gross dividend rate (%)	-	-	-	-	-

Notes:

- (i) *There were no extraordinary and exceptional items in respect of the financial years/period under review.*
- (ii) *The taxation has been adjusted to reflect the under/over provision in the respective financial years/period review.*
- (iii) *The gross earnings per share has been calculated based on profit before taxation divided by the issued and paid-up share capital of 33,000,000 ordinary shares.*
- (iv) *The net earnings per share has been calculated based on profit after taxation divided by the issued and paid-up share capital of 33,000,000 ordinary shares.*
- (v) *Golsta has not paid or declares any dividends since the date of incorporation.*
- (vi) *In 1997, the growth in turnover was achieved through more overseas projects secured with increasing emphasis on design and build turnkey basis.*
- (vii) *The increase in profit before tax for financial years 1997 and 1998 was mainly due to, (a) the growth in turnover; (b) the contracts secured from foreign customers were mainly denominated in United States Dollars or other stable currencies. As a result of a favourable exchange rate of other major currencies against Ringgit Malaysia, the revenue and profit margin over these contracts were higher compared with prior year.*

10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

Subsidiaries

The results of each of GOLSTA' s subsidiaries namely GSB, FESB, GASB and GISB according to their respective financial year ends are set out below:-

GSB

The audited results of GSB for five (5) financial years ended 31 December 1995 to 1999 for the Company is set out as follows: -

	← Year ended 31 December →				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	13,800	14,063	23,099	28,645	32,238
Operation profit before depreciation, interest and taxation	1,342	4,200	5,967	8,611	7,593
Depreciation	(239)	(219)	(428)	(603)	(1,005)
Interest expense	(180)	(162)	(840)	(1,355)	(1,146)
	923	3,819	4,699	6,653	5,442
Taxation	(73)	(1,071)	(675)	(933)	(300)
Profit after taxation	850	2,748	4,024	5,720	5,142
Weighted average of no. of ordinary shares in issue ('000 shares)	350	350	350	1,344	3,000
Gross earnings per share (RM)	2.64	10.91	13.43	4.95	1.81
Net earnings per share (RM)	2.43	7.85	11.50	4.26	1.71
Gross dividend rate (%)					
- tax exempt	-	5	5	5	5

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10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

Notes:-

- (i) There were no extraordinary and exceptional items during the financial years under review.
 (ii) Included in the profit before taxation are dividend income received from a subsidiary, **FESB** as follows :

	<u>1995</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>1998</u> RM'000	<u>1999</u> RM'000
Operating profit before taxation	923	1,999	2,679	4,217	5,226
Dividend income	-	1,820	2,020	2,436	216
Profit before taxation	<u>923</u>	<u>3,819</u>	<u>4,699</u>	<u>6,653</u>	<u>5,442</u>

Operating profit before depreciation, interest and taxation for the financial year 1996 has increased due mainly to new contracts secured from customers involved in poultry feed meal processing, industrial drying tunnel, industrial conveyors and distribution systems which contributed higher profit margin, as opposed to rubber processing user industry as in previous year.

Operating profit before depreciation, interest and taxation for the financial year 1998 rose as a result of:

- a) capitalisation of development costs. The development costs have been charged to the profit and loss accounts in previous years as there were insufficient certainty that future economic benefits will be realised;
 b) increase in the turnover and margin of contracts secured due mainly to quotation of overseas contracts in USD or other stable currencies.
- (iii) The taxation charge in 1999 relates to deferred taxation and underprovision of tax in prior years. There is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

The effective rate of taxation for the other financial years under review were lower than the standard rate of tax applicable to GSB's profits mainly due to the claims of reinvestment allowances which are subject to agreement with the Inland Revenue Board.

- (iv) The gross earnings per share has been calculated based on the profit before taxation divided by the weighted average issued and paid-up share capital of the respective years.
- (v) The net earnings per share has been calculated based on the profit after taxation divided by the weighted average issued and paid-up share capital of the respective years.
- (vi) In 1997, the growth in turnover was achieved through more overseas contracts secured either on design, fabrication and installation or turnkey basis.

