

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE AND/OR THE FLOTATION OF LIPO CORPORATION BERHAD ("LIPO" OR THE "COMPANY") ON THE KUALA LUMPUR STOCK EXCHANGE ("KLSE"). THE SC SHALL NOT BE LIABLE FOR ANY MATERIAL NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT IN LIPO.

THE KLSE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF LIPO OR OF ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES ("ROC"), MALAYSIA, AND NEITHER THE SC NOR THE ROC TAKES ANY RESPONSIBILITY FOR ITS CONTENTS.

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTER OF LIPO AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

CIMB ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE, THE COMPANY AND THE LIPO GROUP AND WHERE APPROPRIATE, CIMB HAS SATISFIED ITSELF THAT THE PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF LIPO ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAS BEEN STATED BY THE DIRECTORS OF LIPO AFTER DUE AND CAREFUL ENQUIRY AND HAS BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of LIPO on the KLSE is set out below:-

Event	Date
Opening of Application List	17 September 2001
Closing of Application List	1 October 2001
Tentative Date for Balloting	5 October 2001
Tentative Date for Dispatch of Notices of Allotment to successful applicants	18 October 2001
Tentative Date for Listing of LIPO's entire enlarged issued and paid-up share capital on the Second Board of the KLSE	24 October 2001

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DEFINITIONS

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

"ADA"	:	Authorised Depository Agent
"ADA Code"	:	ADA (Broker) Code
"Application Form(s)"	:	The printed application form(s) for the application for the Issue Shares
"Application"	:	The application for the Issue Shares by way of Application Forms or by way of Electronic Share Application
"ASC"	:	Allied Stamping Corporation Sdn. Bhd. (<i>Company No.: 205290-X</i>), a wholly-owned subsidiary of LIPO
"ATM"	:	Automated Teller Machine
"Baht"	:	Official currency of Thailand
"CDS"	:	Central Depository System
"CIMB"	:	Commerce International Merchant Bankers Berhad (<i>Company No.: 18417-M</i>)
"Electronic Share Application"	:	The application for the Issue Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"FIC"	:	Foreign Investment Committee
"IPSB"	:	Indana Properties Sdn. Bhd. (<i>Company No.: 343649-H</i>)
"Issue Share(s)"	:	13,050,000 new ordinary shares of RM1.00 each in LIPO to be issued pursuant to the Public Issue at an issue price of RM1.40 per new ordinary share
"KLSE"	:	Kuala Lumpur Stock Exchange (<i>Company No.: 30632-P</i>)
"LIPO" or "Company"	:	Lipo Corporation Berhad (<i>Company No.: 491485-V</i>)
"LIPO Group" or "Group"	:	LIPO and its subsidiaries
"Listing"	:	The admission to the Official List and the listing of and quotation for 50,323,000 ordinary shares of RM1.00 each representing the entire enlarged issued and paid-up share capital of LIPO on the Second Board of the KLSE
"Capitalisation of Advances"	:	The capitalisation of advances from THBI to LIPO of RM3,713,000 into 3,713,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.00 per ordinary share
"MCD"	:	Malaysian Central Depository Sdn. Bhd. (<i>Company No.: 165570-W</i>), a subsidiary of the KLSE
"MIH"	:	Malaysian Issuing House Sdn. Bhd. (<i>Company No.: 258345-X</i>)
"MI"	:	Minority interests
"MIDA"	:	Malaysian Industrial Development Authority

DEFINITIONS (CONT'D)

"MITI"	:	Ministry of International Trade and Industry
"MNC(s)"	:	Multi-national company(ies)
"MT"	:	Macgilent Technology Sdn. Bhd. (<i>Company No.: 518757-T</i>), a wholly-owned subsidiary of LIPO
"NTA"	:	Net tangible assets
"Participating Financial Institution(s)"	:	The participating financial institution(s) for Electronic Share Application as listed in paragraph 5 of Section XII of this Prospectus
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple(s)"	:	Price earnings multiple(s)
"PPC"	:	Paradigm Precision Components Sdn. Bhd. (<i>Company No.: 217167-U</i>), a wholly-owned subsidiary of LIPO
"PPC-T"	:	Paradigm Precision Components (Thailand) Ltd. (<i>Company No.: Bor.Or.Jor.Or.Yor.1071</i>), a 99.98%-owned subsidiary of LIPO
"PPM"	:	Paradigm Precision Machining Sdn. Bhd. (<i>formerly known as Preciturn (M) Sdn. Bhd.</i>) (<i>Company No.: 201691-T</i>), a wholly-owned subsidiary of LIPO
"PPT"	:	Paradigm Precision Technologies Sdn. Bhd. (<i>Company No.: 521380-P</i>), a wholly-owned subsidiary of LIPO
"Prescribed Security"	:	Ordinary shares of a company prescribed by the KLSE to be deposited into the CDS
"Public Issue"	:	The public issue of 13,050,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.40 per new ordinary share to the Bumiputera investors approved by the MITI, the eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group and the Malaysian public, subject to the terms and conditions of this Prospectus
"RM"	:	Ringgit Malaysia
"SC"	:	Securities Commission
"SC Guidelines"	:	Policies and Guidelines on Issue/Offer of Securities issued by the SC
"sq. ft."	:	Square feet
"THBI"	:	THB Industries Bhd. (<i>Company No.: 308279-A</i>), a company listed on the Main Board of the KLSE and a substantial shareholder of LIPO
"THBI Group"	:	THBI and its subsidiaries
"US"	:	United States of America
"USD"	:	United States Dollars

CORPORATE DIRECTORY**DIRECTORS**

The Board of Directors of LIPO is as follows:-

Name	Address	Occupation	Nationality
Koay Hean Eng (<i>Non-Executive Chairman</i>)	1 Tingkat Pantai Jerjak 11700 Gelugor Pulau Pinang	Director	Malaysian
Koay Cheng Lye (<i>Managing Director</i>)	7 Lebuh Gelugor 11600 Georgetown Pulau Pinang	Director	Malaysian
Dato' Dr. Zainuddin Bin Md. Wazir (<i>Independent Non-Executive Director</i>)	2-1-3A Sri Pangkor Condominium 10250 Pulau Pinang	Director	Malaysian
Lim Ah Bok @ Lim Chong Bok (<i>Independent Non-Executive Director</i>)	No. 9 Lebuhraya Scott 10350 Georgetown Pulau Pinang	Director	Malaysian
Soo Fook Poy (<i>Executive Director</i>)	18-10-11 Halaman Tembaga Menara Greenview 11600 Georgetown Pulau Pinang	Director	Malaysian
Lim Swee Chuan (<i>Executive Director</i>)	95-6-1 University Heights Jalan Sungai Dua 11700 Gelugor Pulau Pinang	Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Lim Ah Bok @ Lim Chong Bok	Chairman of the Committee	Non-Executive and Independent
Dato' Dr. Zainuddin Bin Md. Wazir	Member of the Committee	Non-Executive and Independent
Lim Swee Chuan	Member of the Committee	Executive Director

COMPANY SECRETARIES

Chan Mun Shee
(MAICSA No. 7003071)
Block 42-1-12
Jalan Sungkai
10460 Georgetown
Penang

Wong Mee Choon
(LS 0040)
5, Jalan Teochew Dua
Off Thean Teik Road
11500 Ayer Itam
Penang

CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE	Lot 1.02, First Floor Acctax Corporate Centre 2 Jalan Bawasah 10050 Penang Tel : 04 – 228 0020 Fax : 04 – 228 0023
PRINCIPAL BANKERS	Alliance Bank Berhad Ground & Mezzanine Floor Wisma Malvest 20 & 20A, Jalan Tun Dr Awang Sungai Nibong Kecil 11900 Bayan Lepas Pulau Pinang Malayan Banking Berhad 8K & 8L, Jalan Tun Dr Awang Sungai Nibong Kecil 11900 Bayan Lepas Pulau Pinang
AUDITORS & REPORTING ACCOUNTANTS	Ernst & Young Public Accountants 37, Jalan Anson 10400 Pulau Pinang
REGISTRAR	M & C Services Sdn. Bhd. 1st Floor (Room 102) Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Pulau Pinang
SOLICITORS	Chew, Tan & Lim Advocates & Solicitors 20th Floor, Menara BHL Bank 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang
ISSUING HOUSE	Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
ADVISER AND MANAGING UNDERWRITER	Commerce International Merchant Bankers Berhad 8th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan

CORPORATE DIRECTORY (CONT'D)

UNDERWRITERS

Kestrel Securities Sdn. Bhd.
No. 57, 59 & 61
Jalan Ali
84000 Muar
Johor Darul Takzim

Soon Theam Securities Sdn. Bhd.
No. 111, Jalan Macalister
10400 Pulau Pinang

LISTING SOUGHT

Second Board of the KLSE

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I. INFORMATION SUMMARY

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO THE LIPO GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE ISSUE SHARES.

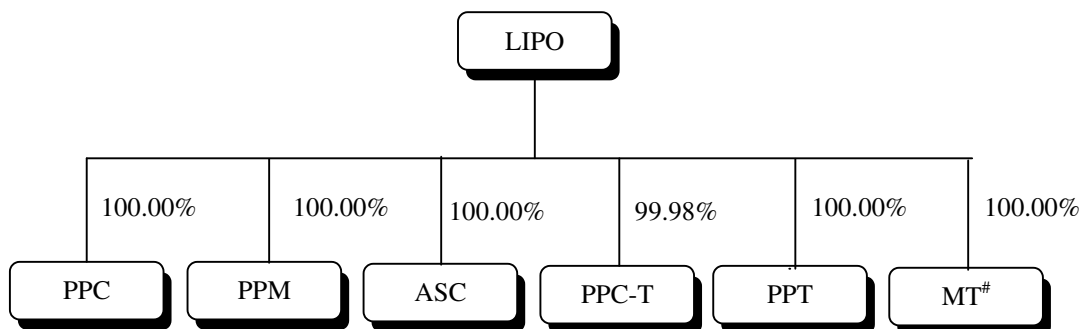
1. HISTORY AND BUSINESS

LIPO was incorporated in Malaysia under the Companies Act, 1965 on 16 August 1999 as a private limited company under the name of Bright Consolidated Sdn. Bhd.. On 2 November 1999, it changed its name to Lipo Corporation Sdn. Bhd. and subsequently, on 1 December 2000, it was converted to a public company and assumed its present name. The principal activities of the Company are investment holding and provision of management services whilst the principal activities of its subsidiaries are as follows:-

Company	Principal Activities
PPC	Manufacturing of precision machined components
PPM	Manufacturing of precision machining parts and components
ASC	Manufacturing of precision metal stamping parts
PPC-T	Manufacturing of metal products attribute from machining
PPT	Dormant
MT [#]	Manufacturing of components and parts for electrical and electronic products, medical and scientific devices

For further details on the principal activities of the subsidiaries of the Group, please refer to Section IV(4) of this Prospectus.

The group structure of the LIPO Group is as follows:-



Note:-

[#] The company obtained approval from the MIDA in respect of its application for pioneer status on 19 January 2001. However as at the date hereof, MT has not commenced operations.

I. INFORMATION SUMMARY (CONT'D)**2. OWNERSHIP AND MANAGEMENT**

The management team of the LIPO Group is headed by its Managing Director, Koay Cheng Lye, who is one of the founders of PPC and has extensive experience in the precision machining and related industry. The key management team of the LIPO Group comprises people with proven capabilities in their respective fields including production, quality control, finance, marketing and business development.

Save as disclosed below, none of the Directors, promoter, major shareholders and key management, has any shareholdings, direct or indirect, in LIPO after the Public Issue:-

	<----- Direct ----->		<----- Indirect ----->	
	No. of ordinary shares	Percentage of issued and paid-up share capital %	No. of ordinary shares	Percentage of issued and paid-up share capital %
Directors				
Koay Hean Eng	-	-	*22,813,000	45.33
Koay Cheng Lye	-	-	*22,813,000	45.33
Dato' Dr. Zainuddin Bin Md. Wazir	-	-	-	-
Lim Ah Bok @ Lim Chong Bok	-	-	-	-
Soo Fook Poy	-	-	-	-
Lim Swee Chuan	-	-	-	-
Promoter				
THBI	22,813,000	45.33	-	-
Major shareholders				
THBI	22,813,000	45.33	-	-
Dr. Mohd. Zabdi Bin Zamrod	6,000,000	11.92	-	-
Kobay Holdings Sdn. Bhd.	-	-	#22,813,000	45.33

Notes:-

* Deemed interest by virtue of their substantial shareholdings in Kobay Holdings Sdn. Bhd..

Deemed interest by virtue of its substantial shareholdings in THBI.

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I. INFORMATION SUMMARY (CONT'D)**3. FINANCIAL HIGHLIGHTS**

The table below sets out a summary of the proforma consolidated income statement of the LIPO Group for the past 5 financial years ended 30 June 2000 and the 9 months ended 31 March 2001 prepared based on the assumption that the current structure of the LIPO Group has been in existence throughout the period under review. The proforma consolidated income statement are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section IX of this Prospectus:-

	< -----Financial years ended 30 June----- >					9 months ended 31 March
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	12,827	21,315	25,659	28,936	41,648	37,476
Consolidated profit before interest, depreciation, amortisation and taxation	4,492	6,528	7,986	9,791	13,141	10,439
Interest	(543)	(670)	(986)	(1,067)	(949)	(804)
Depreciation	(1,723)	(2,113)	(2,687)	(2,866)	(3,418)	(3,290)
Amortisation	-	-	-	-	(4)	-
Consolidated PBT	2,226	3,745	4,313	5,858	8,770	6,345
Taxation ⁽⁴⁾	(57)	(143)	(325)	-	(432)	10
Consolidated PAT before MI	2,169	3,602	3,988	5,858	8,338	6,355
MI	-	-	-	-	-	-
Consolidated PAT and MI	2,169	3,602	3,988	5,858	8,338	6,355
No. of ordinary shares in issue ('000) ⁽¹⁾	33,560	33,560	33,560	33,560	33,560	33,560
Gross EPS (sen) ⁽²⁾	6.63	11.16	12.85	17.46	26.13	*25.21
Net EPS (sen) ⁽³⁾	6.46	10.73	11.88	17.46	24.85	*25.25
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

* Annualised.

(1) Being the number of ordinary shares assumed in issue before the Capitalisation of Advances and the Public Issue.

(2) The gross EPS is computed based on the consolidated PBT but after MI divided by the number of ordinary shares assumed in issue.

(3) The net EPS is computed based on the consolidated PAT and MI divided by the number of ordinary shares assumed in issue.

(4) The under/overprovision of taxation has been adjusted to the relevant financial years/period concerned.

(5) There were no extraordinary items or exceptional items during the financial years/period under review.

LIPO and its subsidiaries' audited financial statements for the past 5 years have not been subjected to any auditors' qualifications.

Detailed information on the financial performance of the LIPO Group is set out in Section VIII of this Prospectus.

I. INFORMATION SUMMARY (CONT'D)**4. SUMMARY PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets of LIPO as at 31 March 2001 have been prepared solely to illustrate the effects of the Capitalisation of Advances and the Public Issue on the assumption that these transactions were effected on that date and should be read in conjunction with the notes and assumptions to the Proforma Consolidated Balance Sheets as set out in Section VIII of this Prospectus.

	Audited as at 31 March 2001 RM'000	(I) After Capitalisation of Advances RM'000	(II) After (I), Public Issue and Listing Expenses RM'000
FIXED ASSETS	45,615	45,615	45,615
HOLDING COMPANY	(3,741)	(28)	(28)
RELATED COMPANIES	180	180	180
GOODWILL ON CONSOLIDATION	3,060	3,060	3,060
CURRENT ASSETS			
Stocks	10,880	10,880	10,880
Trade debtors	7,635	7,635	7,635
Other debtors	3,312	3,312	3,312
Deposits	3,335	3,335	3,335
Cash and bank balance	1,071	1,071	17,441
	26,233	26,233	42,603
CURRENT LIABILITIES			
Trade creditors	4,196	4,196	4,196
Other creditors	4,397	4,397	4,397
Short term borrowings	3,266	3,266	3,266
Taxation	336	336	336
	12,195	12,195	12,195
NET CURRENT ASSETS	14,038	14,038	30,408
	59,152	62,865	79,235
FINANCED BY-			
SHARE CAPITAL	33,560	37,273	50,323
RESERVES			
Share premium account	1,800	1,800	5,120
Reserve on consolidation	67	67	67
Exchange fluctuation reserve	(466)	(466)	(466)
Retained profits	11,353	11,353	11,353
	12,754	12,754	16,074
SHAREHOLDERS' FUNDS	46,314	50,027	66,397
LONG TERM LIABILITIES (SECURED)	12,838	12,838	12,838
	59,152	62,865	79,235
NET TANGIBLE ASSETS PER SHARE (RM)	1.29	1.26	1.26

I. INFORMATION SUMMARY (CONT'D)

5. SUMMARY OF RISK FACTORS

Applicants for the Issue Shares should carefully consider the following risk factors summarised from Section III of this Prospectus, in addition to the other information contained elsewhere in this Prospectus, before applying to subscribe for the Issue Shares:-

- (i) No prior market for LIPO shares
- (ii) Control by major shareholders of LIPO
- (iii) Business risks inherent in the industry in which the LIPO Group operates
- (iv) Political and economic considerations of Malaysia and Thailand
- (v) Foreign market risk and foreign exchange fluctuations risk
- (vi) Competition from existing competitors and new players in the industry
- (vii) Dependence on key personnel of the LIPO Group
- (viii) Supply and cost of raw materials used in the manufacturing of precision machined components and metal stamping parts
- (ix) Fluctuations in selling prices of products
- (x) Common Directors, common major shareholder with another listed company, common members of the Executive Committee and the issue of conflict of interest
 - (a) Directors
 - (b) Common major shareholder
 - (c) Common Members of the Executive Committee ("Exco")
 - (d) Distinction between the LIPO Group and the THBI Group
- (xi) Domestic borrowings
- (xii) Dependency on major customers and suppliers
- (xiii) Adequacy of insurance coverage on the Group's assets
- (xiv) Technology used or to be used by the LIPO Group and the rapid development of technological change
- (xv) Dependence on the telecommunications, consumer electronics and electrical and semiconductor industries
- (xvi) Absence of long term contractual agreements with customers and/or suppliers
- (xvii) Restrictive covenants under borrowing facility agreements
- (xviii) Operations in Thailand
- (xix) Failure/delay in listing exercise
- (xx) Profit estimate and forecast
- (xxi) Forward looking statements

I. INFORMATION SUMMARY (CONT'D)**6. PRINCIPAL STATISTICS**

(i) Share Capital	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
37,273,000 ordinary shares of RM1.00 each	37,273,000
<i>To be issued pursuant to the Public Issue</i>	
13,050,000 new ordinary shares of RM1.00 each	13,050,000
	50,323,000
(ii) Classes of shares and ranking	
There is only one class of shares in the Company, being ordinary shares of RM1.00 each. The Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of this Prospectus.	
(iii) Issue price for each Issue Share	RM1.40
(iv) Proforma Group NTA as at 31 March 2001	
Proforma Group NTA (RM'000)	RM63,337
<i>(after deducting total estimated listing expenses amounting to RM1,900,000)</i>	
Proforma Group NTA per share	RM1.26
<i>(based on the enlarged issued and paid-up share capital of 50,323,000 ordinary shares of RM1.00 each)</i>	

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I. INFORMATION SUMMARY (CONT'D)**(v) Consolidated profit estimate and forecast**

	Estimate	Forecast
Financial year ended/ending 30 June	2001	2002
	RM'000	RM'000
Consolidated PBT	8,710	9,610
Taxation	(58)	(521)
Consolidated PAT before MI	8,652	9,089
MI	-	-
Consolidated PAT and MI	8,652	9,089

Based on 50,323,000 ordinary shares of RM1.00 each, being the enlarged issued and paid-up share capital of LIPO

Gross EPS based on the consolidated PBT but after MI (sen)	17.31	19.10
Net EPS based on the consolidated PAT and MI (sen)	17.19	18.06
Gross PE Multiple (times) [@]	8.09	7.33
Net PE Multiple (times) [@]	8.14	7.75

Note:-

[@] *Based on the issue price of RM1.40 per Issue Share.*

(vi) Dividend estimate and forecast

	Estimate	Forecast
Financial year ended/ending 30 June	2001	2002
Tax-exempt dividend per ordinary share	5 sen	5 sen
Gross dividend yield <i>(based on the issue price of RM1.40 per Issue Share)</i>	3.57%	3.57%
Dividend cover*	3.44 times	3.61 times

Note:-

* *Based on the enlarged issued and fully paid-up share capital of LIPO comprising 50,323,000 ordinary shares of RM1.00 each.*

I. INFORMATION SUMMARY (CONT'D)**7. PROCEEDS FROM THE PUBLIC ISSUE AND THE UTILISATION THEREOF**

The total gross proceeds receivable by LIPO from the Public Issue of RM18.270 million will be utilised as follows:-

	RM'000
Repayment of borrowings	9,975
Working capital	6,395
Estimated listing expenses	1,900
	<u>18,270</u>

Details of the utilisation of the gross proceeds receivable from the Public Issue are set-out in Section II(7) of this Prospectus.

