

---

## VII. PARTICULARS OF THE PUBLIC ISSUE

---

### 1. PARTICULARS OF THE PUBLIC ISSUE

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

(i) ***Public Issue of Issue Shares at RM2.00 per Issue Share to Bumiputera investors approved by the MITI***

3,200,000 Issue Shares have been reserved for application by the Bumiputera investors approved by the MITI.

On 9 August 2000, Siti Fatimah binti Mohd. Shariff and Syed Uzair bin Syed Othman, both of whom are existing Bumiputera shareholders of OCB, were approved by the MITI to apply for 1,600,000 Issue Shares each which have been reserved for application by the Bumiputera investors approved by the MITI.

(ii) ***Public Issue of Issue Shares at RM2.00 per Issue Share to eligible employees and suppliers of the OCB Group and the Malaysian public:-***

(a) 2,000,000 Issue Shares have been reserved for eligible employees and suppliers of the OCB Group; and

(b) 4,470,000 Issue Shares are available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is set aside strictly for Bumiputra individuals, companies, co-operatives, societies and institutions.

All the Issue Shares in respect of paragraphs (ii)(a) and (ii)(b) are fully underwritten at an underwriting commission of 1.55% of the issue price of RM2.00 per Issue Share. The Issue Shares in respect of paragraph (ii)(a) above not taken up by the eligible employees and suppliers of the OCB Group will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions.

The 3,200,000 Issue Shares in paragraph (i) above reserved for application by the Bumiputera investors approved by the MITI are not underwritten.

### 2. BASIS OF ARRIVING AT THE ISSUE PRICE

The issue price of RM2.00 per Issue Share was determined and agreed upon by the Company and CIMB, as the Adviser and Managing Underwriter, after taking into consideration the following factors:-

- (i) the Group's financial and operating history and conditions;
- (ii) the prospects of the Group and the industrial paints and coatings industry and the prevailing market conditions;
- (iii) the estimate and forecast net PE Multiples of 9.53 times and 8.00 times based on the enlarged issued and paid-up share capital of OCB of 40,000,000 ordinary shares of RM1.00 each for the financial years ending 31 October 2000 and 2001 respectively;
- (iv) the proforma audited consolidated NTA per share of OCB of RM1.29 as at 31 March 2000; and
- (v) the estimate and forecast gross dividend yields of 3.5% and 5.0% for the financial years ending 31 October 2000 and 2001 respectively.

**VII. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)****3. PURPOSES OF THE PUBLIC ISSUE**

The purposes of the Public Issue are as follows:-

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

**4. PROCEEDS OF THE RIGHTS ISSUE AND PUBLIC ISSUE**

The Company has/will be able to raise proceeds from the following:-

	<b>RM</b>
Rights Issue	5,150,000
Public Issue	19,340,000
	<u>24,490,000</u>

The total gross proceeds from the Rights Issue and Public Issue which shall accrue entirely to OCB, will be utilised in the following manner :-

	<b>Note</b>	<b>RM'000</b>
Part finance of the purchase of industrial land	4.1	3,310
Construction of office, warehouse and factory buildings	4.2	8,000
Purchase of plant and machinery and testing equipment and apparatus	4.3	2,000
Research and development expenditure	4.4	2,000
Acquisition of PP	4.5	599
Repayment of bank borrowings	4.6	2,384
Working capital		4,197
Estimated listing expenses	4.7	2,000
		<u>24,490</u>

## VII. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)

### Notes:-

- 4.1 The OCB Group's future plans are focused on technology diversification, market diversification as well as local and overseas expansion. In realising these plans, the OCB Group has to strengthen its research and development facilities, provide continuous training for technical personnel as well as increasing the Group's production and warehousing space in Shah Alam to cater for the expected increase in demand from customers and to provide support to its subsidiaries.

In this respect, the OCB Group plans to expand its existing Shah Alam factory by acquiring an adjacent piece of industrial land. On 31 December 1999, DCHEM entered into a Conditional Sale and Purchase Agreement with Napmax Sdn. Bhd. for the acquisition of part of a freehold industrial land of approximately 87,120 sq. ft. (subject to finalisation by the land surveyor) located at H.S.(D) 51792, P.T. No. 43440 in Mukim of Klang, Selangor Darul Ehsan ("Shah Alam Land") for a cash consideration of RM3,920,400 whilst approximately RM77,000 is allocated for pre-development expenses. The land shall be acquired free from any encumbrances. The total purchase consideration of RM3,920,400 has been arrived at on a willing buyer-willing seller basis.