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10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)**FESB**

The audited results of FESB for five (5) financial years ended 31 December 1995 to 1999 are set out as follows:-

	←————— Year ended 31 December —————→				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	7,162	8,311	8,418	11,513	13,362
Profit before depreciation and taxation	1,036	1,460	1,722	2,770	3,110
Depreciation	(185)	(236)	(263)	(469)	(475)
Interest expense	(65)	(79)	(59)	(28)	(12)
Profit before taxation	786	1,145	1,400	2,273	2,623
Taxation	(233)	(180)	(242)	(457)	(89)
Profit after taxation	453	965	1,158	1,816	2,534
Weighted average of no. of ordinary shares in issue ('000 shares)	100	100	100	500	6,000
Gross earnings per share (RM)	1.57	2.29	2.80	4.55	0.44
Net earnings per share (RM)	0.91	1.93	2.32	3.63	0.42
Gross dividend rate					
Subject to tax (%)	-	2,600	1,000	1,364	5
Tax exempt (%)	-	-	1,300	1,454	-

Notes:-

- (i) *There were no extraordinary or exceptional items in all the financial years under review.*
- (ii) *The effective rate of taxation for 1995 was higher than the standard rate of tax applicable to FESB's profits due mainly to certain expenses being disallowed for taxation purposes.*

The effective rate of taxation for 1996, 1997 and 1998 were lower than the standard rate of tax applicable to FESB's profits due mainly to the claims of reinvestment allowances which are subject to agreement with the Inland Revenue Board.

The tax charge in 1999 relates to deferred taxation. There is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

- (iii) *The gross earnings per share has been calculated based on profit before taxation divided by the 500,000 ordinary shares of RM1.00 each with the incorporation of the bonus issue of 400,000 ordinary shares in 1998.*
- (iv) *The net earnings per share has been calculated based on profit after taxation divided by the 500,000 ordinary shares of RM1.00 each with the incorporation of the bonus issue of 400,000 ordinary shares in 1998.*
- (v) *The increase of turnover in 1998 was due mainly to additional new contracts secured in relation to the snack food and food processing line from Iran, China and Netherlands.*
- (vi) *The profit before taxation increased in 1998 mainly due to the following:-*
- (a) *increase in turnover and complexity of the new contracts secured which resulted in a higher profit margin to FESB; and*
 - (b) *decline in sales commission as more contracts were secured directly by the company, by-passing overseas agents as in previous years.*

10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

GASB

The audited results of GASB for the period from 27 October 1998 (date of incorporation) to 31 December 1998 and the financial year ended 31 December 1999 are set out as follows: -

	1998 RM'000	1999 RM'000
Turnover	42	220
Profit before depreciation and taxation	21	101
Depreciation	(1)	(5)
Profit before taxation	20	96
Taxation	-	-
Profit after taxation	20	96
Weighted average of no. of share in issue ('000 shares)	100	100
Gross earnings per share (RM)	0.20	0.96
Net earnings per share (RM)	0.20	0.96
Gross dividend rate (%)	-	-

Notes:

- (i) *GASB was incorporated on 27 October 1998 and commenced business shortly after its incorporation.*
- (ii) *There were no extraordinary or exceptional items during the financial period/year under review.*
- (iii) *There is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.*
- (iv) *The increase in turnover and profit before taxation in 1999 was mainly due to new contract secured to develop biscuits sandwiching machine.*

10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

GISB

The audited results of GISB for five (5) years ended 31 December 1994 to 1998 are set out as follows:-

	←————— Year ended 31 December —————→				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	251	499	925	1,927	2,101
Profit/(loss) before depreciation and taxation	51	84	158	421	486
Depreciation	-	-	-	-	-
Interest expense	-	-	-	-	-
Profit/(loss) before taxation	51	84	158	421	486
Taxation	(16)	(25)	(44)	(127)	-
Profit/(loss) after taxation	35	59	114	294	486
Weighted average of no. of ordinary shares in issue	7	7	7	7	100
Gross earnings/(loss) per share (RM'000)	7.29	12.00	22.57	60.14	4.86
Net earnings per share (RM'000)	5.00	8.43	16.29	42.00	4.86
Gross dividend rate (%)	-	-	-	-	-