8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 4 September 2001 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

Save for the capital commitments as set out in Section VIII(2)(iv) of this Prospectus, as at 4 September 2001 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

9. MATERIAL LITIGATION

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

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

1. INTRODUCTION

This Prospectus is dated 17 September 2001.

A copy of this Prospectus has been registered by the SC and lodged with the Registrar of Companies ("ROC"), Malaysia, and neither the SC nor the ROC takes any responsibility for its contents.

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 LIPO as a Prescribed Security. In consequence thereof, the Issue Shares offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An application will be made to the KLSE within 3 market days from the date of this Prospectus for admission to the Official List of the Second Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of LIPO, including the Issue Shares which are the subject of this Prospectus, on the Second Board of the KLSE. These ordinary shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up ordinary shares of LIPO on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applications will be returned without interest if the said permission for listing is not granted within 6 weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

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

In the case of an application by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form only if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

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

II. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)

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

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

2. 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) 5,500,000 ordinary shares of RM1.00 each have been reserved for application by the Bumiputera investors approved by the MITI;
- (ii) 2,516,000 ordinary shares of RM1.00 each have been reserved for eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group; and
- (iii) 5,034,000 ordinary shares of RM1.00 each are available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The Issue Shares in respect of paragraph (ii) above are allocated based on the following criteria:-

- (a) the job position of the eligible employees who are confirmed employees of the LIPO Group and THBI as at 4 September 2001 (excluding the Directors of the LIPO Group and THBI, and the employees of its foreign subsidiary, PPC-T). Based on this criteria, there are 289 employees who are eligible to subscribe for the reserved Issue Shares; and
- (b) the value of transactions per annum and length of relationship of the customers and suppliers of the LIPO Group. Based on this criteria, up to 34 suppliers and 41 customers are eligible to subscribe for the reserved Issue Shares.

All the Issue Shares in respect of paragraphs (ii) and (iii) are fully underwritten at an underwriting commission of 2.0% of the issue price of RM1.40 per Issue Share. The 5,500,000 Issue Shares in paragraph (i) above reserved for application by the Bumiputera Investors approved by the MITI are not underwritten.

The Issue Shares in respect of paragraph (ii) above not taken up by eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions.

3. SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
37,273,000 ordinary shares of RM1.00 each	37,273,000
<i>To be issued pursuant to the Public Issue</i>	
13,050,000 new ordinary shares of RM1.00 each	13,050,000
	50,323,000

II. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)

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

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

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distribution and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

4. OPENING AND CLOSING OF APPLICATION LISTS

The Application Lists will open at 10.00 a.m. on 1 October 2001 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of the Company in their absolute discretion may decide.

The timing of events leading up to the listing of and quotation for LIPO's entire enlarged issued and paid-up share capital on the Second Board of the KLSE is set out below:-

Event	Dates
Opening of Application List	17 September 2001
Closing of Application List	1 October 2001
Tentative Date for Balloting	5 October 2001
Tentative Date for Dispatch of Notice of Allotment to successful applicants	18 October 2001
Tentative Date for Listing of LIPO's entire enlarged issued and paid-up share capital on the Second Board of the KLSE	24 October 2001

5. PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

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

II. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)**6. BASIS OF ARRIVING AT THE ISSUE PRICE**

The issue price of RM1.40 per Issue Share was determined and agreed upon by the Company and CIMB, as Adviser and Managing Underwriter, after taking into consideration the following factors:-

- (i) the Group's operating and financial history and conditions;
- (ii) the prospects of the industry and the future plans, strategies and prospects of the LIPO Group as outlined in Sections IV(5) and IV(6) of this Prospectus;
- (iii) the prevailing market conditions;
- (iv) the forecast net PE Multiple of 7.75 times based on the enlarged issued and paid-up share capital of 50,323,000 ordinary shares of RM1.00 each for the financial year ending 30 June 2002;
- (v) the proforma audited consolidated NTA per share of RM1.26 as at 31 March 2001; and
- (vi) the forecast gross dividend yield of 3.57% for the financial year ending 30 June 2002.

7. PROCEEDS FROM THE PUBLIC ISSUE AND THE UTILISATION THEREOF

The total gross proceeds receivable by LIPO from the Public Issue of RM18.270 million are expected to be fully utilised by end June 2002 as follows:-

	Note	RM'000
Repayment of borrowings	(i)	9,975
Working capital	(ii)	6,395
Estimated listing expenses	(iii)	1,900
		18,270

Notes:-

- (i) LIPO will utilise RM9.975 million of the proceeds from the Public Issue to repay its existing borrowings. The borrowings were mainly used to finance the purchase of machinery and the acquisition of land and the construction of factory building where PPC's office and manufacturing facility is currently located. The interest savings as a result of repayment of the said borrowings is approximately RM384,000 and RM576,000 for the financial years ending 30 June 2002 and 2003 respectively.

The balance outstanding of the borrowings of RM15.950 million as at 4 September 2001 (being the latest practicable date prior to the registration of the Prospectus) to the completion date of the Public Issue will be subsequently reduced as some of the repayment of the borrowings will be made progressively. Should there be any excess/variation from/to the repayment of the aforesaid borrowings, the excess/variation will be utilised to repay other borrowings of the LIPO Group, subject always to a total limit of RM9.975 million to be utilised for such purpose.

- (ii) The allocated sum of RM6.395 million will be utilised to finance the working capital requirements of the LIPO Group. The LIPO Group is principally involved in the manufacturing of precision machined and metal stamping components. In line with the expansion plans of the LIPO Group which are focused on local and overseas expansion, the LIPO Group anticipates that a high working capital will be required for its operations.

II. PARTICULARS OF THE PUBLIC ISSUE (CONT'D)

(iii) The estimated listing expenses amounting to RM1.900 million consist of the following:-

	RM'000
Estimated professional fees	900
Underwriting commission	211
Brokerage	106
Printing of Prospectus and application forms	118
Issuing House fees and disbursements	90
KLSE fees	7
SC fees	55
Registration of Prospectus with the SC	5
Lodgement of Prospectus with the ROC	1
Advertisement of Prospectus	20
Contingencies	387
TOTAL	1,900

8. BROKERAGE AND UNDERWRITING COMMISSION

Brokerage is payable by the Company at the rate of 1.0% of the issue price of RM1.40 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 the Corporate Directory of this Prospectus have agreed to underwrite the 7,550,000 Issue Shares which are available for application by the Malaysian public and the eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group. Underwriting commission is payable by the Company at the rate of 2.0% of the issue price of RM1.40 per Issue Share.

9. DETAILS OF UNDERWRITING AGREEMENT(S)

In accordance with the Underwriting Agreement entered into between LIPO and the Managing Underwriter and the Underwriters on 6 September 2001 ("Underwriting Agreement"), upon any material breach of the warranties or representations, or any material failure to perform any of the agreements or undertakings as stated in the Underwriting Agreement or any material change thereof occurring prior to the closing date of the Public Issue, the Underwriters shall be entitled by giving a 7 days' notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company to require the same to be remedied and should such material breach or failure to perform remain unremedied after the period of notice, the Underwriters shall be entitled to elect to treat such breach, failure or change as releasing or discharging the Underwriters from their obligations under the Underwriting Agreement. Some of the salient terms of the Underwriting Agreement are summarised as follows:-

- (i) The several obligations of the Underwriters under the Underwriting Agreement shall further be conditional upon:-
- (a) there not having been on or prior to the closing date of the Public Issue, any adverse change or any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the LIPO Group, taken as a whole, which is material in the context of the Public Issue from that set forth in the Prospectus nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations and warranties contained in Clause 5 of the Underwriting Agreement as though they had been given or made on such date;

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

- (b) the delivery to the Managing Underwriter on the closing date of the Public Issue of such reports and confirmations dated the same as the closing date from the Directors to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the LIPO Group;
- (c) the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus of a certificate dated same as the date of the Prospectus signed by duly authorized officers of the Company stating that there has been no such change, development or occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representation and warranty contained in Clause 5 of the Underwriting Agreement;
- (d) there has been no such change, development or occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representation and warranty contained in Clause 5 of the Underwriting Agreement;
- (e) the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (f) the Managing Underwriter having been satisfied that the Company has complied with and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto; and
- (g) the Public Issue being approved by the shareholders of the Company in an Extraordinary General Meeting.

If any of the foregoing conditions is not satisfied on or before the closing date of the Public Issue, the Underwriters shall thereupon be entitled to terminate the Underwriting Agreement by notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company and upon such termination, the obligations and liabilities of the Company and the Underwriters thereunder shall become null and void.

- (ii) The Underwriters shall further have the right to terminate the Underwriting Agreement in the event that the approval-in-principle of the KLSE for the listing of and quotation for the entire issued and paid-up share capital of LIPO is withdrawn or not procured within 6 weeks from the date of issue of the Prospectus (or such longer period as may be specified by the SC).
- (iii) The Underwriters may at any time before the closing date of the Public Issue by notice in writing by the Managing Underwriters on behalf of the Underwriters to the Company, terminate their obligations under the Underwriting Agreement if in their reasonable opinion there shall have been such a significant change in national or international monetary, financial, political or economic conditions or exchange control legislation or currency exchange rates or an occurrence as a result of an act or acts of God as would in their reasonable opinion reached in good faith, prejudice materially the success of the Public Issue or seriously affect the business of the LIPO Group.
- (iv) The Underwriters shall also be entitled to terminate the Underwriting Agreement by notice in writing by the Managing Underwriter on behalf of the Underwriters to the Company prior to the closing date of the Public Issue if the success of the Public Issue is in the opinion of the Underwriters seriously jeopardised by the coming into force of any laws or governmental regulations or directives which seriously affects or is likely to seriously affect the business of the LIPO Group or any material breach by the Company of any of its representations, warranties, obligations or undertakings under the Underwriting Agreement or any material and adverse change in the condition (financial or otherwise) of the LIPO Group from that described in the Prospectus.

III. RISK FACTORS

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

(i) No prior market for LIPO shares

Prior to this Public Issue, there has been no public market for LIPO shares. There can be no assurance that an active market for LIPO shares will develop upon listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The issue price of RM1.40 per Issue Share has been determined after taking into consideration a number of factors including, but not limited to, the Group's operating and financial history and conditions, its prospects and the prospects of the industry in which the Group operates, and the prevailing market conditions prior to the issue of this Prospectus. The price at which LIPO shares will trade on the Second Board of the KLSE after the Public Issue may be influenced by a number of factors, including the depth and liquidity of the market for LIPO shares and investors' perception of the LIPO Group.

(ii) Control by major shareholders

Following the Public Issue, the major shareholders of LIPO, namely THBI and Dr. Mohd. Zabdi Bin Zamrod, collectively hold 57.25% of the Company's enlarged issued and paid-up share capital. The aforesaid shareholders, if they act together, may be able to influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

(iii) Business risks

The Group is subject to certain risks inherent in its business which include, amongst others, a general downturn in the global, regional and national economy, entry of new players, constraints in labour supply, changes in law and tax legislation affecting the industry in Malaysia and Thailand, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and collectibility of debts. Although the Group seeks to limit these risks through, inter-alia, a diversified suppliers and customers base and prudent management policies, there can be no assurance that any change to these factors will not have a material adverse effect on the Group's business.

(iv) Political and economic considerations

Given the nature of the industry in which the LIPO Group operates, the Group's operations are closely linked to the economic fundamentals and political stability of Malaysia and Thailand. Any adverse developments in the political and economic environment and uncertainties in Malaysia and Thailand may materially and adversely affect the financial performance of the Group. These include risk of war, global economic downturn and unfavourable changes in the Malaysian and Thailand Governments' policies such as changes in methods of taxation or introduction of new regulations. There can be no assurance that any change to these factors will not have a material adverse effect on the Group's business.

(v) Foreign market risk and foreign currency fluctuations risk

For the 9 months ended 31 March 2001, approximately 55% of the Group's products were exported to countries such as the US, Thailand, Singapore and Japan while approximately 30% of its raw materials of aluminium, steel, copper and brass were imported from Germany, Taiwan and Singapore. As such, the Group's future growth and level of profitability is expected to be also linked to the political and economic development of these countries, where some of the Group's customers and suppliers, direct or indirect, are located. The future growth of these economies may be affected by changes in inflation, interest rates, taxation and other political, economic or social developments.

III. RISK FACTORS (CONT'D)

(v) Foreign market risk and foreign currency fluctuations risk (cont'd)

The Group is also exposed to foreign exchange fluctuation risks. The imposition of currency controls via the pegging of the RM to USD at the fixed exchange rate of USD1.00 to RM3.80 by Bank Negara Malaysia since September 1998 has stabilised the risks arising from foreign exchange fluctuation. For the LIPO Group, the exports are mainly transacted in USD and this provides a natural hedge against the foreign exchange risks of the importation of raw materials to a certain extent. However, there can be no assurance that the currency controls will remain and that future foreign exchange fluctuations arising from the lifting of the currency controls or the adjustment of the RM to USD peg will not adversely affect the financial results of the LIPO Group.

(vi) Competition

The Group faces competition from its competitors who may expand their businesses substantially and from new players coming into the industry. As such, there is no certainty that the Group will always be able to maintain its existing market share in the future. Nevertheless, the Group has been in the business for almost a decade and has successfully built up a strong relationship with its customers, many of which are MNCs. The Group maintains its competitive advantage by ensuring prompt delivery, consistent quality and price competitiveness of its products. The Group is also continuously looking at ways to improve on its production processes in order to increase production efficiency. However, there can be no assurance that the Group will not be affected by the competitive strategy adopted by the other manufacturers within the same industry, both domestic and overseas.

(vii) Dependence on key personnel

The Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The loss of any of the Group's Directors or key members of the senior management may affect the Group's performance. The Group's future success will also depend upon its ability to attract and retain skilled personnel. The Directors of LIPO recognise the importance of the Company's ability to attract and retain skilled personnel and have in place a human resource strategy which includes a suitable compensation package and a well structured succession planning. However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

(viii) Supply and cost of raw materials

As the Group's principal activities are the manufacturing of precision machined components and metal stamping parts, the main raw materials used are aluminium, stainless steel, steel, brass, copper and bronze. For the 9 months ended 31 March 2001, the LIPO Group's cost of raw materials is approximately RM12.513 million. It does not foresee any difficulty in the procurement of the raw materials in view that it sources its supplies from several suppliers. There is also no over-dependence on any single supplier. However, there can be no assurance that any change to these factors will not have any material adverse impact on the Group's business.

(ix) Fluctuation in selling prices of products

Fluctuations in selling prices of products are normal occurrences in industries where supply and demand are the main determinants of price. The Group produces a wide range of products to meet its customers' requirements and has a diverse range of customers who operate in various industries such as telecommunications, electrical and electronic, semiconductor, computer, automation and automotive industries in the manufacturing sector. Hence, the Group's risks are minimised should any particular product or market segment suffer from a decline in selling prices or demand. Although the Group seeks to limit this risk through good marketing and business strategies, there can be no assurance that any change to these factors will not have a material adverse impact on the Group's business.

III. RISK FACTORS (CONT'D)

(x) **Common Directors, Common Major Shareholder with Another Listed Company, Common Members of the Executive Committee and the Issue of Conflict Of Interest**

(a) **Common Directors**

Koay Hean Eng and Koay Cheng Lye are common directors of both THBI and LIPO. THBI is a company which has been listed on the Main Board of the KLSE since December 1997. Koay Hean Eng is the Group Managing Director of THBI whereas Koay Cheng Lye is the Group Executive Director of THBI. Koay Hean Eng and Koay Cheng Lye are the Non-Executive Chairman and the Managing Director of LIPO respectively.

Both the abovementioned Directors have given their written undertakings that they will undertake their management responsibilities without causing any conflict of interest to arise between THBI and the LIPO Group.

Koay Cheng Lye and Koay Hean Eng have direct shareholdings of 0.87% and 1.49% respectively in THBI. Koay Cheng Lye and Koay Hean Eng are deemed to have indirect major shareholdings in THBI by virtue of their direct major shareholdings in Kobay Holdings Sdn. Bhd., a major shareholder of THBI. However, both of them do not have any direct shareholdings in LIPO.

(b) **Common Major Shareholder**

Prior to the Public Issue, Noorzalila Binti Ismail is a common major shareholder in both LIPO and THBI with direct shareholdings of 5.10% and 9.87% respectively. Subsequent to the Public Issue, she is no longer a major shareholder of LIPO.

She does not hold any directorship in either company.

(c) **Common Members of the Executive Committee ("Exco")**

The decision making and corporate policies of the LIPO Group and the THBI Group are made by their respective Exco. The composition of the Exco of the LIPO Group consists of Koay Cheng Lye, Koay Hean Eng, Lim Swee Chuan and Soo Fook Poy whereas the Exco of the THBI Group consists of Koay Hean Eng and Koay Cheng Lye.