The total purchase consideration and the pre-development expenses amounting to RM3,997,400 shall be funded from the proceeds of the Rights Issue and Public Issue of RM3,310,000 and the balance of RM687,400 from internally generated funds. Pursuant to the terms of the aforesaid Conditional Sale and Purchase Agreement, an amount of RM392,040 being 10% deposit was paid by DCHEM on the date of the execution of the said Conditional Sale and Purchase Agreement. The remaining balance of 90% of the purchase consideration shall be payable within 60 days from the date of receipt of the approval from the Land Office approving the sub-division of the Shah Alam Land. As at 6 September 2000, the said approval is still pending.

An independent valuation was carried out on 3 April 2000 by Messrs. Henry Butcher, Lim & Long (Selangor) Sdn. Bhd. on the Shah Alam Land using the comparison method of valuation. Based on the said valuation, the market value of the Shah Alam Land is RM3,310,000. The valuers' letter on the Shah Alam Land is set out in Section XIII of this Prospectus.

- 4.2 The RM8,000,000 allocated for the construction of the office, warehouse and factory buildings will be utilised in the following manner:-

	<b>Estimated cost of construction RM'000</b>
(i) Construction of the DCHEM Building as defined hereunder	6,000
(ii) Construction of a double-storey office and a single-storey factory building by DJ ("DJ Factory")	2,000
	<u>8,000</u>

## VII. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)

### *Construction of DCHEM Building*

DCHEM plans to construct a three-storey office and a single-storey warehouse building with a total built-up area of approximately 65,936 sq. ft. on the Shah Alam Land ("DCHEM Building"). Upon completion of the construction of the DCHEM Building, the existing warehouse operations of DCHEM will be relocated to the new warehouse building. Subsequently, the existing warehouse building with a built-up area of approximately 4,000 sq. ft., will then be extended and converted into a production area with an estimated total built-up area of approximately 8,000 sq. ft..

The Company has on 26 July 2000 appointed Messrs. CWW Architects Sdn. Bhd. to undertake the preliminary design for the construction of the DCHEM Building. The preliminary work schedule for the construction of the DCHEM Building is as follows:-

<b>Work Programme</b>	<b>Expected commencement date</b>	<b>Expected Completion date</b>
Tender Process	January 2001	March 2001
Construction	April 2001	February 2002

### *Construction of DJ Factory*

As disclosed in Section IX(5)(iv)(a) of this Prospectus, the OCB Group is planning to acquire a piece of industrial land and proposing to construct a double-storey office and a single-storey factory building thereon for the purpose of expansion. In this respect, the OCB Group has identified various suitable sites for such expansion. The proposed acquisition of the aforesaid land will be subject to the approval of the Department of Environment for the setting up of DJ's operation in one of the identified sites. Hence, the construction of the DJ Factory will commence only upon the completion of the acquisition of the said land by the OCB Group which is expected to be in the first quarter of the financial year ending 31 October 2001.

With the construction of the DJ Factory and the existing warehouse building of DCHEM being extended and converted into a production area coupled with the purchase of additional plant and machinery, testing equipment and apparatus as set out in Section 4.3 below, the OCB Group expects to be able to increase the production capacity for its manufacturing of customised industrial paints and inks as follows:-

<b>Subsidiaries</b>	<b>@Existing production output per annum million litres</b>	<b>@Existing production capacity per annum million litres</b>	<b>Expected production output per annum million litres</b>	<b>Expected production capacity per annum million litres</b>
DCHEM	1.7	2.1	2.5	3.5
DJ	0.3	0.4	0.5	0.6

---

**VII. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)**


---

**Notes:-**

@ Based on the financial year ended 31 October 1999.

1. The above existing and expected production outputs and production capacities are based on 1 shift of 8 hours per shift.
  2. There is no change in the existing and expected production output and production capacities for DP and PTD as the aforesaid expansion plan is only planned for DCHEM and DJ.
- 4.3. In line with the expansion plan of the OCB Group, RM2,000,000 has been allocated to DCHEM for the purchase of additional plant and machinery (for the use of general production) as well as testing equipment and apparatus (for the use of strategic and general research and development).

Details of the plant and machinery, testing equipment and apparatus to be acquired by DCHEM are as follows:-

Equipment	Functions	No. of units	Total estimated cost RM'000
Sample preparation apparatus	For spraying sample colour panels and handling toxic material	4	163
Lab testing equipment and apparatus	To test humidity, temperature variation, abrasion quality of paint, weather and various other properties	11	645
Measurement apparatus	For colour checking, oven temperature checking and for measuring viscosity of supplied paints and electrical properties of paints	4	70
Sandmills	For high quality pigment paste preparation	4	676
Production stirrers	For paint production	5	200
Solvent recovery unit	Solvent recycling machine to reduce wastage	1	110
Balance carried forward			1,864

---

**VII. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)**


---

<b>Equipment</b>	<b>Functions</b>	<b>No. of units</b>	<b>Total estimated cost RM'000</b>
Balance brought forward			1,864
Platform type (weighing machine)	For larger quantity batch weighing	1	6
Paint pot	For paint production preparation	4	75
Forklift	For loading, unloading and movement of goods	1	55
Total			<u>2,000</u>

The aforesaid plant and machinery, testing equipment and apparatus are expected to be purchased and installed by March 2002. The Board of Directors of OCB estimates that the aforesaid purchase of plant and machinery, testing equipment and apparatus, together with the increase in the production area of DCHEM as mentioned in Section 4.1, will increase the production capacity of DCHEM by approximately 67%.