Notes:

- (i) There were no extraordinary or exceptional items during the financial years under review.
- (ii) The effective rate of taxation for 1995 and 1998 were higher than the standard rate of tax applicable to GISB's profits due mainly to certain expenses being disallowed for taxation purposes. There is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.
- (iii) The gross earnings per share has been calculated based on the profit before taxation divided by the weighted average issued and paid-up share capital of the respective years.
- (iv) The net earnings per share has been calculated based on the profit after taxation divided by the weighted average issued and paid-up share capital of the respective years.
- (v) The increase in turnover and profit before taxation from 1996 to 1998 was due mainly to the followings:-

<u>Year</u>	<u>Reasons</u>
1996	Additional new contract orders secured for maintenance works.
1997	Increase in sales to related companies in tandem with the increase of the Group's turnover.
1998	New overseas contracts being secured couple with favourable foreign currency exchange against RM.

10. FINANCIAL INFORMATION OF THE GOLSTA GROUP (Cont'd)

10.2 Working Capital, Borrowings and Contingent Liabilities**Working Capital**

The Directors of the Company are of the opinion that, barring unforeseen circumstances and after taking into due consideration the cashflow forecast and projections, banking facilities available and the gross proceeds from the Rights, Special and Public Issues, the GOLSTA Group should have adequate working capital for its present and foreseeable future requirements.

Borrowings

As at 20 June 2000 (being the last practicable date of which such amounts could be calculated prior to the printing of this Prospectus) the Group has total bank borrowings facilities of RM19.8 million comprising term loans of RM6.8 million, overdrafts of RM5.0 million and trade lines of RM8.0 million respectively of which RM5.8 million is not utilised.

Save for the above, the GOLSTA Group did not have any other loan capital created but unissued or mortgages or charges outstanding at that date.

Contingent Liabilities

As at 20 June 2000 (being the last practicable date at which such amounts could be calculated prior to the printing of this Prospectus) the Group has contingent liabilities in respect of bank guarantees in the ordinary course of business amounting to approximately RM1,506,000 granted for the following purposes:

Bank guarantees granted to:-	RM'000
- Contractees (In respect of Contract Performance Guarantee)	1,428
- Utility providers *	68
- Other purposes **	10
	1,506

Notes:-

* *In respect of guarantees to utility providers i.e. Tenaga Nasional Berhad, which may at any time or times be claimed by the utility providers against the Company for damages after the utility providers have incurred expenditure in providing and installing all the necessary materials for the supply of such utilities.*

** *In respect of security bonds in the event that the foreign workers of the Company fails to comply with Regulation 18 of the Immigration Regulation Act, 1963.*

Capital Commitments

As at 20 June 2000 (being the last practicable date at which such amounts could be calculated prior to the printing of this Prospectus) save as disclosed under section 6.3, page 14 of this Prospectus, the Group does not have any other significant capital commitments.

13. MORATORIUM ON SALE OF SHARES

It is a condition of the SC's approval in principle that the following shareholders of GOLSTA, as stated in the table below, will not be allowed to sell, transfer, assign his/her/its shareholdings in GOLSTA amounting to 45% of the nominal issued and paid – up capital for one (1) year from the date of admission to the Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign their shares in GOLSTA subject to a maximum of one-third (1/3) per annum (on a straight line basis) of their respective shareholdings under the moratorium.

Set out below are the shareholdings in GOLSTA subject to the said moratorium:-

Shareholder	No. of Ordinary Shares of RM1.00 Each Held	% of Issued and Paid – Up Share Capital	No. of Shares of RM1.00 Each To Be Placed Under Moratorium	% of Issued and Paid – Up Share Capital
	(‘000)	(%)	(‘000)	(%)
GS Capital Sdn Bhd	18,691	44.5	17,700	42.2
Yong Koy	1,109	2.6	300	0.7
Teng Swee Eng	538	1.3	300	0.7
Dai Kuang Yen	515	1.2	300	0.7
Liow Teck Eng	515	1.2	300	0.7
	21,368	50.8	18,900	45.0

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

The remarks to be endorsed on the said share certificates are 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”). 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.”