(d) **Distinction between the LIPO Group and the THBI Group**

Notwithstanding the above, the LIPO Group and the THBI Group are actually distinct from one another as both groups service the different needs of their customers. The major distinctions are as follows:-

- (i) The LIPO Group is primarily involved in the manufacturing of precision machined components and metal stamping parts which are primarily **used as direct materials or components** by equipment manufacturers in various industries such as telecommunications, electronic and electrical, semiconductor and automotive industries.

The THBI Group on the other hand is principally involved in the manufacturing of steel and carbide dies, moulds, tooling parts, jigs and fixtures and automated machines **used in the manufacturing processes** for the production, handling and inspection of integrated circuit chips for computers, telecommunications and consumer electronics industries.

III. RISK FACTORS (CONT'D)

In other words, the LIPO Group contributes to the production process of its customers by supplying components and parts required for the manufacturing of the end-products such as wireless data transceiver for the telecommunications industry, signal analyser for the electronic industry and gold wire spool for the semiconductor-related industries. In contrast, the THBI Group services the maintenance needs of its customers by supplying the tooling parts, moulds and dies which are used in the manufacturing process for cutting, shaping and moulding of integrated circuit as well as equipment and automated machines used in the handling and inspection of integrated circuit.

Hence, there is no intra-group competition or conflict of interest between the LIPO Group and the THBI Group.

- (ii) The LIPO Group is not dependent on the THBI Group for business opportunities and vice versa. Both the LIPO Group and the THBI Group have their own marketing teams. Any new business opportunities which LIPO has will be decided by its management and Exco independently without having to refer to THBI for decision.
- (iii) All the inter-company transactions between the LIPO Group and the THBI Group are done at arms length in accordance with normal commercial terms.

(xi) Domestic borrowings

The Group's total domestic long-term and short-term borrowings as at 4 September 2001 (being the latest practicable date prior to the registration of this Prospectus) amounted to RM11.773 million and RM4.177 million respectively. All the loans of the Group are interest bearing. As such, any increase in interest rates will increase the burden of the Group with respect to interest payments of the loans depending on the total outstanding loans as at the point in time. There can be no assurance that the performance of the Group would remain favourable in the event of adverse changes in the interest rate.

(xii) Dependency on major customers and suppliers

For the 9 months ended 31 March 2001, the top 10 customers accounted for approximately 69% of the Group's turnover, with no single customer contributing more than 22% to the Group's turnover. In terms of purchases during the corresponding period, the contribution of the top 3 suppliers accounted for only approximately 16% of the Group's cost of sales, with no single supplier contributing more than 20% to the Group's purchases. As such, the risk of over dependency on any particular customer and/or supplier are minimal.

(xiii) Adequacy of insurance coverage on the Group's assets

As at 4 September 2001, the net book value of plant and machinery is RM25.009 million and the value of stocks is RM10.111 million which have insurance coverage amounting to RM33.762 million and RM7.700 million respectively. Although the Group has taken the necessary measures to ensure that all its assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any consequential loss arising therefrom.

III. RISK FACTORS (*CONT'D*)

(xiv) **Technology used or to be used by the LIPO Group and the rapid development of technological change**

The risks involved with rapid technological changes are the obsolescence of current technology, the requirement of new technology not matched by existing technical staff and that the operations of the Company are not ready for new methods. The LIPO Group acknowledges the said risks and is continuously undertaking research and development and exploring other areas of technological improvement, ensuring that staff are continuously trained to align their skills with the requirements of new technologies and investing in state-of-the-art machinery and equipment to keep abreast with the latest technology. However, there can be no assurance that the rapid development of technological change will not have a material adverse effect on the Group's business.

(xv) **Dependence on particular sectors**

The Group's products are mainly supplied to the telecommunications, consumer electronics and electrical and semiconductor industries. These 3 sectors account for approximately 76% of the Group's turnover for the 9 months ended 31 March 2001. Although the LIPO Group has established itself as a reputable supplier to its MNCs and local customers, there can be no assurance that any adverse effects on the above industries will not have a material adverse impact on the Group's business.

(xvi) **Absence of long term contractual agreements with customers and/or suppliers**

There are no long term contractual agreements between the LIPO Group and its customers and/or suppliers. This is the norm in the precision machining and precision metal stamping industry in which the Group operates.

The Group seeks to limit this risk by employing various strategies to broaden its clientele base, which includes, inter-alia, venturing into new markets through the employment of marketing agents abroad. Despite the absence of long term contracts with its customers, the Group has an established and proven track record in terms of providing quality products and services, which has earned the Group the confidence and recognition of its various MNCs and overseas customers. With regards to long term contracts with suppliers, the major raw materials utilised by the Group are aluminium, brass and steel, commodities which are easily sourced and thus it is not necessary for the Group to enter into such long term contracts.

(xvii) **Restrictive covenants under borrowing facility agreements**

The LIPO Group has credit facilities amounting to RM21.951 million granted by various local financial institutions out of which an amount of RM15.950 million is outstanding as at 4 September 2001. These credit facilities have covenants that may limit the Group's operating and financial flexibilities and the said covenants are, inter alia, summarised as follows:-

- (a) the borrower shall not encumber or charge or create or permit to subsist any security interest over any part of the properties, assets, business or undertaking of the borrower or of any security party which has been charged or offered as security to the financial institutions without first obtaining the consent of the financial institutions in writing;
- (b) the borrower shall not effect or undertake or permit any form or merger reconstruction, consolidation or amalgamation by way of a scheme or otherwise, or approve, permit any change of ownership or transfer of any part of its issued capital;
- (c) the borrower shall not add to, delete, vary or amend its Memorandum and Articles of Association in any manner or change its financial year or the nature of its business or sell, transfer or otherwise dispose of all or a substantial part of its capital assets other than in the ordinary course of business;

III. RISK FACTORS (CONT'D)

- (d) the borrower shall not allow any change in the existing shareholders of the borrower; and
- (e) the borrower shall not make or permit to exist loans or lend or make advances to any of its shareholders or directors or any person or company or make investment in other companies or guarantees any person or company (other than in the ordinary course of business) or enter into any transaction with any person, firm or company except in the ordinary course of business on ordinary commercial terms and on the basis of arm's length arrangement or establish any exclusive purchasing or sales agency or enter into or pay management fees to any director or shareholder of the borrower or to any other party.

An amount of RM9.975 million out of the net Public Issue proceeds of RM16.370 million will be utilised for the repayment of borrowings.

(xviii) Operations in Thailand

In October 2000, the Group expanded its operations to Thailand mainly to cater for the needs of one of its major customers. By having a set-up in Thailand, the Group anticipates to be able to better serve the needs of its customers through a faster response time and foster closer business relationship with its customers. The operations in Thailand is subject to certain business risks which includes but not limited to the general conditions of the Thailand economy, its political stability, changes in legal and tax legislations affecting the industry in which PPC-T operates, fluctuations in exchange rates and fluctuations in costs of production. As such, there can be no assurance that any change to the above factors will not have a material impact on the operations of PPC-T.

(xix) Failure/delay in the listing exercise

The listing exercise is also exposed to the risk that it may fail or be delayed should the following events occur:-

- (a) The Bumiputera investors approved by the MITI fail to subscribe to the portion of Issue Shares allocated to them;
- (b) The eligible employees of LIPO Group and THBI, and the customers and suppliers of the LIPO Group fail to subscribe to the portion of Issue Shares allocated to them;
- (c) The Underwriters fail to honour their obligations under the underwriting agreement;
- (d) The Underwriters, in honouring their obligations become a shareholder holding 5% or more of the shares in the Company; and
- (e) The Company is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 shares each, of which at least 500 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue and at the point of listing.

III. RISK FACTORS (CONT'D)

(xx) Profit estimate and forecast

This Prospectus contains the consolidated profit estimate and forecast of the LIPO Group for the financial years ended/ending 30 June 2001 and 2002 respectively that have been prepared based on assumptions which the Directors of LIPO believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies. Owing to the subjective judgements and inherent uncertainties underlying the profit estimate and forecast and given that events and circumstances frequently do not occur as expected, there can be no assurance that the estimate and forecast contained herein will be achieved and actual results may be materially different from those estimated and forecast. Investors are deemed to have read and understood the assumptions and uncertainties underlying the estimate and forecast contained herein.

(xxi) Forward looking statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by the Board of Directors of the Company, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the LIPO Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the Group will be achieved.

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IV. INFORMATION ON THE LIPO GROUP

1. INFORMATION ON LIPO

1.1 Incorporation

LIPO was incorporated in Malaysia under the Companies Act, 1965 on 16 August 1999 as a private limited company under the name of Bright Consolidated Sdn. Bhd.. On 2 November 1999, it changed its name to Lipo Corporation Sdn. Bhd. and subsequently, on 1 December 2000, it was converted to a public company and assumed its present name.

The principal activities of the Company are investment holding and provision of management services.

1.2 Changes in share capital

The authorised share capital of LIPO is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of LIPO is RM37,273,000 comprising 37,273,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.08.99	2	Subscribers' shares	2
14.02.00	26,059,998	Acquisition of subsidiaries	26,060,000
31.03.00	6,500,000	Cash	32,560,000
30.06.00	1,000,000	Cash	33,560,000
15.08.01	3,713,000	Capitalisation of advances from THBI to LIPO of RM3,713,000 into 3,713,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.00 per ordinary share	37,273,000

2. LISTING EXERCISE

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of LIPO on the Second Board of the KLSE, the Company undertook a Capitalisation of Advances and Public Issue exercise which was approved by the FIC on 23 January 2001, the MITI on 31 March 2001 and 3 September 2001 and the SC on 16 April 2001 and 31 July 2001 respectively, involving the following inter-conditional transactions:-

(i) Capitalisation of Advances

On 15 August 2001, LIPO capitalised its shareholder's advances from THBI of RM3,713,000 into 3,713,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.00 per share. The Capitalisation of Advances resulted in the issued and fully paid-up share capital of LIPO being increased from RM33,560,000 to RM37,273,000.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)**(ii) Public Issue**

Following the completion of the Capitalisation of Advances and in conjunction with the flotation of LIPO, the Company is implementing a public issue of 13,050,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.40 per Issue Share to approved Bumiputera investors by the MITI, eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group and the Malaysian public.

(iii) Listing and Quotation

The listing of and quotation for the entire enlarged issued and paid-up share capital of LIPO comprising 50,323,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

3. BUSINESS OVERVIEW**3.1 Group Structure**

LIPO's subsidiaries as at the date of this Prospectus are summarised below:-

Company	Effective Equity Interests (%)	Principal Activities
PPC	100.00	Manufacturing of precision machined components
PPM	100.00	Manufacturing of precision machining parts and components
ASC	100.00	Manufacturing of precision metal stamping parts
PPC-T	99.98	Manufacturing of metal products attribute from machining
PPT	100.00	Dormant
MT [#]	100.00	Manufacturing of components and parts for electrical and electronic products, medical and scientific devices

Note:-

[#] *MT has yet to commence operations as at the date hereof.*

LIPO does not have any associated companies as at the date of the Prospectus.

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IV. INFORMATION ON THE LIPO GROUP (CONT'D)

3.2 Products

Some of the major products manufactured by the subsidiaries of LIPO are as follows:-

Company	Product description	Usage/application/ final products	Industry
PPC	Pallet	Metal base for frequency amplifier used in wireless communications systems, radar and cellular phones	Telecommunications
	Slider	Bearing housing of high-speed moving parts in machinery	Automation
	Spool	Winding and storing of gold wire	Semiconductor
	Sensor housing	Housing for sensor in electrical and electronics products	Electrical and electronic
	Platelet, shaft	Components of printers	Printer
	Microwave housing	Housing for microwave frequency transmission	Telecommunications and electronic
PPM	Special bolts, spacers, collars and mounting parts	Motorcycle components	Automotive
	Piston rod	Automotive parts to absorb vibration	Automotive
	Brake wheel	Component of washing machine	Electrical and electronic
	Shaft armature	Component of air-conditioner compressor	Electrical and electronic
ASC	Distribution box and racks, terminals, face plate and cover	Telecommunication switch box, cordless phones, power amplifier units for phone systems and mobile base stations	Telecommunications
	Bulb holder and reflector	Automotive lighting parts	Automotive
	Casing	Car audio players	Audio
	Heat sink and casing, holder plate and enclosures	Modem card, fax machine and measuring instruments and oscilloscopes	Computer and electronics
PPC-T	Pallet	Metal base for frequency amplifier used in wireless communications systems, radar and cellular phones	Telecommunications

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

3.3 Brand Names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchise and other Intellectual Property Rights

The Group does not presently own any registered patents, trademarks, technical assistance agreements, franchise or similar intellectual property rights. However, the principal licences required by the LIPO Group are set out in Section IV(8) of the Prospectus.

3.4 Production Capacity and Output

The LIPO Group has 5 manufacturing facilities, strategically located in Pulau Pinang, Selangor and Ayutthaya, Thailand to cater for the needs of its customers. Further details on the 5 manufacturing facilities are set out in Section IV (3.5) below. For the 9 months ended 31 March 2001, the annualised production capacities and output of these 5 manufacturing facilities are as follows:-

Company (in machine hours)	Average Production Capacity Per Annum	Average Production Output Per Annum	Average No. of Production Shifts Per Day
PPC	266,000	186,000	3
PPM	133,000	93,000	2
PPC-T	63,000	50,000	2
ASC	*125,000	*107,000	2

Note:-

* Represents the combined annual average production capacity and annual average production output of the 2 manufacturing facilities.

3.5 Manufacturing Processes and Facilities

The manufacturing processes and facilities of the LIPO Group can be segregated into the following categories:-

- (i) Precision machining; and
- (ii) Precision metal stamping.

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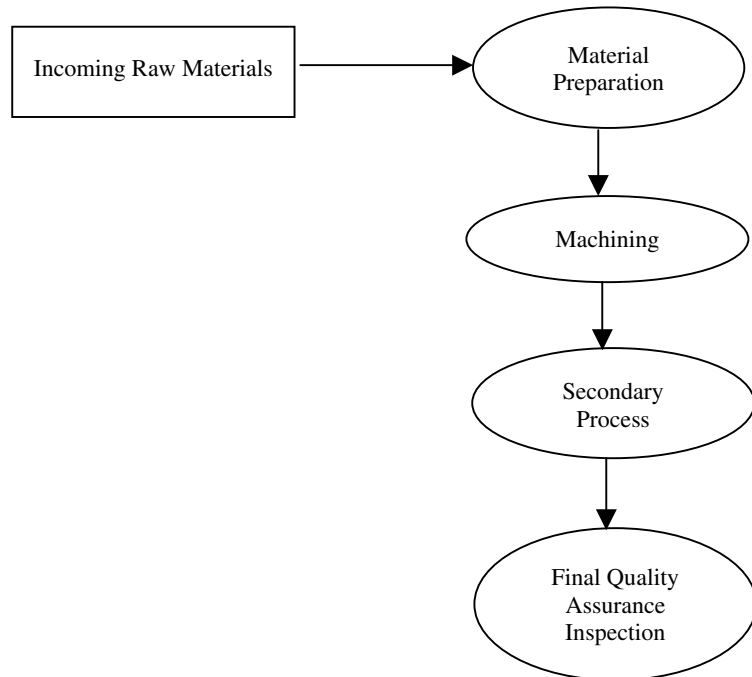
IV. INFORMATION ON THE LIPO GROUP (CONT'D)

3.5.1 Precision Machining

The subsidiaries of LIPO involved in the precision machining business are PPC, PPM and PPC-T. The location of the manufacturing facilities of these subsidiaries are as follows:-

Company	Location	Approximate Built-up Area	Average Monthly Production Capacity
PPC	Factory cum office located at Phase 4 of the Bayan Lepas Industrial Park, Pulau Pinang	42,000 sq. ft.	22,000 machine hours
PPM	Rented factory cum office located at Bandar Baru Bangi, Selangor	13,600 sq. ft.	11,000 machine hours
PPC-T	Rented premise located at Wangnoi Factory Land, Thailand	10,000 sq. ft.	5,000 machine hours

The precision machining manufacturing process involves the following:-



IV. INFORMATION ON THE LIPO GROUP (CONT'D)

The description of the major processes are as follows:-

Material Preparation

Raw materials are cut into desired sizes using sawing or parting machine before machining process.

Machining Process

Sub-Process	Description
<i>Turning</i>	Raw materials in round bar form are turned at high speed and cut, drilled, tapped, threaded, pocketed and slotted into the desired shapes and dimension by cutting tools using CNC turning machine.
<i>Milling</i>	Raw materials in the form of flat or extruded sections are placed on machine table and cut, drilled, tapped, threaded, pocketed and slotted into the desired shapes and dimension by cutting tools using CNC machine center.

Secondary Process

Sub-Process	Description
<i>Deburring</i>	After turning and milling processes, particles attached on the machined parts are removed before further processing.
<i>Notching</i>	Edges are cut into the outer dimension of spool products using CNC machine center.
<i>Surface Treatment</i>	This involves surface treatment on certain finished products for additional coating layer via degreasing, electrolyte with sulphuric acid, washing and sealing processes. Subsequent colouring process may be added.

Basically the manufacturing processes for PPC, PPM and PPC-T are similar except that PPC provides more value-added services such as anodising while PPM and PPC-T fulfils the basic machining requirement of its customers, for example milling and turning. In addition, the machines used by PPC are more high-end and can perform high precision and complicated job processes in terms of speed, function and accuracy.

Production runs are scheduled based on current inventory levels and contracted delivery schedules in order to utilise its machines efficiently. The machines and labour utilisation levels are also monitored to ensure productive usage of its manufacturing capacity. A wide range of state-of-the-art machinery is employed by the LIPO Group in order to stay competitive in this capital intensive industry.