- 4.4 The research and development expenditure amounting to RM2,000,000 will be utilised for training and procurement of technology and technical information as well as payment for purchases of materials which will be used in the research and development activities.
- 4.5 As part of the restructuring exercise of the OCB Group, OCB entered into a Conditional Sale and Purchase Agreement on 2 December 1999 with DCHEM for the acquisition of the entire issued and paid-up share capital of PP comprising 2 ordinary shares of RM1.00 each from DCHEM for a cash consideration of RM598,861 ("PP Agreement"). The purchase consideration of RM598,861 for the Acquisition of PP was arrived at based on the audited NTA of PP as at 31 October 1999. Subsequently, OCB entered into a Supplemental Agreement with DCHEM on 30 June 2000 to vary the terms of payment of the PP Agreement whereby both parties agreed that the purchase consideration for the Acquisition of PP shall be financed using the proceeds of the Rights Issue and/or Public Issue. As set out in Section IX(2)(ii) of this Prospectus, the Acquisition of PP has been completed on 30 June 2000 and is now pending payment.

## VII. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)

- 4.6 OCB will utilise RM2,384,000 of the proceeds from the Rights Issue and Public Issue to repay the Group's outstanding term loans, revolving credit and bank overdraft as follows:-

Type of facility	Company	Terms of repayment	Limit of facility RM'000	Amount outstanding as at 6 September 2000 RM'000	Amount to be repaid RM'000
Term loan	DCHEM	72 monthly instalments commencing 1 January 1995	371	92	92
Term loan	DP	120 monthly instalments commencing 1 September 1992	270	46	46
Revolving credit	DCHEM	End of rollover period for every month	2,500	1,000	1,000
Bank overdraft	DCHEM	On demand	3,000	2,032	1,246
				<u>3,170</u>	<u>2,384</u>

- 4.7 Estimated listing expenses include, inter-alia, underwriting commission and brokerage, fees for the professional advisers of the restructuring and flotation scheme and fees for the approving authorities. The estimated listing expenses will be fully borne by the Company.

### 5. BROKERAGE AND UNDERWRITING COMMISSION

Brokerage is payable by the Company at the rate of 1.0% of the issue price of RM2.00 per Issue Share in respect of successful applications which bear the stamps of CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and the Underwriters as mentioned in Section II of this Prospectus have agreed to underwrite 6,470,000 Issue Shares which are available for application by the eligible employees and suppliers of the Group as well as the Malaysian public. Underwriting commission is payable by the Company at the rate of 1.55% of the issue price of RM2.00 per Issue Share.

## VIII. MORATORIUM ON SALE OF SHARES

The SC, in approving the listing of OCB, imposed that a moratorium shall be placed on the disposal of shares by certain shareholders of OCB. The moratorium has been imposed on the sale of 18,000,000 ordinary shares of RM1.00 each representing 45% of the enlarged issued and paid-up share capital of OCB held by the shareholders of OCB as set out below. Such shareholders are not allowed to sell, transfer or assign their respective shareholdings in OCB within one (1) year from the date of admission of OCB to the Official List of the Second Board of the KLSE. Thereafter, each of them is allowed to sell, transfer or assign, in every subsequent year, up to a maximum of one-third per annum (on a straight line basis) of their respective shareholdings in the Company which are placed under moratorium.

The shareholders and their respective shareholdings based on the Register of Members as at 6 September 2000 which are under moratorium as imposed by the SC and KLSE are as follows:-

Shareholders	OCB ordinary shares held after the Public Issue		OCB ordinary shares held under moratorium	
	No. of ordinary shares	Percentage of enlarged share capital %	No. of ordinary shares	Percentage of enlarged share capital %
Kwong Tse Woon @ Yan Yik Woon	8,630,352	21.58	5,284,282	13.21
Ong Eng Dee	5,751,172	14.38	3,521,388	8.80
PVSB	6,767,776	16.92	4,143,845	10.36
Mazlan bin Ali	8,248,512	20.62	5,050,485	12.63
	29,397,812	73.50	18,000,000	45.00

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

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

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