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17. FURTHER STATUTORY AND GENERAL INFORMATION

A. SHARE CAPITAL

1. No shares shall be allotted or sold on the basis of this Prospectus later than six (6) months after the date of this Prospectus.
2. There are no founder, management or deferred shares. There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which shall rank pari passu in all respects with one another.
3. Save for the 1,200,000 ordinary shares reserved for the eligible Directors, employees and business associates of the GOLSTA Group pursuant to this Prospectus, no other person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
4. Save as disclosed in sections 8.3 and 8.4 of this Prospectus, no ordinary or preference shares or debentures of the Company or its subsidiary companies have been or are proposed to be issued as partly or fully paid-up for cash or other than for cash within the two (2) preceding years of the date of this Prospectus.
5. A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
6. Other than the 1,200,000 of the Public Issue Shares reserved for the eligible Directors, employees and business associates of the GOLSTA Group pursuant to this Prospectus, there is currently no other scheme involving the staff in the capital of the Company or its subsidiaries.

B. ARTICLES OF ASSOCIATION

1. Changes in Share Capital and Variation of Class Rights

The provision in the Company's Articles of Association in regard to the changes in share capital or variation of class rights which are as stringent as those provided in the Companies Act, 1965 are as follows:-

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 5

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 centum (5%) of the nominal amount of the share;
- (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 meeting; and
- (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 or option 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 an issue of shares pursuant to a public issue or public offer.

Article 7

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed either at par or at a premium as the Company think fits, but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority over preference shares already issued, but may issue preference shares ranking equally therewith.

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking, or where any proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six (6) months.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 9

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 share 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 (3/4) 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 share of the class. To every such separate general meeting the provision of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be (2) two persons at least holding or representing by proxy one-third (1/3) 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 10

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of the class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 41

The Company may by ordinary resolution passed at a general meeting convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination.

Article 42

The holders of the stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but that minimum shall not exceed the nominal amount of the shares from which the stock arose.

Article 45

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 shall have been fully called 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 and to be divided into shares of such respective amounts and 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.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 46

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

Article 47

Notwithstanding Article 46 above, but subject always to the Act, the Company may apply to the Exchange upon which the Company is listed for waiver of convening Extraordinary General Meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where in accordance with the provisions of Section 132D of the Act, there is still in effect, a resolution approving the issuance of shares by the Company and the aggregate of the shares issued in any one (1) financial year do not exceed ten per cent (10%) of the issued share capital of the Company. (other than by way of bonus or rights issues)

Article 48

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 49

The Company may by Ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) 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
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken up by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 50

The Company may by Special Resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner and with, subject to, any authorisations, and consents required by law.

2. Transfer of Shares

The provisions of the Company's Articles in respect of the arrangement for transfer of the securities and restrictions on their free transferability are as follows: -

Article 32

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 of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to section 107C of the Companies Act, 1965 and any exemption that may be made from compliance with section 107C of the Companies Act, 1965, the Company shall be precluded from registering and effecting any transfer of such securities.

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17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

2.1 Second Board Listing Requirements of the KLSE

The provisions of the Second Board Listing Requirements of the KLSE on the transferability of securities and any restrictions on their free transferability are as follows:-

Clause 9.5A - Transfer of Securities

The transfer of any securities or class 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 sub-section 107C(1) of the Companies Act, 1965, the Company shall be precluded from registering and affecting any transfer of securities.

Clause 9.5B - Transmission of securities from Foreign Register

(1) Where:-

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

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of such 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 transaction shall be executed by causing such securities to be credited directly into the securities account of such holder.

(2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of section 293B(1) shall allow any transmission of securities from the Malaysian Register in to the Foreign Register.

2.2 Companies Act, 1965

The provisions of the Companies Act, 1965 on the transferability of securities and any restrictions on their free transferability are as follows:-

Section 103 (1)

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

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Section 103 (1A)

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

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

Section 107C (1)

On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of 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 affecting any transfer of securities.

Section 107C (2)

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

2.3 Rules of the MCD

The rules within MCD on the transferability of securities are as follows:-

Rule 8.01 (2)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor thereunder, where the reason for the said transfer does not fall within any of the approved reason stipulated under Rule 8.02 (1) (c).