Details of the major machinery used for precision machining are as follows:-

Description	No. of units owned by company as at 4 September 2001		
	PPC	PPM	PPC-T
CNC Machine Center	22	12	10
CNC Turning Center Machine	11	3	-
CNC Chuker Lathe Machine	6	7	-
CNC Automatic Lathe Machine	3	2	-
CNC Lathe Machine	-	3	-

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

The features and functions of the above machinery are as follows:-

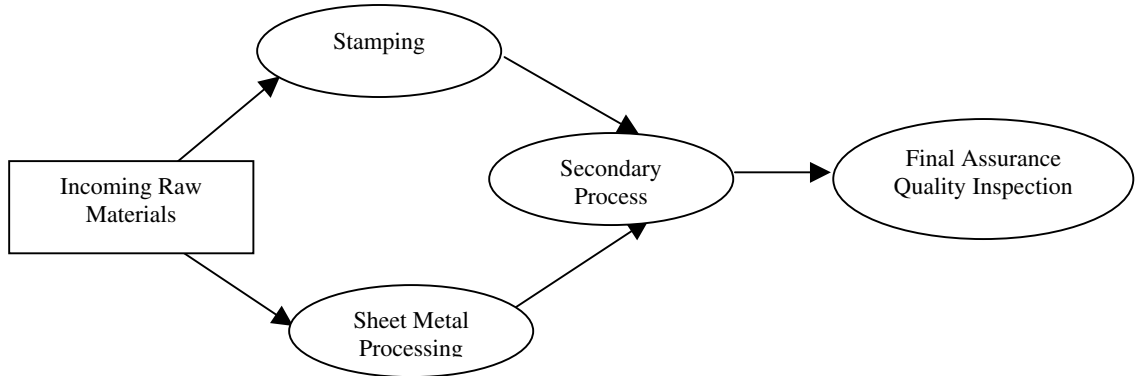
Machine	Features and Functions
<i>CNC Machine Center</i>	These machines are used to produce high precision metal components by cutting and boring via machining instructions which are programmed into the machine. Work pieces can be flat, round and of any uneven sizes. For milling and cutting procedures, the machine is able to handle any work piece with sizes up to 800mm by 510mm with a 20 to 30 tools set-up enabling complex machining requirement.
<i>CNC Turning Center Machine</i>	This machine is used for the turning process and have sub spindles for added operations. It can handle work pieces with the size of up to 64mm in diameter.
<i>CNC Chuker Lathe Machine</i>	This machine is used for the fine turning process. It is capable of handling work pieces with the size of up to a diameter of 150mm with 0.005mm accuracy.
<i>CNC Automatic Lathe Machine</i>	These machines can be programmed to produce the required long work piece. Raw materials can be fed automatically to increase productivity. For the turning process, the raw material which are metal rods are automatically fed into the machine. The machine is capable of handling work sizes of up to diameter 25mm by 3metre in length.
<i>CNC Lathe Machine</i>	The machine can be programmed to produce work piece of round shapes and sizes, including centre bores. Die cast and forged parts and cut rods are turned at high speed, shaped and cut into the required specifications. This machine is capable of handling work size of up to a diameter of 140mm by 120mm in length.

3.5.2 Precision Metal Stamping

The manufacturing facilities of ASC are housed in its production sites comprising two factories cum office buildings located in Prai Industrial Estate, Seberang Perai Tengah, Pulau Pinang collectively measuring approximately 93,336 sq. ft.. At present, ASC operates on 2 shifts with a current average monthly production capacity of approximately 10,000 machine hours. ASC is an experienced player with approximately 10 years in the precision metal stamping and sheet metal processing industries, mainly in the fabrication of metal parts and sheet metal and in-house tooling. Its operation process encompasses riveting, tapping, clinching, levelling, wet/powder paint coating, welding, silk screen printing and electro and electroless plating.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

ASC's manufacturing process of precision metal stamping parts can be illustrated as follows:-



The description of the major processes are as follows: -

Stamping

Raw materials are fed into a power press via a feeder for progressive stamping using hard tooling to stamp out the shapes required.

Sheet Metal Processing

Sub-Process	Description
<i>CNC Punching</i>	Raw materials in sheet form are cut, punched and slotted into the desired shapes by soft tools attached to the machine.
<i>CNC Bending</i>	After the CNC punching process, the product is bent to the required angle by the machine.

Secondary Process

Sub-Process	Description
<i>Deburring</i>	After the stamping and punching process, the cutting burr on the parts are removed before further processing.
<i>Spot Welding</i>	Two pieces of stamped metal parts are welded together.
<i>Drilling</i>	Metal parts are counter sunk or drilled.
<i>Tapping</i>	Perform screw thread on stamped parts to accommodate screws.
<i>Clinching</i>	Metal parts are clinch attached with fasteners by a clinching machine.
<i>Surface Treatment</i>	This involves surface treatment on certain finished products for additional coating layer via degreasing, electrolyte with sulphuric acid, washing and sealing processes. Subsequent colouring process may be added.
<i>Wet / Powder Painting</i>	Products are coated by wet / powder paint.

In order to ensure reliable delivery and quality products to the company's customers, ASC adopts stringent internal quality controls throughout its entire production process to ensure that the products produced conform to the specifications of customers. As part of the management emphasis on quality, training programs are provided for all levels of staff and a control chart is maintained for all tools.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

As at 4 September 2001, the details of the major machinery owned and used by ASC are as follows:-

Description	No. of units
Manufacturing Equipment	
Yamada Dobby 800 SPM High Speed Presses (30 tons)	1
Komatsu 300 SPM High Speed Presses	
- 25 ton	1
- 60 ton	1
Komatsu Presses	
- 60 ton	4
- 80 ton	4
- 110 ton	4
Aida Presses	
- 160 ton	2
- 200 ton	2
Trumpf CNC Punching Machine	2
Amada CNC Punching Machine	1
Amada Hydraulic Press Brake	6
Secondary Process Equipment	
Clinching, Riveting, Drilling and Tapping Machines	17
Wet Painting Line	1
Powder Painting Line	1
Zinc Plating Line	1
Chromating Line	1
Silk Screen Painting Line	1
In-house Tool Room	
Wire Cut, Surface Grinding, Milling and Turning Machines	9

The features and functions of the above machinery are as follows:-

Machine	Features and Functions
Manufacturing Equipment	
<i>High Speed Press</i>	This machine is used for metal stamping process using hard tooling. The progressive stamping process is capable of pressing tonnage of between 25 tons and 60 tons at the speed of 300 strokes per minute.
<i>Presses</i>	This machine is used for metal stamping process using hard tooling. The progressive stamping process is capable of pressing tonnage ranging from 60 tons to 200 tons at the speed of 40 to 150 strokes per minute.
<i>Trumpf CNC Punching Machine/Amada CNC Punching Machine</i>	This machine is used for sheet metal fabrication with punching, nibbling and forming processes controlled by computer-aided systems.
<i>Amada Hydraulic Press Brake</i>	This machine is used for sheet metal forming through bending process.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

The features and functions of the above machinery are as follows (*cont'd*):-

Machine	Features and Functions
Secondary Process Equipment	
<i>Wet/Powder Painting Line</i>	Wet/powder paint coating line with a clean room facility spraying boost.
<i>Zinc Plating Line</i>	Electroplating process to plate zinc metal onto the parts' surface to prevent corrosion.
In-house Tool Room	
<i>CNC Wire Cut Machine</i>	For micro machining slots and die opening as small as 0.05mm.

3.6 Quality Control Procedures

The Group adopts a stringent internal quality assurance policy to ensure that products manufactured and supplied by the company are of high quality and meet the specifications and stringent requirements of its customers. The products are manufactured under the supervision of qualified production technicians and quality assurance technicians who ensure that the strict quality control procedures are adhered to throughout the manufacturing process. Strong emphasis is placed on continuous improvement to ensure that the products manufactured are of the highest quality and conform to the relevant regulatory standards. In order to ensure that the products conform with customers' specifications, the Quality Assurance Department monitors the entire manufacturing process through the adherence with a set of Standard Operating Procedures.

Advanced and high-technology inspection devices are being used to ensure product quality and consistency, for example, the use of Coordinate Measuring Machine that has an accuracy measure of 0.002mm. In order to improve the quality of products, the Group has also been aggressively developing the skills and technical know-how of the employees via in-house training programmes and external training through various courses conducted for technical staff, ranging from the fundamentals of materials, process control to management and supervising skills.

The Group's commitment to quality is evidenced by the following accreditation received by its subsidiaries:-

- (i) PPC obtained the International Organisation for Standardisation ("ISO") 9002 accreditation on 9 May 2000. The certifying organisation is the TÜV CERT Certification Body of Rheinisch-Westfälischer TÜV e.V. of Germany; and
- (ii) ASC has been accredited with the ISO 9002 on 11 September 2000 and the scope of registration covers "Metal Stamping, Assembly of Metal Parts and Secondary Processes". The certifying organisations are United Kingdom Accreditation Service and Anglo Japanese American Registrars.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

3.7 Principal Markets

PPC and PPM are both involved in the manufacturing of precision machined components and parts. PPC's main focus covers the telecommunications, semiconductor and automation industries, while PPM's main focus is on the consumer electrical and automotive industries, concentrated at the central region of Peninsular Malaysia. Their products are mainly sold to MNCs which export their final products worldwide. ASC is involved in the manufacturing of precision metal stamping parts. It caters mainly for the telecommunications, automotive, computer related and electrical and electronic industries. PPC-T, a new set-up of the Group located in Ayutthaya, Thailand which is involved in the manufacturing of precision machined components commenced its operations in October 2000. It mainly caters for the telecommunications industry. Details of the major customers of the LIPO Group are detailed in Section 3.14 below.

Generally, the Group's operations are synergistic and complementary to each other and this has put the Group in a better position in providing a wider range of services to its customers. The high precision-machined components manufactured by the Group differ in shape, size, production method and aesthetic appearance. The types of components manufactured by the Group are dictated by the customers' specifications and requests.

The Group's products cover various industries such as telecommunications, electrical and electronic products, semiconductor, computers, automation and automotive industries within the manufacturing sector. Set out below are the sales mix by industry for the Group:-

Industry	% contribution to Group turnover for the 9 months ended 31 March 2001
Telecommunications	48%
Electrical and electronics	18%
Semiconductors	10%
Automotive	9%
Computers/Printers	8%
Automation	5%
Others	2%
Total	100%

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IV. INFORMATION ON THE LIPO GROUP (CONT'D)

The LIPO Group's products caters for both the export and local markets. Total exports as a percentage of the Group's turnover, analysed by export destination for the 9 months ended 31 March 2001 are as follows:-

Export Destination	% contribution to Group turnover for the 9 months ended 31 March 2001
US	19.6%
Thailand	17.5%
Singapore	7.8%
Japan	5.3%
UK	3.6%
Taiwan	0.9%
Switzerland	0.4%
Total	55.1%

The growth of the principal markets of the LIPO Group is dependent to a large extent on the prospects of the manufacturing sector, in particular, the telecommunications, electrical and consumer electronics and semiconductor industries. Given the well-established business relationship with the MNCs, the LIPO Group is confident of achieving further growth in its principal markets.

3.8 Availability of Resources

The Group has access to a regular supply of raw materials at competitive prices and over the years has maintained a good working relationship with its suppliers where it has an established track record for its purchase and payment commitments. The Group is therefore confident that its suppliers will be able to support any increase in raw material requirements arising from the expected increase in the future output of the Group.

The main items of raw materials used by PPC, PPM and ASC are as follows:-

PPC Aluminium and stainless steel, of which approximately 68% is sourced locally and the remaining 32% is sourced from Germany and Taiwan. On the average, raw materials cost constitutes about 31% of total production costs.

PPM Aluminium, steel and brass, of which approximately 73% is sourced locally apart from some supply of steel which is sourced from Taiwan. On the average, raw materials cost constitutes about 29% of total production costs.

ASC Steel, aluminium, copper and bronze, of which approximately 74% is sourced locally apart from some supply of copper and bronze which are sourced from Singapore. On the average, raw materials cost constitutes about 63% of total production costs.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

For the 9 months ended 31 March 2001, approximately 70% or RM8.8 million of the Group's raw materials were sourced locally. As these raw materials are easily available, the Group does not foresee any supply problems. Details of the major suppliers of the LIPO Group are detailed in Section 3.15 below.

3.9 Research and Development ("R&D")

The Group places strong emphasis on R&D to ensure that its products are of high quality and conform to the stringent standards set by its customers. Each subsidiary has its own R&D team. In PPC and PPC-T, it is handled by the Engineering Department and Quality Assurance Department, in PPM it is handled by the Production Department and in ASC, it is handled by the engineers of each division. Emphasis is placed on ongoing R&D activities to enhance productivity and improve its products in order to meet the stringent requirements imposed by the MNCs and the export-oriented markets.

No specific amount has been allocated for R&D as the focus is on on-the-job continuous improvement and will be incurred as and when needed. The Group provides in-house training programmes and external training through various courses conducted for technical staff, ranging from the fundamentals of materials, process control to management and supervising skills.

3.10 Key Achievements, Milestones and/or Awards

The fact that PPC is chosen as a supplier to many of the quality conscious MNCs is a testimony to the company's track record in consistently producing products of high standard and meeting the customers' requirements. In recognition for being one of the most enterprising companies in Malaysia, PPC was accredited with the "1998 Enterprise 50" award jointly organised by Andersen Consulting Sdn. Bhd. and the Small and Medium-sized Industries Development Corporation Sdn. Bhd. on 27 November 1998.

PPM is an experienced player in the industry with approximately 10 years in the manufacturing of precision machining parts and components for the electrical and automotive industries. In recognition of the company's quality products and reliable delivery, PPM has been awarded with "Excellent Quality at Competitive Price" by Sharp-Roxy Appliances Corporation (M) Sdn. Bhd. in 1996 for the support of vacuum cleaner export business.

3.11 Marketing and Method of Distribution

The senior management and the marketing and sales team of the LIPO Group place great emphasis on cultivating enduring business relationships and being a major supplier to all its key customers. This is achieved via delivering the highest quality products at all times, adhering to delivery commitments, competitive pricing and fast response time towards the customers' requests.

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IV. INFORMATION ON THE LIPO GROUP (CONT'D)

Owing to the nature of the industry, which requires close partnership between component manufacturers and their customers, the Group's marketing strategy is to emphasise on close customer relationships and regular contact for follow-up services. The Group emphasises on training sales personnel so that they are equipped with effective selling skills. In addition, each sales personnel is in-charge of specific customers. The objective is that they are more focused and understand the customer's requirements better. Over the years, the Group has established long term business relationships with most of its customers and has always responded promptly to their needs. With the existing customers' references and the Group's proven performance, the Board of Directors of LIPO believes that the Group would be able to capitalise on any potential business opportunities in the domestic and international markets. The LIPO Group has an established and close business relationship with the MNCs with an average of 5 years of relationship. The Directors of LIPO are confident that with the proven track record of PPC, PPM and ASC as evidenced by the recurring orders from its quality conscious customers and the usage of the state-of-the-art machinery, the Group will be able to improve its competitive edge in the market and grow with their customers.

3.12 Interruption to Operations of the LIPO Group

There has been no major interruptions to the business of the LIPO Group for the past 12 months preceeding the date of the Prospectus.

3.13 Information on Employees

Information on the employees of the LIPO Group are set out in Section V(8) of the Prospectus.

3.14 Major Customers

Details of the major customers of the LIPO Group individually contributing to 10% or more of the Group turnover for the 9 months ended 31 March 2001 are set out below:-

Customers	Products sold	Business relationship since	% of the total sales of the LIPO Group
ACT Manufacturing (Thailand) Public Co. Ltd <i>(formerly known as GSS Array Tech. Public Co. Ltd.)</i>	Pallet	1999	21%
Sanmina Corporation	Mounting bracket	2000	15%
Agilent Group of Companies	Cover and housing, led clinch frame and instrument casing	1999	10%

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IV. INFORMATION ON THE LIPO GROUP (CONT'D)**3.15 Major Suppliers**

The raw materials of the LIPO Group are sourced from various suppliers and the Group is not reliant on any single supplier for its raw materials. For the 9 months ended 31 March 2001 there is only one major supplier of the LIPO Group individually contributing to more than 10% of the Group's purchases, the details of which are as follows:-

Suppliers	Products supplied	Business relationship since	% of the total purchases of the LIPO Group
SKB Aluminium Industries Sdn. Bhd.	Aluminium	1996	20%

4. SUBSIDIARIES AND ASSOCIATED COMPANY

The principal activities of the subsidiaries of LIPO as at the date of this Prospectus are as follows:-

Name	Date and place of incorporation	Authorised share capital	Issued and paid-up share capital	Effective interest %	Principal activities
<i>Subsidiaries</i>					
PPC	15.05.91; Malaysia	RM5,000,000	RM1,603,610	100.00	Manufacturing of precision machined components
PPM	30.07.90; Malaysia	RM1,000,000	RM800,000	100.00	Manufacturing of precision machining parts and components
ASC	03.10.90; Malaysia	RM6,000,000	RM5,667,000	100.00	Manufacturing of precision metal stamping parts
PPC-T	13.07.00; Thailand	Baht 6,000,000	Baht 6,000,000	99.98	Manufacturing of metal products attribute from machining
PPT	23.07.00; Malaysia	RM100,000	RM2	100.00	Dormant
MT [#]	03.07.00; Malaysia	RM100,000	RM2	100.00	Manufacturing of components and parts for electrical and electronic products, medical and scientific devices

Note:-

[#] *MT obtained the approval for its application for pioneer status from the MIDA on 19 January 2001. MT has not commenced operations as at the date hereof.*

LIPO does not have any associated company as at the date hereof.

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IV. INFORMATION ON THE LIPO GROUP (CONT'D)

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

4.1 PPC
History and Business

PPC was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 15 May 1991 as Jamol Sdn. Bhd. and on 2 August 1994, it assumed its present name.

The company is principally engaged in the manufacturing of precision machined components.

Share Capital

The authorised share capital of PPC is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PPC is RM1,603,610 comprising 1,603,610 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
15.05.91	2	Subscribers' shares	2
11.12.92	99,998	Cash	100,000
31.07.94	1,503,610	Issued at par in relation to capitalisation of advances	1,603,610

Major Shareholder

PPC is a wholly-owned subsidiary of LIPO.

Subsidiary and associated company

PPC does not have any subsidiary or associated company as at 4 September 2001.

4.2 PPM
History and Business

PPM was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 30 July 1990 as Preciturn (M) Sdn. Bhd.. On 29 November 2000, PPM assumed its present name.

The company is principally engaged in the manufacturing of precision machining parts and components.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

Share Capital

The authorised share capital of PPM is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PPM is RM800,000 comprising 800,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
30.07.90	3	Subscribers' shares	3
13.09.90	89,997	Cash	90,000
16.08.91	81,000	Cash	171,000
28.09.94	394,000	Cash	565,000
22.01.98	235,000	Cash	800,000

Major Shareholder

PPM is a wholly-owned subsidiary of LIPO.

Subsidiary and associated company

PPM does not have any subsidiary or associated company as at 4 September 2001.

4.3 ASC***History and Business***

ASC was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 3 October 1990 as Fuji Hikari Precision Sdn. Bhd. and on 28 February 1996, it assumed its present name.

The company is principally engaged in the manufacturing of precision metal stamping parts.

Share Capital

The authorised share capital of ASC is RM6,000,000 comprising 6,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of ASC is RM5,667,000 comprising 5,667,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
03.10.90	4	Subscribers' shares	4
30.11.90	499,996	Cash	500,000
28.03.91	500,000	Cash	1,000,000
18.03.92	2,400,000	Cash	3,400,000
28.02.93	1,967,000	Cash	5,367,000
01.03.93	300,000	Cash	5,667,000

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

Major Shareholder

ASC is a wholly-owned subsidiary of LIPO.

Subsidiary and associated company

ASC does not have any subsidiary or associated company as at 4 September 2001.

4.4 PPC-T***History and Business***

PPC-T was incorporated in Thailand under the Civil and Commercial Code of Thailand as a limited company on 13 July 2000.

The company is principally engaged in the manufacturing of metal products attribute from machining.

Share Capital

The registered share capital of PPC-T is Baht 6,000,000 comprising 60,000 ordinary shares of Baht 100 each, all of which have been fully paid-up.