Rule 8.05A

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

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Rule 9.03(2)

It shall be the responsibility of the authorised depository agent, in processing the transfer between the 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 of 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 of securities arising from the provisions of any written law or an order of the court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charged or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code on Takeovers and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission.
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in the Procedures Manuals.

3. Voting Powers of Directors

The provision in the Articles of the Company dealing with the voting powers of the Directors in proposals, arrangements or contracts in which they are interested is as follows: -

Article 106

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 his vote be counted for the purpose of any resolution regarding the same in the quorum present at the meeting.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 107

A Director may vote in respect of:-

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

Article 108

A Director of the Company may be or become a Director or other officer of or otherwise be 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 or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any 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.

4. Remuneration of Directors

The provision in the Company's Article of Association dealing with remuneration of the Directors are as follows: -

Article 85

- (a) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Unless otherwise directed by the resolution by which it is voted, any such fees shall be divided amongst the Directors as they may agree, or, failing agreement, equally provided that such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (b) Executive Director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine. All remuneration payable to the non-executive Director(s) shall be determined by ordinary resolution of the Company in general meeting.
- (c) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover.
- (d) Salaries payable to executive Director(s) may not include a commission on or percentage of turnover.
- (e) Any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 86

- (1) The Directors 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 Board Meetings of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special efforts 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 Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Any extra remuneration payable to non-executive Director(s) shall not include a commission on or percentage of turnover or profits.

5. Borrowing power of Directors

The provisions in the Company's Articles of Association dealing with the borrowing power of the Directors and how such borrowing powers are varied are as follows: -

Article 90

- (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 its subsidiaries.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or its 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.

C. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. The names, addresses and occupations of the Directors of GOLSTA are set out on Section 2 of this Prospectus.
2. A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
3. No Director, Senior Executive Officer or person nominated to become a Director or Senior Executive Officer is or was involved in the following events:-

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

- 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 a criminal proceeding or is a named subject of a pending criminal proceeding.
 - c) the subject of an order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental 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.
4. The aggregate remuneration paid to the Directors of the Group for services rendered to the Company and its subsidiaries in the last financial year ended 31 December 1999, on a collective basis, amounted to RM349,096. For the current financial year ending 31 December 2000, the amount payable to the Directors of the Group in the aforesaid capacities is estimated at RM850,000.
 5. There are no existing or proposed Service Contracts between the Directors and the Company or its subsidiaries.
 6. According to the Register of Directors' shareholdings as at 20 June 2000, (being the latest practicable date prior to the printing of this Prospectus, the Directors' direct and indirect interests in the ordinary shares of GOLSTA are as follows: -

Name	Before the IPO				After the IPO			
	Direct		Indirect		Direct		Indirect	
	'000	%	'000	%	'000	%	'000	%
YAM Tg. Ismail Shah Ibni Sultan Hisamudin Alam Shah	3,122	8.8	-	-	3,122	7.4	-	-
Puan Sri Datin Minuira Sabki	-	-	-	-	10	- ⁺	-	-
Teng Swee Eng	528	1.5	18,691*	52.5	538	1.3	18,691*	44.5
Yong Koy	1,099	3.1	-	-	1,109	2.6	-	-
Dai Kuang Yen	505	1.4	18,691*	52.5	515	1.2	18,691*	44.5
Liow Teck Eng	505	1.4	18,691*	52.5	515	1.2	18,691*	44.5
Azra Bin Kamarudin	2,693	7.6	-	-	2,703	6.4	-	-
Yap Koon Roy	8	- ⁺	-	-	18	- ⁺	-	-

* Deemed interest by virtue of their shareholdings in GSC.