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

Date of allotment	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital Baht
13.07.00	60,000	Subscribers' shares partly paid-up to Baht 25 each	1,500,000
30.03.01	-	Call on remaining Baht75 on the 60,000 ordinary shares allotted	6,000,000

Major Shareholder

PPC-T is 99.98%-owned subsidiary of LIPO.

Subsidiary and associated company

PPC-T does not have any subsidiary or associated company as at 4 September 2001.

4.5 PPT***History and Business***

PPT was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 23 July 2000.

The company is currently dormant.

Share Capital

The authorised share capital of PPT is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PPT is RM2.00 comprising 2 ordinary shares of RM1.00 each.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

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

Date of allotment	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
23.07.00	2	Subscribers' shares	2

Major Shareholder

PPT is a wholly-owned subsidiary of LIPO.

Subsidiary and associated company

PPT does not have any subsidiary or associated company as at 4 September 2001.

4.6 MT

History and Business

MT was incorporated in Malaysia under the Companies Act, 1965 at a private limited company on 3 July 2000.

The company is principally engaged in the manufacturing of components and parts for electrical and electronic products, medical and scientific devices. MT obtained approval from the MIDA on 19 January 2001 in respect of its application for pioneer status. However, MT has not commenced operations as at the date hereof.

Share Capital

The authorised share capital of MT is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of MT is RM2.00 comprising 2 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
03.07.00	2	Subscribers' shares	2

Major Shareholder

MT is a wholly-owned subsidiary of LIPO.

Subsidiary and associated company

MT does not have any subsidiary or associated company as at 4 September 2001.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

5. INDUSTRY OVERVIEW**5.1 OVERVIEW OF THE MALAYSIAN ECONOMY**

The Malaysian economy rebounded strongly in 2000 after recovering from the sharp output decline in 1998 and early 1999 following the financial crisis. Economic turnaround, which began in the second quarter of 1999, has since become well-entrenched, underpinned by the return of confidence and a more stable economic environment made possible by the introduction of selective capital controls and the pegging of the Ringgit. The economic recovery, initially led by the strong performance of external demand, has become broad-based, driven by the increase in aggregate domestic demand following the impact of expansionary fiscal and accommodative monetary policies. As a result, the gross domestic product ("GDP") for 2000 increased by 8.5%, a faster rate of expansion than the earlier forecast and well above the growth of 5.8% achieved in 1999. The year 2000 also marked the end of the Second Outline Perspective Plan ("OPP2"), 1991-2000 and the Seventh Malaysia Plan ("7MP"), 1996-2000. Despite the regional crisis, Malaysia achieved the GDP target of 7% set for the OPP2. For the 7MP period, the economy recorded an average annual growth rate of 4.7%, surpassing the revised 3% growth target set for the 7MP.

In an external environment that is less than encouraging, the main impetus to growth in Malaysia in 2001 is expected to come from the strength of domestic demand. The momentum of growth built up over the last 2 years and the strong fundamentals are expected to generate sufficient impetus for real output in the domestic economy to expand by 5-6% in 2001, compared to 8.5% in 2000. Malaysia has the policy flexibility to respond and implement pro-growth measures to raise domestic demand to compensate for slower external growth. In the context of these developments, real GDP is forecast to experience a slower growth in the first 2 quarters of 2001 before strengthening in the second half year. Having taken into consideration the impact of the US slowdown on Malaysia's exports and growth prospects, the Malaysian government ("Government") had on 27 March 2001 announced a series of preemptive measures to ensure that the growth momentum of Malaysia is sustained. The measures include, amongst others, an increase in fiscal stimulus by an additional RM3 billion from the RM28.8 billion approved under the Budget 2001, which is expected to increase GDP growth by 1.1%. The Government will continue to maintain an accommodative monetary policy to ensure that the private sector is able to access funds at a reasonable cost. In addition to the above, the Government will also continue to maintain the RM peg to ensure a continued environment of predictability and certainty. With the fiscal stimulus and an accommodative monetary policy stance in place, this will result in a conducive environment for the expansion in aggregate domestic demand. In addition, Government measures will be focused on accelerating economic growth through the expansion of domestic demand and developing new sources of growth, particularly in the information and communications technology and knowledge-based activities to further enhance the nation's competitiveness.

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IV. INFORMATION ON THE LIPO GROUP (CONT'D)

The international economic environment is expected to continue to remain conducive with the world growth remaining strong at 4.2% in 2001 as compared to 4.7% in 2000. Even though a slower growth is anticipated for the US, this is expected to be mitigated by the continued growth of Malaysia's other trading partners such as Japan and the European Union. Regionally, growth is expected to be moderate at 6% in 2001 as compared to 6.5% in 2000, whereas world trade growth is projected to be at a robust rate of 7%. Despite the positive indicators above, some downside risks may exist in terms of the slowing down of the US economy from 5.2% in 2000 to 3.2% in 2001, which in turn may affect the electronics sector, and the slower-than-expected strengthening of private consumption and lower private investment both domestic and foreign. The main thrust of managing the economy in 2001 will be to manage the risk that may emerge whilst ensuring continued efforts are taken to enhance the nation's competitiveness and resilience.

(Source: Economic Report 2000/2001; Bank Negara Malaysia Annual Report 2000; Press Release: Preemptive Measures to Counter The Impact of a US Economic Slowdown, Prime Minister's Office, 27 March 2001)

5.2 OVERVIEW OF THE MALAYSIAN MANUFACTURING SECTOR

The strong upturn in economic activity in 2000 largely emanated from the buoyant manufacturing activities. For 2000 as a whole, manufacturing output expanded significantly by 25% (1999: 12.9%), thus contributing to a higher value-added growth of 21% in 2000 (1999: 13.5%). The strong expansion in manufacturing output enable the sector to strengthen its position as the leading contributor to GDP, increasing its share further to 33.4% in 2000, from 30% in 1999. The expansion in output was broad-based and almost all industries recorded higher rates of output growth in 2000. Growth in the export-oriented industries, as a group, accelerated to 31.6% in response to the rapid expansion in global demand for electronics and electrical products. On the domestic front, expansion in both public and private sector demand led to an improved performance of firms producing for the domestic market. Growth in the domestic-oriented industries as a group increased by 17.2% in 2000. With expansion in sales and production volume, there was an increasing number of firms operating at and above 80% capacity in both the export- and domestic-oriented industries. Of significance, the electronics and electrical products industries operated above the 80% level, despite further capacity expansion in 2000. In tandem with higher capacity utilisation and strong demand in the export-oriented industries, capital outlay in the manufacturing sector was estimated to have increased by 36.8% in 2000. Strengthening investor confidence and the introduction of policy measures aimed at attracting foreign investors through the pre-packaged incentive scheme for strategic projects, contributed to higher investment in the manufacturing sector.

The production of manufactured goods is estimated to slow down to 8.7% in 2001 from 25% in 2000, reflecting the moderation in the output of the export-oriented sector, especially the electronics industry. However, value added in the manufacturing sector is expected to expand more strongly in the second half-year, with the production volume exceeding that in the corresponding period of 2000. Output growth of the domestic-oriented sector is expected to slow down to a lesser extent. For the year as a whole, value added in this sector is forecast to increase by 8.5%. Export growth of manufactured goods is projected to increase by 8.5% in 2001 (2000: 17%). Indications are that the manufacturing sector is supported by the well-diversified product mix through efforts to implement structural changes in past years.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

Currently, exports of major information and communications technology ("ICT")-related electronic export items account for about 66% of total exports of the electronics industry and 35% of total manufactured exports. This would help Malaysia to benefit from the expansion in the global ICT sector outside the US, especially in Europe and the Asia-Pacific region. The increasing global trend towards miniaturisation and digitalisation of electronic and electrical equipment, as well as the outsourcing practised by major multinationals would also contain the moderation in export growth. Consequently, export volume is estimated to expand by 10.2%, while prices are expected to decline by 2%.

For the first quarter of 2001, value added in the manufacturing sector increased at an annual rate of 3.7% as compared to 27.3% in the corresponding quarter in 2000. This was mainly supported by the strong growth in the domestic-oriented industries and the semiconductor sub-sector which helped offset the significant slowdown in the electronics sector. The impact of slower external demand was most pronounced in the electronics sub-sector where production volume and capacity utilisation were lower. Nevertheless, the diversified export base has to some extent cushioned the impact of the slower demand for electronic equipment and parts. The continued increase in exports of semiconductors reflected mainly sustained demand for integrated circuits, diodes and transistors for use in electrical products and the commencement of new wafer plants. For the second quarter of 2001, the overall value added in the manufacturing sector declined by 6.7%. Stronger negative growth occurred mainly in export-oriented industries that were affected by the deceleration in external demand. As the global downturn in the information technology sector became more pronounced in the second quarter, the Malaysian electronics sector declined by 25.2% from a decline of 1.2% in the first quarter. However, production of electrical products recorded a positive growth of 1.3% sustained by demand for higher-end consumer durables, such as digital video disc players, flat screen televisions and air-conditioners.

(Source: Bank Negara Malaysia Annual Report 2000, Press Release by Bank Negara Malaysia: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2001, 23 May 2001 and Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2001, 23 August 2001)

5.3 OVERVIEW OF THE PRECISION MACHINED AND METAL STAMPING INDUSTRY IN MALAYSIA

The precision machined parts and metal stamping industry is well-established in Malaysia, catering to the parts and components needs of several major industries including electronics, telecommunications, computers and peripherals, semiconductor and automobile. There are more than 350 companies involved in this industry with approximately 50 specialised companies providing precision machining services for items such as jigs and fixtures, turned parts, shafts, pins and bushes whilst the smaller scale facilities provide various machining services including repairs and maintenance. For the metal stamping industry, there are approximately 300 players in the market about which approximately 80% cater specifically to the electronics industry. The major companies in this industry include CS Metal Industries (M) Sdn. Bhd., Wong Engineering Corporation Berhad, Kein Hing Industry Sdn. Bhd., Upeca Engineering Sdn. Bhd., Eng Teknologi Holdings Berhad, Kenseisha (M) Sdn. Bhd. and Measurex Engineering Berhad.

(Source: Malaysian Industrial Development Authority ("MIDA") MIDA On-line Publication (www.mida.gov.my) - Malaysia's Electronics Industry, 25 May 2000)

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

The low cost and competitive local infrastructure support makes Malaysia an attractive base for MNCs to set up their operations. This includes the local manufacture of plastics, high precision machined parts, electronics substrates, leadframes and others. The presence of this infrastructure not only reduces the manufacturing costs but also speeds up the supply chain cycle time.

(Source: MIDA On-line Publication – Malaysia Industrial Digest, April-June 2000)

The precision machined and metal stamping industry, which provides parts and components for the manufacture of end products, is the supporting industry to the electrical and electronic, telecommunication and semiconductor industries within the manufacturing sector. In addition, the industry is also expected to benefit from expansion plans of MNCs. For instance, the local component and sub-assembly supplier base would benefit significantly following Agilent Technologies Incorporated's ("Agilent") recent announcement that it will invest an additional RM500 million in Penang to expand its operations involving the transfer of new, higher value added products and operations. As one of the global market leaders in the electronic industry, Agilent has committed to develop the local supplier capability in Malaysia to support its needs in the areas of sheet metal, heat sinks and printed circuit board assemblies.

(Source: MIDA On-line Publication - Malaysia Industrial Digest, July-September 2000)

The Malaysian Government recognises that the precision machining industry is one of the key industries to support the aspirations of the nation to achieve an advanced industrialised status. As the country moves towards industrialisation, the higher value, high precision metal products, become increasingly important. In this respect, the Malaysian Government is strongly encouraging the expansion of the industry by ensuring that the local investment climate remains attractive and conducive for local manufacturers to retain and expand their operations. The Government's policy to diversify the export base has allowed the industry to expand its capacity and output, thus increasing its growth. By establishing the local supporting industries, it creates a good investment environment for the MNCs and promotes further foreign direct investment.

The above indicates that the precision machined and metal stamping industry is in the growth stage of its life cycle.

6. FUTURE PLANS, STRATEGIES AND PROSPECTS

Given the prospects and positive outlook of the manufacturing sector and the telecommunications, electrical and electronic and semiconductor industries in the long term, the demand for the LIPO Group's products and services is expected to increase. The LIPO Group is also expected to benefit from the expansion plans of its MNC customers. Capitalising on its strength and capabilities, the LIPO Group will strive to maintain its reputation as a preferred supplier to the MNCs and further penetrate new markets and pursue new customers' partnerships.

The future plans of PPC, PPM and ASC are as follows:-

PPC

In tandem with the consistent growth of PPC's business, its production floor space has increased by almost three folds over the past few years. Currently, PPC operates from its newly constructed factory-cum-office building, which is strategically located in Bayan Lepas Industrial Park, Pulau Pinang and occupying a land area of approximately 88,000 sq. ft.. The new premise has a built-up area of approximately 42,000 sq. ft. and the additional factory space will be available for the company to undertake future expansion activities.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

Meanwhile, in anticipation of the continuous upward trend in PPC's sales volume, approximately RM12 million will be invested over the next 3 years in an array of advanced manufacturing equipment, such as the CNC Machining Centers to further enhance its production capacity as well as its manufacturing capability.

The existing clientele of PPC is mainly made up of MNCs and approximately 75% of its sales are exported to countries such as Thailand, Singapore, Japan, Switzerland and US. As a step towards expanding the export sales content, a marketing representative has been appointed in the US. Besides, the fact that PPC was awarded ISO 9002 would contribute greatly in exploring overseas business opportunities. As such, PPC is positive of expanding its overseas markets in the next 3 years.

PPM

The management of PPM realises the vast potential of the overseas markets and has undertaken various strategies to exploit the opportunities available in these markets.

(a) Overseas Market Penetration

Traditionally, overseas sales only contributed marginally to PPM's overall turnover. The bulk of its revenue is attributable to the precision machined components that are principally used in industries such as audio, video and electrical, in which the prices are very competitive and the market is saturated.

As such, the management has revised its business strategy, moving away from the traditional local market towards the export-oriented emerging market, such as automotive, telecommunications and medical industries. As a result of this strategic move PPM's overseas sales contribution has increased to about 30% as compared to the 5% average recorded over the last 5 financial years. Besides, PPM is making every endeavour to explore the niche market, for instance, manufacturing of test equipment and gauges. With these taking place, PPM is targeting to achieve at least 50% export sales content in the next 1 to 2 years.

(b) Quality and Training

In line with PPM's new direction, training will be provided to staff of all levels in terms of technical knowledge and quality awareness, aiming to set a solid platform for the enhancement of technological capacity and diversifying into more value-added activities that will ultimately boost the export capability. Recognising the need for continuous quality improvement, the management has planned to achieve ISO 9002 within the next 2 years.

ASC

ASC currently operates from 2 plants with a total production floor area of approximately 80,000 sq. ft., of which 25% of the floor space is being reserved for future capacity expansion. ASC has invested about RM2 million in the first half of 2001 to acquire a number of equipment for the sheet metal fabrication department. This is in anticipation of the production and sales of high value-added products used in various industries such as healthcare, life science, information technology and telecommunications industries.

In line with the Group's marketing strategy, ASC will strive to increase its presence abroad. At present, the average export sales account for about 40% of the ASC's turnover. Its wide range of products is sold to reputable companies in Thailand, Singapore and US. In order to increase its export sales content to at least 50% over the next 5 years, the management is looking into the possibility of setting up sales and service offices abroad to respond promptly to its customers needs.

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

7. LANDED PROPERTIES

Details of landed properties of the LIPO Group are as follows:-

Registered owner/ Location	Description/ Existing use	Tenure/ Approximate age of building years	Date of expiry of lease	Land area/ built-up area sq. ft.	Net book value as at 31 March 2001 RM'000
PPC					
Plot 83 Medan Bayan Lepas Bayan Lepas Industrial Park IV 11900 Pulau Pinang	Industry/ Single storey factory building with an annexed two storey office block	Leasehold for 60 years / 1 year	*	87,599 / 41,797	6,226
PPC					
Plot 84 Medan Bayan Lepas Bayan Lepas Industrial Park IV 11900 Pulau Pinang	Industry/ Vacant land	Leasehold for 60 years	*	43,560	Note (i)
ASC					
HS (D) HBM38, Lot 376 HS (D) HBM39, Lot 377 Mukim 1 Daerah Seberang Prai Tengah Pulau Pinang 2631, Lorong Perusahaan 10 Phase 3, Prai Industrial Estate 13600 Pulau Pinang	Industry/ Single storey factory building with an annexed two storey office block	Leasehold for 60 years/ 10 years	7 August 2045	118,099 / 73,336	5,915
Q.T. No. H. S. (D) 4972 No. P.T. PTBM/A/85/70 Mukim 1, Kawasan Perusahaan Perai Daerah Seberang Perai Tengah, Pulau Pinang 967, Kawasan Perusahaan MIEL, Pulau Pinang	Industry/ Single storey factory building	Leasehold for 99 years/ 8 years	21 January 2071	22,500 / 20,000	991

Notes:-

- * *Both Plot 83 and Plot 84 have been alienated to Penang Development Corporation ("the Vendor") and consent has also been given to the Vendor to transfer both Plot 83 and 84 to PPC. However, as at the date of this Prospectus, the Qualified Titles in respect of both Plot 83 and 84 have yet to be issued by the relevant authorities to the Vendor. The 60 year lease period for both the landed properties shall only commence from the date of the issuance of the Qualified Title.*
- (i) *Plot 84 was acquired by PPC on 27 October 2000 for a purchase consideration of RM675,187 of which a 50% deposit on the purchase consideration has been paid as at 31 March 2001. As at the date of this Prospectus, the purchase consideration has been fully paid.*
- (ii) *There has been no revaluation done on the landed properties of the LIPO Group.*

IV. INFORMATION ON THE LIPO GROUP (CONT'D)

8. OTHER INFORMATION

As at the date of this Prospectus, there are no other approvals, major licences and permits obtained by the Group and its subsidiaries except for the details of such approvals, licences and permits, the conditions imposed and the status of compliance as disclosed below:-

Company	Authorities	Date Issued	Type of business/transaction approved	Conditions imposed	Status of compliance
LIPO	FIC	15.12.99	Acquisition of PPC, PPM and ASC	At least 30% of the shares of the Company are to be held by Bumiputera by 31 December 2001	To be complied
PPC	MITI	23.12.99	Disposal of equity interest to LIPO	<ul style="list-style-type: none"> - At least 70% of the shares of the company are to be held by Malaysian citizens, of which at least 30% are to be held by Bumiputera by 23 December 2001 - To ensure compliance with the equity conditions imposed by the MITI as set out in the Manufacturing License by 23 December 2001 	To be complied
PPM	MITI	06.01.00	Manufacturing of precision machining parts	The company's shareholders' funds should not exceed RM2.5 million, failing which a written notification is required to be furnished to the MITI	Met
ASC	MITI	28.06.93	Manufacturing of metal moulds and precision stamping	At least 60% of the shares of the company are to be held by Malaysian citizens, of which at least 30% to be held by Bumiputera	To be complied
ASC	MITI	23.12.99	Disposal of entire equity interest to LIPO	To ensure compliance with the equity conditions imposed by the MITI as set out in the Manufacturing License by 23 December 2001	To be complied
PPC-T	The Board of Investment, Thailand	08.09.00	Promotion Certificate for the manufacturing of metal products attribute for automobile or electronic equipment	<ul style="list-style-type: none"> - The operations of PPC-T have to commence within 6 months from the date of the Promotion Certificate; - The registered capital of the company should not be less than 6,000,000 baht, the share value of which should be fully paid-up prior to the commencement of operations; 	Met

IV. INFORMATION ON THE LIPO GROUP (CONT'D)**8. OTHER INFORMATION (CONT'D)**

Company	Authorities	Date Issued	Type of business/transaction approved	Conditions imposed	Status of compliance
PPC-T (Con't)				<ul style="list-style-type: none"> - The productive capacity of the company should approximate 120 tonnes per annum; - The premises of the company should be located within the Bangkok area for at least 15 years. 	<p>To be complied</p> <p>To be complied</p>
MT	MITI	19.01.01	Pioneer status for the production of machined parts and components for telecommunication, electrical and electronic industries and medical and scientific devices	<ul style="list-style-type: none"> - At least 15% of the workforce of MT should comprise managerial and technical staff; and - Where the shareholders' funds exceed RM2,500,000 or the total workforce exceed 75 persons, MT is required to apply for a Manufacturing License under the Industrial Co-ordination Act, 1975. 	<p>To be complied</p> <p>To be complied</p>

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V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS

1. DIRECTORS

1.1 The profiles of the Directors of LIPO are as follows:-

Koay Hean Eng, aged 42, was appointed as the Non-Executive Chairman of LIPO on 19 May 2001. After obtaining his Malaysia Vocational Certificate of Education in 1976, he began his career in 1977 with Micro Machining Sdn. Bhd., a company principally involved in the manufacturing of tools and dies, before he moved on to Rapid Engineering Sdn. Bhd. in 1980, a company principally involved in the manufacturing of tools and dies, where he was in charge of the production activities. With foresight, he envisioned the immense opportunities in the precision tooling industry which prompted him to set up Polytool Engineering Sdn. Bhd. in 1984. The formation of the pioneer company of the THBI Group was indeed the pivotal point in his career path. As a co-founder of THBI's subsidiaries, he has more than 20 years of experience in the precision engineering industry. He is currently also the Group Managing Director of THBI and holds directorships in THBI's subsidiaries and other private limited companies.