⁺ Negligible

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

7. Save as disclosed in section 8.1(iii) of this Prospectus, no other Director or substantial shareholder was interested, directly or indirectly, in the promotion of, or in any asset acquired or disposed of by or leased to GOLSTA or its subsidiary companies within the two years preceding the date of this Prospectus or proposed to be acquired or disposed of by or leased to the Company or its subsidiaries or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries as a whole.
8. No Director or substantial shareholder has any interest, direct or indirect, in any business carrying on a trade similar as the Company and its subsidiaries, which are not quoted on a recognised stock exchange.
9. No Director was granted or has any options or had exercised any option to subscribe for securities of the Company or its subsidiaries during the last financial year.
10. Save as disclosed in section 8.1(iii) of this Prospectus, there are no other contracts or arrangements subsisting at the date of this Prospectus in which a Director of the Company is materially interested and which is significant in relation to the business of the Company and its subsidiaries.
11. All the IPO Shares to be issued by the Company are subject to the terms and conditions of this Prospectus.

D. SUBSTANTIAL SHAREHOLDERS' INTEREST

As at 20 June 2000, based on the Register of Substantial Shareholders, the respective beneficial interests of the substantial shareholders (with 2% and above shareholding, direct and indirect) of the Company before and after the Issues are set out below: -

Name	Before the IPO No. of shares held				After the IPO No. of shares held			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
GSC	18,691	52.5	-	-	18,691	44.5	-	-
YAM Tg. Ismail Shah Ibni Sultan Hisamudin Alam Shah	3,122	8.8	-	-	3,122	7.4	-	-
Azra Bin Kamarudin	2,693	7.6	-	-	2,703	6.4	-	-
Mahat Bin Mahamood	2,693	7.6	-	-	2,693	6.4	-	-
Zulkifli Bin Abdullah	836	2.3	-	-	836	1.9	-	-
Yong Koy	1,099	3.1	-	-	1,109	2.6	-	-
Teng Swee Eng	528	1.5	18,691*	52.5	538	1.3	18,691*	44.5
Dai Kuang Yen	505	1.4	18,691*	52.5	515	1.2	18,691*	44.5
Liow Teck Eng	505	1.4	18,691*	52.5	515	1.2	18,691*	44.5

* Deemed interest by virtue of their shareholdings in GSC.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

• **Back Ground Information of GSC**

GSC was incorporated in Malaysia on 28 August 1995 under the name of Uni Pink Enterprises (M) Sdn Bhd. On 27 June 1997, its name was changed to the present name and GSC assumes the name till to-date.

The authorised share capital of GSC is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 50,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at the date of this Prospectus, the details of its shareholdings are as below:-

<u>Shareholder</u>	No. of Shares	%
Teng Swee Eng	15,000	30.0
Dai Kuang Yen	7,500	15.0
Liow Teck Eng	7,500	15.0
Sai Han Siong	10,000	20.0
Sai Seak Chyuan	5,000	10.0
Tew Chat Kau	5,000	10.0
	50,000	100.0

The Directors of GSC are Messrs Teng Swee Eng, Dai Kuang Yen and Liow Teck Eng, who are also the Directors of the Company.

The principal activity of GSC is investment holding in GOLSTA.

E. GENERAL

1. The time of the opening of the Application Lists is set out in Section 7.1 of this Prospectus.
2. The amount payable in full on application is RM1.70 per share.
3. As at the date of this Prospectus, the Company and its subsidiaries do not have any convertible debt securities.
4. No amount or benefit has been paid or given within the two preceding years of the date hereof, nor is it intended to be so paid or given, to any promoter.
5. The name and address of the Auditors are set out in the "Corporate Information" under Section 2 of this Prospectus.
6. The Company has not established any other place of business outside Malaysia save as disclosed in this Prospectus.
7. No property has been acquired or is proposed to be acquired by the Company or its subsidiaries in contemplation of the IPO save as disclosed in this Prospectus.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

8. Save for the 1,200,000 new ordinary shares of RM1.00 each reserved for eligible Directors, employees and business associates of the GOLSTA Group pursuant to this Prospectus, there are at present no schemes involving the staff in the capital of the Company or its subsidiaries.
9. The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 7.2 of this Prospectus.

F. FINANCIAL CONDITIONS AND OPERATIONS

Save as disclosed in this Prospectus, the financial conditions and operations of GOLSTA and its subsidiaries are not affected by any of the following:-

- (i) known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's or the Group's liquidity increasing or decreasing in any material way;
- (ii) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from the operations of the Company or the Group;
- (iii) known trends or uncertainties that have had or will have a material favourable or unfavourable impact on the revenue or operating income of the Company or the Group; and
- (iv) material commitments for any capital expenditure.