Koay Cheng Lye, aged 53, is the Group Managing Director of LIPO and was appointed to the Board of LIPO on 29 March 2000. He is also the Group Executive Director of THBI and sits on the Board of a number of THBI's subsidiaries and other private limited companies. He commenced his career in 1980 as a marketing agent at Lubroil Sdn. Bhd., a company principally involved in the marketing of industrial products. Being the co-founder of THBI, he has been directly involved in the growth and development of THBI and its subsidiaries since 1984. Backed by more than 20 years of experience in the precision engineering industry, he possesses in-depth knowledge on the overall operations of the Group. He is also actively involved in the decision making process of LIPO's subsidiaries and is continuously charting the strategic moves for LIPO Group as a whole.

Lim Ah Bok @ Lim Chong Bok, aged 68 is an Independent Non-Executive Director of LIPO and was appointed to the Board of LIPO on 28 August 2001. He graduated from the Swinburne Institute of Technology, Australia with a Certificate in Accountancy and a Diploma of Commerce in 1959. He began his career with Messrs. Turquand, Young & Co. as a Professional Assistant in 1960. In 1963, he joined Bank Negara Malaysia as an Administrative Assistant until 1965, where he subsequently joined the Penang Port Commission as an Assistant Accountant. In 1970, he was appointed as the Assistant City Treasurer of the City Council of Georgetown and later redesignated as Accountant of the Municipal Council of Penang Island. He was subsequently promoted to Director of Finance and served in that position until his retirement in 1988. Subsequent to his retirement he acted as a Cost Accountant cum Personnel Manager for Man Yau Plastic Factory (M) Sdn. Bhd. from 1989 until 1990. He also acts as a Financial Adviser to several commercial firms and serves on the committee of several not-for-profit organisations such as the Spastic Children Association, the Women Crisis Centre, the Family Planning Organisation and the Lions Club (Georgetown Central). He is currently an Independent Non-Executive Director and Audit Committee member of Foremost Holdings Berhad.

Dato' Dr. Zainuddin Bin Md. Wazir, aged 43 is an Independent Non-Executive Director of LIPO and was appointed to the Board of LIPO on 28 August 2001. He is a medical practitioner by profession and is a registered member of the Malaysian Medical Council and the Medical Board of Victoria since June 1984 and July 1992 respectively. He graduated in 1983 with a Doctor of Medicine (M.D) from Universiti Kebangsaan Malaysia. Upon graduation, he was attached with the Kuala Lumpur General Hospital from 1983 up to 1985, where he served as an intern prior to his transfer to the Department of Cardiothoracic Surgery as a Medical Officer. In 1990, he was awarded Master of Surgery (General) (MS (Gen)) by Universiti Kebangsaan Malaysia. Between 1990 and 1992, he served as the Cardiothoracic Registrar in the

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

Department of Cardiothoracic Surgery at the Kuala Lumpur General Hospital. From 1992 to 1994, he was the Cardiothoracic Registrar at the Monash Medical Centre in Victoria and Alfred Hospital in Melbourne, Australia. He returned to Malaysia in 1994 to serve as the Head of Department of Cardiac Surgery at the Pulau Pinang General Hospital until September 1998. He is presently the Consultant Cardiothoracic Surgeon at Island Hospital, Lam Wah Ee Hospital and Pusat Pakar Utara. He is also the Executive Chairman of several private limited companies namely, Synergy Healthcare Sdn. Bhd., Synergy Benchmark Sdn. Bhd., Synergy Farm (M) Sdn. Bhd. and Synergy Foodcare (M) Sdn. Bhd.. He received the Darjah Johan Negeri ("DJN") in 1995 and the Darjah Setia Pangkuan Negeri ("DSPN") which carries the title Dato' in 1998. In 2001, he was awarded with the prestigious Tokoh Maal Hijrah (Penang State).

Lim Swee Chuan, aged 35, is the Group Executive Director of Finance of LIPO and was appointed to the Board of LIPO on 29 March 2000. He graduated in 1991 with a Bachelor of Accounting (Honours) degree from Universiti Utara Malaysia. He is a Public Accountant, a member of the Malaysian Institute of Accountants as well as Malaysian Institute of Taxation. Upon graduation, he worked for Cycle & Carriage (M) Sdn. Bhd. as a Group Internal Audit Executive from 1991 to 1992. Between 1992 and 1995, he was attached to Price Waterhouse (now known as PricewaterhouseCoopers) where his last position was as an Audit Senior and has had extensive exposure in auditing, corporate restructuring and taxation. He joined THBI as an Accountant in 1995 and is presently the Group General Manager of Finance of the THBI Group. As the Group Executive Director of Finance of LIPO, he oversees all the financial and accounting functions of the LIPO Group.

Soo Fook Poy, aged 37, is the Group Executive Director of Operations and was appointed to the Board of LIPO on 29 March 2000. He oversees the overall operation aspects of the LIPO Group. In 1984, he started his career as a Quality Control Supervisor in Hitachi Semiconductor (M) Sdn. Bhd. and was promoted to the position of Senior Quality Control Foreman in 1990. Prior to joining PPC in 1995 to assume the role of Quality Control Section Manager, he was with Perwaja Steel Sdn. Bhd. for 6 months as a Production Planning Controller. He became the Operations Manager of PPC in 1996 before being promoted as the General Manager in 1998. He assumed the role of Group General Manager in January 2000. He also sits on the Board of LIPO's subsidiaries.

- 1.2 Save as disclosed below, none of the Directors of LIPO has any previous or existing directorships or major shareholdings in other public companies for the past 2 years preceding the date of this Prospectus:-

Name	Company	<-----Directorships----->		Major shareholdings as at 4.09.2001
		Date of appointment	Date of resignation	
				%
Koay Hean Eng	THBI	17.09.94	-	1.49
Koay Cheng Lye	THBI	17.09.94	-	0.87
Lim Ah Bok @ Lim Chong Bok	Foremost Holdings Berhad	23.04.01	-	-

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

- 1.3 The aggregate remuneration paid to the Directors of the Company for services rendered to the Company and its subsidiaries in all capacities for the financial period ended 30 June 2000 amounted to RM18,308. For the financial years ended/ending 30 June 2001 and 2002, the amount payable to the Directors of the Company for services rendered to the Company and its subsidiaries in all capacities is estimated and forecast to be approximately RM119,000 and RM318,000 respectively.

The number of Directors of the Company in the various remuneration bands are set out below:-

	< -----Financial year ended/ending----- >					
	< -----30 June 2001----- >			< -----30 June 2002----- >		
	Executive Directors	Non-executive Directors	Total	Executive Directors	Non-executive Directors	Total
Below RM200,000	4	-	4	3	3	6
RM200,000 and RM300,000	-	-	-	-	-	-
More than RM300,000	-	-	-	-	-	-

2. AUDIT COMMITTEE

The composition of the Audit Committee is as follows:-

Name	Responsibility	Directorship
Lim Ah Bok @ Lim Chong Bok	Chairman of the Committee	Non-Executive and Independent
Dato' Dr. Zainuddin Bin Md. Wazir	Member of the Committee	Non-Executive and Independent
Lim Swee Chuan	Member of the Committee	Executive

3. KEY MANAGEMENT

- 3.1 The profiles of the key management of the LIPO Group are as disclosed below:-

Chookiad Usaha, aged 42, joined PPC as the General Manager in April 2000. He graduated with a Bachelor of Science in Engineering from the University of California, Irvine, US in 1983 and further acquired a Diploma in Management from the Malaysian Institute of Management in 1990. He has more than 17 years of manufacturing and managerial experience with local companies as well as MNCs. He started his career in 1983 as a Production Engineer with Hitachi Semiconductor (M) Sdn. Bhd. before being promoted to Assistant Production Manager. In 1991, he joined Dastek (M) Sdn. Bhd., a disk-drive contract manufacturer, as the Manufacturing Manager. He moved on to Perwaja Steel Sdn. Bhd. in 1993 to assume the position of Production Planning and Coordination Manager and was later promoted to Deputy Corporate Director. From 1996 until 1999, he was the Senior Manager, Projects and Business Development at Contract Quest Sdn. Bhd., an investment company, in Kuala Lumpur. Prior to joining PPC, Chookiad was the Program Manager at Soletron Technology (M) Sdn. Bhd., a company involved in contract manufacturing of printed circuit boards.

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

Tan Chon Hoe, aged 44, is the General Manager of PPM. He graduated from Leeds Polytechnic (England) in 1980 with an Honours Degree in Production Engineering. His career began in 1981 at Suzuki Assemblers Malaysia Sdn. Bhd., a company principally involved in assembling motorcycles, where he worked as a Production Engineer. Between 1984 to 1988, he was attached to Hong Leong Yamaha Motor Sdn. Bhd., a company principally involved in assembling motorcycles, as a Local Content Engineer. He then moved on to Yamazen (M) Sdn. Bhd., a company principally involved in trading of machine tools to assume the role of Sales Manager before joining PPM in 1991 to assume his current position.

Lim Lye Huat, aged 35, is the Factory Manager of PPC-T. He obtained the Sijil Pelajaran Malaysia Vokasional in 1984 and has more than 15 years of experience in the precision engineering industry. From 1984 to 1994, he was attached to Polytool Industries Sdn. Bhd., a company principally involved in the manufacture of carbide tooling parts and automated machines, as an Apprentice and was subsequently promoted to the position of Sales Manager. Between 1994 to 1998, he was with PPC as the Engineering Manager. In 1998, he moved on to Professional Tool & Die Sdn. Bhd., a company principally involved in mould fabrication, as the Engineering Manager. He joined Precede Precision Engineering Sdn. Bhd., a company principally involved in precision tooling, as the Production Manager in 1998 prior to joining PPC-T in 2000.

Chew Chau Teik, aged 47, joined PPC as the Commercial Manager in May 2000. He holds a London Chamber of Commerce and Industry Diploma which he obtained in 1979. He has more than 26 years of experience in administration and shipping management. He started his career in 1974 at Guan Guan Shipping Sdn. Bhd., a company principally involved in shipping where he worked as an Operations Clerk. From 1979 to 1990, he was attached to Aman Freight (M) Sdn. Bhd., a company principally involved in forwarding, shipping, transportation and warehousing, as a Branch Supervisor and subsequently was promoted to the position of Operations Executive. In 1990, he moved on to assume the role of Shipping Executive in Formula Electronics Sdn. Bhd., where he was later promoted to be the Assistant Manager. Subsequently, he joined Solectron Technology (M) Sdn. Bhd., in 1996 as a Senior Superintendent prior to joining PPC.

Ong Hock Seong, aged 36, is the Senior Manager of the Business and Commercial Department of ASC. He graduated with a Diploma in Electronic Engineering from the Federal Institute of Technology in 1987. In 1987, he was with National Semiconductor (M) Sdn. Bhd., a company principally involved in the manufacturing of integrated circuit devices, as a Technician. He then joined Automation Industry (M) Sdn. Bhd., a company principally involved in the manufacturing of industrial automation components in 1990 as a Sales Engineer. He joined ASC in 1996 as the Sales and Marketing Manager and was subsequently redeployed to the Materials Department as the Purchasing Manager before being promoted to his current position in 1998.

Ong Hooi Boon, aged 31, is the Production Manager of ASC. He obtained the Sijil Tinggi Pelajaran Malaysia in 1990 and has more than 10 years of experience in manufacturing management. From 1991 to 1993, he was attached to Taigene Metal (M) Sdn. Bhd., a company principally involved in the manufacturing of magnet, as a Technician. In 1993, he joined Maica Laminates Sdn. Bhd., a company principally involved in the furniture industry as a Production Controller. Between 1997 to 1999, he was with Suzhou Newbillion Metal Industries Manufacturing Co. Ltd. in China, a company principally involved in metal stamping and heat sink extrusion, to assume the role of Plant Manager. In 1999, he joined Seksun Precision Engineering (M) Sdn. Bhd., a company principally involved in metal stamping, as the Procurement Manager prior to joining ASC in February 2001.

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

Sia Poh Yeng, aged 32, is the Manufacturing Manager of PPM. He obtained his Diploma in Mechanical Engineering from the Federal Institute of Technology in 1994. He started his career in 1988 with Matsushita Electric Co. (M) Bhd., a company principally involved in the assembly of home appliances as a Group Leader. He then joined PPM in 1994 as a Production Controller and was subsequently transferred to the Milling Department as a Technician cum Machinist. In July 2000, he was promoted to his present position, overseeing the engineering activities of the Milling Department.

Goh Ah Siew, aged 32, is the Business Manager of PPC since July 2000. She graduated with an Advanced Diploma in Business Administration from the Malaysian Institute of Training Development in 1998. She has more than 10 years of experience in planning and administrative management. She started her career in 1990 as a Secretary with Guolene Paper Products (M) Sdn. Bhd., a subsidiary of Hong Leong group of companies. In 1995, she joined SyQuest Technology (M) Sdn. Bhd., a company principally involved in the manufacturing of disc drive and cartridge, as a Material Planner and was with the company for 3 years. She later left to join Solectron Technology (M) Sdn. Bhd. in 1999 as a Senior Material Planner before moving on to become a Senior Executive Officer in Precico Group (M) Sdn. Bhd., a company principally involved in the manufacturing of precision components, plastic moulding, electronic sub-assembly and surface mount technology facilities, in 1999. She joined PPC in July 2000 to assume her current position.

Kong Eng Kiang, aged 28, is the Engineering Manager of PPC. He holds a Certificate in Advanced Computer Numerical Control ("C.N.C.") Machining which he obtained from the Penang Skills Development Centre in 1992. He started his career in 1992 with Prodelcon Sdn. Bhd., a company involved in the manufacturing of precision parts, as an Assistant Engineer. Between 1994 to 1997, he was attached to the Penang Skills Development Centre as a Trainer. He joined PPC in 1997 as a Process Engineer and in January 2000, was promoted to assume his current position, overseeing the engineering activities of PPC.

Chan Mun Shee, aged 35, is the Company Secretary of the LIPO Group. She is a member of the Institute of Chartered Secretaries and Administrators since 1993. She is also a member of the Malaysian Association of Accounting Technicians. Prior to joining THBI in March 1996, she was with Polytool Engineering Sdn. Bhd. and Polytool Industries Sdn. Bhd. as the Office Manager from November 1990 to July 1994. She was then transferred to PPC from July 1994 to March 1996 to set up the new subsidiary and monitor the start-up operation. Besides the company secretarial function, she is also involved in corporate exercises such as acquisition, employees' share option scheme and the listing of THBI.

Gan Chun Hean, aged 34, is the Group Accountant of LIPO. He is a member of the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants. He began his career in 1992 with Malaysian German Automotive Equipment Sdn. Bhd. as a Junior Accounts Officer. Subsequently, in 1994, he joined Teoh Yap & Co. as an Audit Assistant. From 1995 to 2001, he was attached with Syn Tai Hung Corporation Sdn. Bhd. as a Finance Executive and was subsequently promoted to the position of Management Accountant prior to joining LIPO in May 2001.

Chen Hooi Wen, aged 30, is the Accountant of LIPO. She is a member of the Australian Society of Certified Practising Accountants. She graduated with a Bachelor of Business degree, majoring in accounting from Monash University, Australia in 1992. She began her career in 1993 with Deloitte Touche Tohmatsu (now known as Deloitte KassimChan) as an Audit Assistant. From 1994 to 1997, she was with Price Waterhouse (now known as PricewaterhouseCoopers) as an Audit Assistant and was subsequently promoted to the position of Audit Senior. She joined THBI in July 1997 as an Accountant. Before assuming the same role in LIPO, she was with PPC as an Accountant from September 1998 till May 2000.

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

Loh Kok Wah, aged 29, is the Finance Manager of PPC. He obtained his London Chamber of Commerce and Industry Diploma in Business Studies in 1992 and has more than 8 years of experience in finance and administration management. He started his career in 1992 with DNP Holding Bhd., a public company listed on the Main Board of the KLSE, as an Accounts Supervisor. He joined PPC in 1996 as an Accounts and Administrative Officer. In July 2000, he was promoted to his present position and is responsible for the overall finance and administrative functions of the company.

- 3.2 None of the key management of the LIPO Group has any direct or indirect interest in the Company save for the Issue Shares reserved for the eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group pursuant to the Public Issue as set out in Section II(2) of this Prospectus.

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V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

4. PROMOTER

4.1 The promoter of LIPO together with its shareholding in the Company as at the date hereof are as follows:-

	Country of incorporation	<--Before the Public Issue-->		<---After the Public Issue--->	
		No. of ordinary shares held	Percentage of issued and paid-up share capital %	No. of ordinary shares held	Percentage of issued and paid-up share capital %
THBI	Malaysia	22,813,000	61.21	22,813,000	45.33

4.2 The profile of THBI is set out below:-

THBI was incorporated in Malaysia under the Companies Act, 1965 on 18 July 1994 as a private limited company. It was subsequently converted into a public limited company on 22 July 1996. THBI was listed on the Main Board of the KLSE on 16 December 1997. THBI obtained its' shareholders' approval for the proposed change of name to Kobay Technology Bhd. during its Extraordinary General Meeting held on 4 September 2001. The change of name will be effective from the date of issuance of the Certificate of Incorporation on Change of Name ("Certificate") from ROC. As at the date of this Prospectus, THBI has not obtained the said Certificate from ROC.

The principal activity of THBI is that of investment holding and provision of management services, while its subsidiaries are involved in the high precision engineering industry. The details of its Directors and major shareholders as at 4 September 2001 are as follows:-

Name	Place of incorporation/ Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of ordinary shares	Percentage of issued and paid-up share capital %	No. of ordinary shares	Percentage of issued and paid-up share capital %
Directors					
Koay Hean Eng	Malaysian	803,323	1.49	*14,018,406	25.96
Koay Cheng Lye	Malaysian	469,595	0.87	*14,018,406	25.96
Tan Yok Cheng	Malaysian	1,000	@	-	-
Koay Ah Bah @ Koay Cheng Hock	Malaysian	455,732	0.84	-	-
Abdul Rahman Bin Mohammed Hashim	Malaysian	1,000	@	-	-
Major shareholders					
Kobay Holdings Sdn. Bhd.	Malaysia	14,018,406	25.96	-	-
Noorzalila Binti Ismail	Malaysian	5,333,000	9.87	-	-

Notes:-

* Deemed interest in THBI by virtue of their substantial shareholdings in Kobay Holdings Sdn. Bhd..

@ Less than 0.01%.

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

- 4.3 THBI does not have any major shareholdings in other public companies for the 2 years preceding the date of this Prospectus.
- 4.4 THBI has extensive knowledge and experience in the business of manufacturing of precision machined parts and components as PPC and PPM were formerly its subsidiaries prior to the acquisition of the entire equity interest of PPC and PPM by LIPO in February 2000.
- 4.5 The changes in the shareholding of THBI in LIPO since the date of incorporation of LIPO are as disclosed in note 5.3 of this section.

5. MAJOR SHAREHOLDERS

- 5.1 The major shareholders of LIPO together with their respective shareholdings in the Company as at the date hereof are as follows:-

	Country of incorporation/ Nationality	<---Before the Public Issue--->		<---After the Public Issue--->	
		No. of ordinary shares held	Percentage of issued and paid-up share capital %	No. of ordinary shares held	Percentage of issued and paid-up share capital %
THBI	Malaysia	22,813,000	61.21	22,813,000	45.33
Dr. Mohd. Zabdi Bin Zamrod	Malaysian	6,000,000	16.10	6,000,000	11.92
Noorzalila Binti Ismail	Malaysian	1,900,000	5.10	2,500,000	4.97
Tan Beng Huat	Malaysian	2,425,798	6.50	2,425,798	4.82
		33,138,798	88.91	33,738,798	67.04

- 5.2 Save as disclosed below, none of the major shareholders of LIPO have any previous or existing directorship or major shareholdings in other public companies for the past 2 years preceding the date of this Prospectus:-

Name	Company	<-----Directorships----->		Major shareholding %
		Date of appointment	Date of resignation	
Noorzalila Binti Ismail	THBI	-	-	9.87

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V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

5.3 The changes in the shareholdings of the major shareholders of LIPO since the date of incorporation of LIPO are as follows:-

Name	As at 16 August 1999		As at 6 September 1999		As at 14 February 2000		As at 1 March 2000		As at 31 March 2000		As at 30 June 2000		As at 26 September 2000		As at 21 November 2000		As at 26 May 2001		As at 15 August 2001	
	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %	No. of ordinary shares ('000)	Percentage of issued and paid-up share capital %
THBI	-	-	-	77.13	20,100	77.13	20,100	61.73	19,100	56.91	19,100	56.91	19,100	56.91	19,100	56.91	19,100	56.91	22,813	61.21
Dr. Mohd. Zabdi Bin Zamrod	-	-	-	-	+	@	4,000	12.29	6,000	17.88	6,000	17.88	6,000	17.88	6,000	17.88	6,000	17.88	6,000	16.10
Noorzalila Binti Ismail	-	-	-	-	-	-	+	1,500	4.61	1,500	4.47	1,900	5.66	1,900	5.66	1,900	5.66	1,900	5.10	-
Tan Beng Huat	-	-	-	1.42	369	1.42	369	1.13	369	1.10	369	1.10	369	1.10	2,068	6.16	2,340	6.97	2,426	6.50
IPSB	-	-	-	6.85	1,785	6.85	1,785	5.48	1,785	5.32	1,785	5.32	1,785	5.32	1,785	5.32	1,785	5.32	1,785	4.79
Tan King Seng	-	-	-	5.53	1,441	5.53	1,441	4.42	1,441	4.29	1,441	4.29	1,441	4.29	-	-	-	-	-	-
Cheong Yoke Ling	+	50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vasanthi A/P Subramaniam	+	50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lee Seow Ling	-	-	+	@	-	@	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Christina Lim Su Lee	-	-	+	@	-	@	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

@ Less than 0.01%

+ Represents 1 share.

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

6. SERVICE AGREEMENTS

None of the Directors and the key management of the LIPO Group has any existing or proposed service agreements with the Company or any of its subsidiaries.

7. RELATIONSHIPS AND ASSOCIATION

Save as disclosed below, there is no other relationship and association between the major shareholders, promoters, Directors of the Company and the key management of the LIPO group:-

- (i) Koay Hean Eng and Koay Cheng Lye are brothers.
- (ii) Koay Hean Eng and Koay Cheng Lye are the Group Managing Director and Group Executive Director of THBI respectively, and are also the Non-Executive Chairman and Managing Director of the LIPO Group respectively.
- (iii) Lim Swee Chuan is the Group General Manager, Finance of THBI and the Executive Director of the LIPO Group.
- (iv) Chan Mun Shee is the Company Secretary for both the THBI Group and LIPO Group.

8. EMPLOYEES

As at 4 September 2001, the LIPO Group has a total of 326 employees, none of whom belongs to any union and they enjoy a cordial relationship with the management. The breakdown of the total number of employees into categories and the average number of years of service as at 4 September 2001 are as follows:-

Category	Total number of employees	Average number of years of service
Managerial and professional	42	2.95
Technical and supervisory	50	2.38
Clerical	23	2.27
General workers	15	2.64
Factory workers	196	3.01

The training and development programmes undertaken by the LIPO Group for the period from 1 July 2001 up to 4 September 2001 are as follows:-

Type of programme	No. of programmes	
	Completed	On-going
Technical	8	1
Managerial	12	2
Others	12	-
Total	32	3

V. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTER AND MAJOR SHAREHOLDERS (CONT'D)

9. DECLARATION

None of the Directors and key management of the LIPO Group is or was involved in the following events (whether in or outside Malaysia):-

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer; or
- (b) conviction in criminal proceedings or is a named subject of pending criminal proceedings; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

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VI. APPROVALS AND CONDITIONS

1. Approvals and Conditions From Authorities

The approvals for the Capitalisation of Advances and the Public Issue were obtained from the FIC on 23 January 2001, the MITI on 31 March 2001 and 3 September 2001 and the SC on 16 April 2001 and 31 July 2001 respectively. The approvals of the FIC, MITI and SC are conditional on the following:-

Authorities	Date Issued	Conditions imposed	Status of compliance
FIC	23.01.01	(i) LIPO should have at least 30% equity interests held directly by Bumiputera upon the listing of LIPO on the Second Board of the KLSE; and	To be complied
		(ii) to obtain the approval of the MITI.	Met
MITI	31.03.01 and 3.09.01	(i) to obtain the approval of the SC;	Met
		(ii) to obtain the approval of the FIC; and	Met
		(iii) the 5,500,000 new ordinary shares reserved for Bumiputera investors shall be allocated by the MITI after the approval of the SC has been obtained for the Capitalisation of Advances and the Public Issue;	Met
		(iv) the recognition of the existing Bumiputera shareholdings in LIPO of 10,060,000 ordinary shares or approximately 19.99% of the enlarged issued and paid-up share capital of LIPO is subject to the following conditions:-	
		(a) the listing of and quotation for the entire enlarged issued and paid-up share capital of LIPO shall be carried out after 26 September 2001 subject to the compliance by the existing Bumiputera shareholders with the MITI's condition that their shareholdings have been held for at least one year at the point of the Listing; and	To be complied
		(b) the above shares cannot be sold or transferred without the prior written approval from the MITI.	To be complied

VI. APPROVALS AND CONDITIONS (CONT'D)**1. Approvals and Conditions From Authorities (Cont'd)**

Authorities	Date Issued	Conditions imposed	Status of compliance
SC	16.04.01 and 31.07.01	<p>(a) A moratorium shall be placed on the disposal of shares by THBI, the promoter of LIPO, on the sale of 22,645,350 ordinary shares of RM1.00 each representing 45% of the enlarged issued and paid-up share capital of LIPO in accordance with paragraph 10.12 of the SC Guidelines. THBI is not allowed to sell, transfer or assign its shareholdings in LIPO within 1 year from the date of admission of LIPO to the Official List of the Second Board of the KLSE.</p> <p>Thereafter, it is allowed to sell, transfer or assign, in every subsequent year, up to a maximum of 1/3 per annum (on a straight line basis) of its shareholdings in the Company which are placed under moratorium;</p>	To be complied
		(b) Koay Cheng Lye and Koay Hean Eng to each provide a written undertaking, prior to the issuance of the Prospectus, declaring that they will undertake their management responsibilities without causing any conflict of interest to arise between THBI and the LIPO Group;	Met
		(c) Any future business transactions between the LIPO Group and companies related to the promoter and/or Directors of the LIPO Group are transacted at arms length and must be based on commercial terms which are not unfavourable to the LIPO Group. LIPO's Audit Committee is required to monitor such transactions and the Board of Directors of LIPO is required to report such transactions, if any, in the Annual Report of LIPO annually;	To be complied
		<p>(d) LIPO is required to make a detailed disclosure in the Prospectus in respect of the following matters:-</p> <p>(i) Risks in relation to the business of the LIPO Group including risks associated with the non-existence of long-term contracts with its customers and the steps taken or proposed to be taken to mitigate the above risks; and</p>	Met

VI. APPROVALS AND CONDITIONS (CONT'D)

Authorities	Date Issued	Conditions imposed	Status of compliance
SC (Cont'd)	16.04.01 and 31.07.01	<p>(ii) Any conflict of interest which may arise between the businesses of its substantial shareholders and that of LIPO's.</p> <p>(e) The utilisation of proceeds raised from the Public Issue is subject to the following conditions:-</p> <p>(i) The SC's approval is required for any changes to the utilisation of proceeds from the Public Issue, as originally proposed, should the said changes involve the utilisation which is other than for the core business activities of LIPO;</p> <p>(ii) The approval of the shareholders of LIPO is required should the proposed utilisation of proceeds deviate by 25% or more from that originally proposed by LIPO. Should the proposed utilisation of proceeds deviate by less than 25%, an appropriate disclosure of such deviation is required to be made to the shareholders of LIPO;</p> <p>(iii) Any extension of time from the time frame set by LIPO for the proposed utilisation of proceeds from the Public Issue has to be approved by a clear resolution by the Board of Directors of LIPO and must be fully disclosed to the KLSE; and</p> <p>(iv) Appropriate disclosure regarding the status of the utilisation of proceeds from the Public Issue has to be made in the quarterly and annual reports of LIPO until the said proceeds have been fully utilised.</p> <p>(f) LIPO is required to fully comply with the relevant conditions pertaining to the listing of companies as stipulated in the SC Guidelines.</p>	<p>Met</p> <p>To be complied</p> <p>To be complied</p> <p>To be complied</p> <p>To be complied</p> <p>To be complied</p>

VI. APPROVALS AND CONDITIONS (CONT'D)**2. Moratorium On Sale Of Shares**

The SC, in approving the listing of LIPO, stated that a moratorium shall be placed on the disposal of shares by THBI, the promoter of LIPO. The moratorium has been imposed on the sale of 22,645,350 ordinary shares of RM1.00 each representing 45% of the enlarged issued and paid-up share capital of LIPO as set out below:-

Shareholders	Shareholdings in LIPO after the Public Issue		Shareholdings in LIPO held under moratorium	
	No. of ordinary shares	Percentage of the enlarged issued and paid-up share capital %	No. of ordinary shares	Percentage of the enlarged issued and paid-up share capital %
THBI	22,813,000	45.33	22,645,350	45.00

The aforesaid shareholder is not allowed to sell, transfer or assign its shareholdings in LIPO within 1 year from the date of admission of LIPO to the Official List of the Second Board of the KLSE. Thereafter, it is allowed to sell, transfer or assign, in every subsequent year, up to a maximum of 1/3 per annum (on a straight line basis) of its shareholdings in the Company which are placed under moratorium.

The restriction, which has been fully accepted by the shareholder, is specifically endorsed on the share certificate and notice of allotment representing the shareholdings of the shareholder in LIPO 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 certificate 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."

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VII. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

1. None of the Directors or major shareholders of LIPO and its subsidiaries has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries.
2. Save as disclosed below, none of the Directors or major shareholders of the Company has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or its subsidiaries within the 2 years preceding the date of this Prospectus:-
 - (i) Sale and Purchase Agreement dated 23 September 1999 and a Supplemental Deed dated 12 February 2000 between LIPO and THBI, Tan Chon Hoe and Fadzil Bin Ahmad for the acquisition by LIPO of the entire equity interest in PPM comprising 800,000 ordinary shares of RM1.00 each for a total consideration of RM8,300,000 satisfied via the issue of 8,300,000 shares in LIPO at par to THBI, Tan Chon Hoe and Fadzil Bin Ahmad; and
 - (ii) Shares Sale Agreement dated 23 September 1999 and a Supplemental Deed dated 14 February 2000 between LIPO and THBI for the acquisition of the entire equity interest in PPC comprising 1,603,610 ordinary shares of RM1.00 each for a total consideration of RM13,459,998 satisfied via the issue of 13,459,998 shares in LIPO at par.

3. The details of the related party transactions between the LIPO Group with the Directors of LIPO, THBI and other major shareholders of LIPO and/or person connected with them are as follows:-

	Total amount of the transaction for the financial period ended 31 March 2001 RM
Advances received from THBI	1,636,000
Purchase by ASC from Polytool Industries Sdn. Bhd. ("PISB") and Bend Weld Engineering Sdn. Bhd. ("BWE"), both of which are subsidiaries of THBI	16,074
Rental paid by PPC to Polytool Engineering Sdn. Bhd. and BWE, both of which are subsidiaries of THBI	12,000
Sales from PPM to Polytool Automation Sdn. Bhd. ("PASB"), a subsidiary of THBI	3,786
Sales from PPC to Unitedprise Sdn. Bhd., Polytool Technologies Sdn. Bhd., PASB, and PISB, all of which are subsidiaries of THBI	28,693
Sub-contract charges paid by PPC to PISB and BWE, both of which are subsidiaries of THBI	434,802

The Directors of LIPO are of the view that the above transactions have been entered into in the normal course of business and have been established at arms length under mutually agreed terms arranged with the related companies.

4. There is no potential interest and/or conflict of interest between the Group and its Adviser and Managing Underwriter, Auditors and Reporting Accountants and Solicitors as set out in the Corporate Directory section of this Prospectus.

VIII. FINANCIAL INFORMATION

1. HISTORICAL FINANCIAL INFORMATION

1.1 PROFORMA CONSOLIDATED INCOME STATEMENT

The table below sets out a summary of the proforma consolidated income statement of the LIPO Group for the past 5 financial years ended 30 June 2000 and the 9 months ended 31 March 2001 prepared based on the assumption that the current structure of the LIPO Group has been in existence throughout the period under review. The proforma consolidated income statement are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section IX(5.1) of this Prospectus:-

	< ----- Financial years ended 30 June ----- >					9 months ended
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	31 March 2001 RM'000
Turnover	12,827	21,315	25,659	28,936	41,648	37,476
Consolidated profit before interest, depreciation, amortisation and taxation	4,492	6,528	7,986	9,791	13,141	10,439
Interest	(543)	(670)	(986)	(1,067)	(949)	(804)
Depreciation	(1,723)	(2,113)	(2,687)	(2,866)	(3,418)	(3,290)
Amortisation	-	-	-	-	(4)	-
Consolidated PBT	2,226	3,745	4,313	5,858	8,770	6,345
Taxation ⁽⁴⁾	(57)	(143)	(325)	-	(432)	10
Consolidated PAT before MI	2,169	3,602	3,988	5,858	8,338	6,355
MI	-	-	-	-	-	-
Consolidated PAT and MI	2,169	3,602	3,988	5,858	8,338	6,355
No. of ordinary shares in issue ('000) ⁽¹⁾	33,560	33,560	33,560	33,560	33,560	33,560
Gross EPS (sen) ⁽²⁾	6.63	11.16	12.85	17.46	26.13	*25.21
Net EPS (sen) ⁽³⁾	6.46	10.73	11.88	17.46	24.85	*25.25
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

* Annualised.

(1) Being the number of ordinary shares assumed in issue before the Capitalisation of Advances and the Public Issue.

(2) The gross EPS is computed based on the consolidated PBT but after MI divided by the number of ordinary shares assumed in issue.

(3) The net EPS is computed based on the consolidated PAT and MI divided by the number of ordinary shares assumed in issue.

(4) The under/overprovision of taxation has been adjusted to the relevant financial years/period concerned.

(5) There were no extraordinary items or exceptional items during the financial years/period under review.

(6) LIPO and its subsidiaries' audited financial statements for the past 5 years have not been subjected to any auditors' qualifications.

VIII. FINANCIAL INFORMATION (CONT'D)**1.2 LIPO**

A summary of the results of LIPO based on its audited accounts for the financial period from 16 August 1999 (date of incorporation) to 30 June 2000 and the 9 months ended 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.2) of this Prospectus:-

	Financial period from 16 August 1999 to 30 June 2000 RM'000	9 months ended 31 March 2001 RM'000
Turnover	268	227
Profit/(Loss) before interest, depreciation and amortisation	231	(171)
Interest expense	-	-
Depreciation	-	(2)
Amortisation	-	-
PBT/(Loss) before taxation	231	(173)
Taxation	-	-
PAT/(Loss) after taxation	231	(173)
No. of shares in issue ('000)	13,110	33,560
Earnings/(loss) per share		
- Gross (sen)	*2.01	*(0.69)
- Net (sen)	*2.01	*(0.69)
Gross dividend rate (%)	-	-

Note:-

* *Annualised.*

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VIII. FINANCIAL INFORMATION (CONT'D)**1.3 PPC**

A summary of the results of PPC based on its audited accounts for the past 5 financial years ended 30 June 2000 and the 9 months ended 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.3) of this Prospectus:-

	<-----Financial years ended 30 June----->					9 months ended
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	31 March 2001 RM'000
Turnover	2,534	4,208	6,549	9,489	18,362	18,616
Profit before interest expense, depreciation and amortisation	1,604	1,768	3,044	4,094	6,399	6,163
Interest expense	-	-	(17)	(69)	(167)	(305)
Depreciation	(277)	(434)	(717)	(914)	(1,259)	(1,295)
Amortisation	-	-	-	-	-	-
PBT	1,327	1,334	2,310	3,111	4,973	4,563
Taxation	(57)	(143)	(273)	-	(220)	98
PAT	1,270	1,191	2,037	3,111	4,753	4,661
No. of shares in issue ('000)	1,604	1,604	1,604	1,604	1,604	1,604
Earnings per share						
- Gross (sen)	82.73	83.17	144.01	193.95	310.04	*379.30
- Net (sen)	79.18	74.25	127.00	193.95	296.32	*387.45
Gross dividend rate (%)	-	-	-	-	10	-

Notes:-

* Annualised.