Saved as disclosed in this Prospectus, 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 profit of the Company and its subsidiaries.

G. EXPENSES AND COMMISSION

1. Underwriting commission is payable by the Company in respect of the Public Issue to the Managing Underwriter and Underwriters named in this Prospectus at the rate of 1.0% of the Issue price of RM1.70 per share on the shares being underwritten which form the subject of this Prospectus.
2. Brokerage will be paid by the Company at the rate of 1% of the Issue price of RM1.70 per ordinary share in circumstances specified in this Prospectus.
3. An estimated RM1,300,000 in respect of expenses and fees incidental to the listing and quotation for the entire issued and paid – up share capital of GOLSTA on the KLSE Second Board including underwriting commission and brokerage for the Public Issue Shares will be borne by GOLSTA.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

4. Save as disclosed herein, there is no commission, discount, brokerage or other special terms that has been paid or is payable by GOLSTA or its subsidiaries within the two preceding years of the date of this Prospectus for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or debentures of GOLSTA or its subsidiaries and in connection with the issue or sale of any capital of the Company and its subsidiaries and no Director or proposed Director or promoter or expert is or are entitled to receive any such payment.

H. MATERIAL CONTRACTS

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

1. On 8 July 1999, GOLSTA entered into a Conditional Share Purchase Agreement with all shareholders of GSB with GOLSTA as the purchaser to acquire the entire 100% equity interest comprising of 3,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM22,058,879 to be satisfied by issuance of 22,058,879 new ordinary shares of RM1.00 each in GOLSTA at par to be credited as fully paid.
2. On 25 May, 2000, GOLSTA entered into an Underwriting Agreement with UMBB as the Managing Underwriter and other Underwriters in respect of the underwriting of 5,200,000 Public Issue Shares available for application by the Malaysian public.

I. MATERIAL LITIGATION

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

J. PUBLIC TAKE-OVERS

None of the following has occurred in the last financial year and during the current financial year up to the date of this Prospectus: -

- (a) public take-over offers by third parties in respect of the Company's shares; or
- (b) public take-over offers by the Company in respect of other companies' shares.

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

K. CONSENTS

1. The consents of the Adviser and Managing Underwriter, Underwriters, Principal Bankers, Auditors, Solicitors, Registrar and Issuing House of the Issues to the inclusion in this Prospectus of their names in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
2. The consent of the Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and their letters relating to the Consolidated Profit Forecast and Proforma Consolidated Balance Sheets 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 been subsequently been withdrawn.
3. The consent of the Valuers to the inclusion in this Prospectus of their name and Valuation Certificate in the form and context in which it is contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

L. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) Memorandum and Articles of Association of the Company and its subsidiaries;
- (b) Accountants' Report and Directors' Report as included in Section 14 and 15 of this Prospectus respectively;
- (c) Reporting Accountants' letters relating to the Consolidated Profit Forecast and Proforma Consolidated Balance Sheets as included in Section 10.4 and 12 of this Prospectus respectively;
- (d) Audited accounts of the Company and its subsidiaries for the past five (5) financial years ended 31 December 1995 to 1999;
- (e) The Valuation Certificate as included in Section 16 of this Prospectus together with the Valuation Reports as referred to therein;
- (f) The material contracts referred to in Section 18H of this Prospectus; and
- (g) The letters of consent referred to in Section 18K of this Prospectus

17. FURTHER STATUTORY AND GENERAL INFORMATION (Cont'd)

M. RESPONSIBILITY

1. Utama Merchant acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Issues, the Group and the Company, and has satisfied itself the reasonableness of the Consolidated Profit Forecast (for which the Directors are solely responsible) as stated by the Directors of the Company after due and careful enquiries.
2. This Prospectus has been seen and approved by the Directors of the Company, and they collectively and individually accept full responsibility for the accuracy of the information given and further confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other omission of facts which would make any statement contained herein misleading.