(i) The audited taxation figures have been adjusted to account for under/over provision of taxation to the financial years/period in which it relates in order to be more reflective of the tax position for the respective financial years/period as follows:-

	<-----Financial years ended 30 June----->					9 months ended
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	31 March 2001 RM'000
Taxation						
As per audited accounts	97	(155)	(229)	8	(259)	98
Adjustment on prior year's tax	(154)	12	(44)	(8)	39	-
As adjusted	(57)	(143)	(273)	-	(220)	98

VIII. FINANCIAL INFORMATION (CONT'D)**1.4 PPM**

A summary of the results of PPM based on its audited accounts for the past 5 financial years/period ended 30 June 2000 and the 9 months ended 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.4) of this Prospectus:-

	<-Financial years ended-> 30 July		11 months ended 30 June	<--Financial years ended--> 30 June		9 months ended 31 March
	1996	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	5,674	7,659	6,988	7,625	10,013	5,051
Profit before interest expense, depreciation and amortisation	1,655	2,113	2,052	1,995	2,794	1,268
Interest expense	(247)	(242)	(228)	(208)	(165)	(138)
Depreciation	(687)	(736)	(785)	(714)	(836)	(692)
Amortisation	-	-	-	-	(4)	-
PBT	721	1,135	1,039	1,073	1,789	438
Taxation	-	-	(52)	-	(212)	(88)
PAT	721	1,135	987	1,073	1,577	350
No. of shares in issue ('000)	565	565	672	800	800	800
Earnings per share						
- Gross (sen)	127.61	200.88	*168.60	134.13	223.63	*72.99
- Net (sen)	127.61	200.88	*160.27	134.13	197.13	*58.33
Gross dividend rate (%)	54	-	42	-	10	-

Notes:-

* Annualised.

(i) The audited taxation figures have been adjusted to account for under/over provision of taxation to the financial years/periods in which it relates in order to be more reflective of the tax position for the respective financial years/periods as follows:-

	<-Financial years ended-> 30 July		11 months ended 30 June	<----Financial years ended----> 30 June		9 months ended 31 March
	1996	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation						
As per audited accounts	-	-	-	(52)	(212)	(88)
Adjustment on prior year's tax	-	-	(52)	52	-	-
As adjusted	-	-	(52)	-	(212)	(88)

VIII. FINANCIAL INFORMATION (CONT'D)**1.5 ASC**

A summary of the results of ASC based on its audited accounts for the past 4 financial years ended 31 December 1999, the 6 months ended 30 June 2000 and the 9 months ended 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.5) of this Prospectus:-

	<-----Financial years ended 31 December----->				6 months ended 30 June	9 months ended 31 March
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	7,264	11,963	11,005	12,850	7,930	15,156
Profit before interest expense, depreciation and amortisation	3,341	2,030	3,397	4,029	2,072	3,066
Interest expense	(317)	(538)	(904)	(676)	(279)	(361)
Depreciation	(850)	(1,043)	(1,205)	(1,270)	(687)	(1,229)
Amortisation	-	-	-	-	-	-
PBT	2,174	449	1,288	2,083	1,106	1,476
Taxation	-	-	-	-	-	-
PAT	2,174	449	1,288	2,083	1,106	1,476
No. of shares in issue ('000)	5,667	5,667	5,667	5,667	5,667	5,667
Earnings per share						
- Gross (sen)	38.36	7.92	22.73	36.76	*39.03	*34.73
- Net (sen)	38.36	7.92	22.73	36.76	*39.03	*34.73
Gross dividend rate (%)	-	-	-	-	-	-

Note:-

* *Annualised.*

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VIII. FINANCIAL INFORMATION (CONT'D)**1.6 PPC-T**

A summary of the results of PPC-T based on its audited accounts for the financial period from 13 July 2000 (date of incorporation) to 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.6) of this Prospectus:-

	Financial period from 13 July 2000 to 31 March 2001 RM'000
Turnover	1,442
Profit before interest expense, depreciation and amortisation	155
Interest expense	-
Depreciation	(70)
Amortisation	-
PBT	85
Taxation	-
PAT	85
No. of shares in issue ('000)	60
Earnings per share	
- Gross (sen)	*188.89
- Net (sen)	*188.89

Note:-* *Annualised***1.7 MT**

A summary of the results of MT based on its audited accounts for the financial period from 3 July 2000 (date of incorporation) to 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.7) of this Prospectus:-

	Financial period from 3 July 2000 to 31 March 2001 RM'000
Turnover	-
Loss before interest expense, depreciation and amortisation	4
Interest expense	-
Depreciation	-
Amortisation	-
Loss before taxation	4
Taxation	-
Loss after taxation	4
No. of shares in issue	2
Loss per share	
- Gross (RM)	*2,667
- Net (RM)	*2,667

Note:-* *Annualised*

VIII. FINANCIAL INFORMATION (CONT'D)**1.8 PPT**

A summary of the results of PPT based on its audited accounts for the financial period from 23 July 2000 (date of incorporation) to 31 March 2001 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section IX(5.8) of this Prospectus:-

	Financial period from 23 July 2000 to 31 March 2001 RM'000
Turnover	-
Loss before interest expense, depreciation and amortisation	3
Interest expense	-
Depreciation	-
Amortisation	-
Loss before taxation	3
Taxation	-
Loss after taxation	3
No. of shares in issue	2
Loss per share	
- Gross (RM)	*2,250
- Net (RM)	*2,250

Note:-

* *Annualised*

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VIII. FINANCIAL INFORMATION (CONT'D)**1.9 Segmental Analysis**

The table below sets out the segmental analysis by subsidiaries for the past 5 financial years ended 30 June 2000 and the 9 months ended 31 March 2001 which is prepared based on the proforma consolidated results of the LIPO Group on the assumption that the current structure of the LIPO Group has been in existence throughout the periods under review. The proforma consolidated results are based on the audited accounts of PPC, PPM and ASC and have been prepared on a time apportioned basis, where appropriate.

Turnover By Subsidiaries

	Proforma					9 months ended
	<-----Financial years ended 30 June----->					31 March
	1996	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIPO	-	-	-	-	268	227
PPC	2,534	4,208	6,549	9,489	18,362	18,616
PPM	5,544	7,494	7,626	7,625	10,013	5,051
ASC	4,749	9,613	11,484	11,928	14,355	15,156
PPC-T	-	-	-	-	-	1,442
MT	-	-	-	-	-	-
PPT	-	-	-	-	-	-
Less: Consolidation adjustments	-	-	-	(106)	(1,350)	(3,016)
Total Group	12,827	21,315	25,659	28,936	41,648	37,476

PAT By Subsidiaries

	Proforma					9 months ended
	<-----Financial years ended 30 June----->					31 March
	1996	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIPO	-	-	-	-	231	(173)
PPC	1,270	1,191	2,037	3,111	4,753	4,661
PPM	701	1,100	1,082	1,073	1,577	350
ASC	198	1,311	869	1,685	2,146	1,476
PPC-T	-	-	-	-	-	85
MT	-	-	-	-	-	(4)
PPT	-	-	-	-	-	(3)
Less: Consolidation adjustments	-	-	-	(11)	(369)	(37)
Total Group	2,169	3,602	3,988	5,858	8,338	6,355

VIII. FINANCIAL INFORMATION (CONT'D)**2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND MATERIAL LITIGATION****(i) Working Capital**

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

(ii) Borrowings

The total outstanding borrowings of the Group as at 4 September 2001 (being the latest practicable date prior to the registration of this Prospectus) are as follows:-

Outstanding borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000
Bank overdrafts and bankers acceptances	800	-
Term loan	1,435	8,936
Hire purchase and long term lease	1,942	2,837
Total	<u>4,177</u>	<u>11,773</u>

All the aforesaid borrowings are interest-bearing. Save as disclosed above, the Group does not have any other loan capital outstanding or loan capital created but unissued, mortgages or charges outstanding.

(iii) Contingent Liabilities

As at 4 September 2001 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

(iv) Capital Commitments

Save as disclosed below, as at 4 September 2001 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:-

	RM'000
<i>Authorised and contracted for:-</i>	
<i>Purchase of plant and machinery</i>	<u>1,412</u>
<i>Authorised but not contracted for:-</i>	
<i>Purchase of plant and machinery</i>	<u>23</u>

VIII. FINANCIAL INFORMATION (CONT'D)

2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND MATERIAL LITIGATION (CONT'D)

(v) Material Litigation

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

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VIII. FINANCIAL INFORMATION (CONT'D)

3. CONSOLIDATED PROFIT ESTIMATE AND FORECAST
(Prepared for inclusion in this Prospectus)

LIPO CORPORATION BERHAD
NOTES TO THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE
FINANCIAL YEARS ENDED/ENDING 30 JUNE 2001 AND 2002 RESPECTIVELY

The Board of Directors of LIPO estimate and forecast that, barring unforeseen circumstances, the consolidated profit of the LIPO Group for the financial years ended/ending 30 June 2001 and 2002 respectively will be as follows:-

	Estimate 2001 RM'000	Forecast 2002 RM'000
Turnover	46,572	49,696
Consolidated PBT	8,710	9,610
Taxation	(58)	(521)
Consolidated PAT before MI	8,652	9,089
MI	-	-
Consolidated PAT and MI	8,652	9,089

Based on the enlarged issued and fully paid-up share capital of LIPO comprising 50,323,000 ordinary shares of RM1.00 each

Gross EPS based on the consolidated PBT but after MI (sen)	17.31	19.10
Net EPS based on the consolidated PAT and MI (sen)	17.19	18.06
Gross PE Multiple (times) [@]	8.09	7.33
Net PE Multiple (times) [@]	8.14	7.75

Note:-

[@] Based on the issue price of RM1.40 per Issue Share.

The principal assumptions upon which the consolidated profit estimate and forecast have been prepared are set out below:-

- (a) There will be no material changes in the principal activities and present corporate structure of the Group.
- (b) There will be no major industrial disputes or major breakdown in manufacturing facilities, economic and political changes or any other abnormal factors or changes which will adversely affect the operations or sales of the Group at the projected levels.

VIII. FINANCIAL INFORMATION (CONT'D)



- (c) There will be no material changes in the present legislation or government regulations and guidelines of regulatory bodies affecting the respective companies or the market in which they operate.
- (d) The rates and bases of taxation applicable to the Group will not deviate substantially from the present levels. It is assumed that certain companies in the Group will continue to enjoy the existing tax incentives available to them.
- (e) Existing financing facilities will remain available to the Group and at the prevailing interest rates of between 3.2% and 9.3% per annum. The Group will also be able to obtain additional financing facilities when necessary, at interest rates approximating those currently available to the Group.
- (f) The inflation rate and exchange rate of foreign currencies will not vary significantly from the present levels.
- (g) There will be no material changes in the current demand and in the prevailing market condition in Malaysia and overseas and in the markets in which the Group operates which will adversely affect the performance of the Group.
- (h) There will be no significant changes in the management structure, accounting and business policies currently adopted by the Group.
- (i) The new subsidiary companies in the Group will commence operations as planned.
- (j) Major capital expenditure programme will take place as planned.
- (k) Surplus funds placed with financial institutions will earn interest at the rate of 3% per annum.
- (l) The estimated and forecasted sales of the companies within the Group will be achieved as planned.
- (m) The gross proceeds from the Public Issue will be utilised as follows: -

	RM'000
Repayment of borrowings	9,975
Working capital	6,395
Estimated listing expenses	1,900
	18,270

- (n) There will be no shortages in the supply of raw materials and labour that will delay the scheduled operations.
- (o) There will be no significant changes in the prices of raw materials, labour costs and other overheads which will adversely affect the performance of the Group.

VIII. FINANCIAL INFORMATION (CONT'D)



■ Public Accountants
37, Anson Road,
10400 Penang, Malaysia.

■ Phone: (04) 2261878
Fax: (04) 2271812
www.ey.com

Mail Address:
P.O. Box 148,
10710 Penang, Malaysia.

4. REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST
(Prepared for inclusion in this Prospectus)

12 September 2001

The Board of Directors
Lipo Corporation Berhad
Lot 1.02, First Floor
Acctax Corporate Centre
No. 2, Jalan Bawasah
10050 Penang.

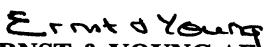
Dear Sirs,

LETTER FROM THE REPORTING ACCOUNTANTS IN RELATION TO THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF LIPO CORPORATION BERHAD ("LIPO") FOR THE FINANCIAL YEARS ENDED/ENDING 30 JUNE 2001 AND 2002 RESPECTIVELY

We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast after taxation and minority interest for the financial years ended/ending 30 June 2001 and 2002 of LIPO and its subsidiaries ("Group"), for which the Directors are solely responsible, as set out in the Prospectus of LIPO to be dated 17 September 2001 in connection with the public issue of 13,050,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.40 per new ordinary share and the listing of and quotation for its entire enlarged issued and fully paid-up share capital of LIPO on the Second Board of the Kuala Lumpur Stock Exchange.

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

Yours faithfully,


ERNST & YOUNG AF: 0039
Public Accountants


OO BOON BENG 1939/12/02 (J)
Partner

VIII. FINANCIAL INFORMATION (CONT'D)

5. DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST

Consolidated Profit Estimate For The Financial Year Ended 30 June 2001

For the financial year ended 30 June 2001, the Group is expected to register an increase in revenue by 12% to RM46.572 million from RM41.648 million recorded for the financial year ended 30 June 2000. The increase is expected to be moderate as compared to the previous financial year mainly due to the slowdown in the US economy in the second half of the financial year. Accordingly, the Group estimates a marginal increase in PAT of approximately 4% to RM8.652 million.

Consolidated Profit Forecast For The Financial Year Ending 30 June 2002

For the financial year ending 30 June 2002, the Group turnover is forecasted at RM49.696 million representing a growth of approximately 7% from the estimated turnover of RM46.572 million for the financial year ended 30 June 2001. The Board of Directors of LIPO has adopted a conservative stance in the forecast having considered the prevailing uncertainty over the depth and duration of the US economic slowdown. The increase in turnover is expected to be derived mainly from the telecommunications sector. The forecast consolidated PAT is expected to increase marginally to RM9.089 million, mainly attributable to the expected reduction in interest expense as a result of the proposed repayment of borrowings of RM9.975 million from the public issue proceeds.

The Board of Directors of LIPO have reviewed the bases and assumptions used in arriving at the profit forecast and are of the opinion that the profit forecast of the Group is true and fair in light of the assumptions made including but not limited to the future prospects of the industry, future plans and strategies to be adopted by the LIPO Group as well as the Group's level of gearing, liquidity and working capital.

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VIII. FINANCIAL INFORMATION (CONT'D)**6. SENSITIVITY ANALYSIS****Sensitivity Analysis**

The sensitivity analysis is prepared based on the forecast assumptions set out in Section VIII(3) herein and assuming all other things remaining unchanged except for the 5% and 10% upward and downward variation in selling price, demand for products and foreign exchange rates.

(i) Variation in Selling Price

	<-----Financial Year Ending 30 June 2002----->					
	<----Turnover---->		<-----PBT----->		<-----PAT----->	
	RM'000	%	RM'000	%	RM'000	%
As forecasted	49,696		9,610		9,089	
Up 5%	52,181	+5.0	12,095	+25.9	11,439	+25.9
Up 10%	54,666	+10.0	14,580	+51.7	13,790	+51.7
Down 5%	47,211	-5.0	7,125	-25.9	6,739	-25.9
Down 10%	44,726	+10.0	4,640	-51.70	4,388	-51.7

(ii) Variation in Demand for Products

	<-----Financial Year Ending 30 June 2002----->					
	<----Turnover---->		<-----PBT----->		<-----PAT----->	
	RM'000	%	RM'000	%	RM'000	%
As forecasted	49,696		9,610		9,089	
Up 5%	52,181	+5.0	11,323	+17.8	10,709	+17.8
Up 10%	54,666	+10.0	13,036	+35.6	12,329	+35.6
Down 5%	47,211	-5.0	7,897	-17.8	7,469	-17.8
Down 10%	44,726	-10.0	6,184	-35.6	5,849	-35.6

(iii) Variation in Foreign Exchange Rates

	<-----Financial Year Ending 30 June 2002----->					
	<----Turnover---->		<-----PBT----->		<-----PAT----->	
	RM'000	%	RM'000	%	RM'000	%
As forecasted	49,696		9,610		9,089	
Up 5%	50,839	+2.3	10,753	+11.9	10,170	+11.9
Up 10%	51,982	+4.6	11,896	+23.8	11,251	+23.8
Down 5%	48,553	-2.3	8,467	-11.9	8,008	-11.9
Down 10%	47,410	-4.6	7,324	-23.8	6,927	-23.8

VIII. FINANCIAL INFORMATION (CONT'D)**7. DIVIDEND ESTIMATE AND FORECAST**

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

Based on the estimate and forecast consolidated PAT and MI of RM8.652 million and RM9.089 million respectively, for the financial years ended/ending 30 June 2001 and 2002 respectively, the Directors of LIPO anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a tax exempt dividend of 5 sen for the financial years ended/ending 30 June 2001 and 2002 respectively.

The intended appropriation of the estimate and forecast consolidated PAT for the financial years ended/ending 30 June 2001 and 2002 respectively, will be as follows:-

	Estimate 2001 RM'000	Forecast 2002 RM'000
Consolidated PBT	8,710	9,610
Taxation	(58)	(521)
Consolidated PAT before MI	8,652	9,089
MI	-	-
Consolidated PAT and MI	8,652	9,089
Less: Proposed dividend*	1,678	2,516
Consolidated retained profits	6,974	6,573
Tax exempt dividend per share	5 sen	5 sen
Dividend yield (based on the issue price of RM1.40 per Issue Share)	3.57%	3.57%
Dividend cover **	3.44 times	3.61 times

Notes:-

* Based on the issued and fully paid-up share capital of 33,560,000 ordinary shares and 50,323,000 ordinary shares in issue for the financial years ended/ending 30 June 2001 and 2002 respectively.

** Based on the enlarged issued and fully paid-up share capital of LIPO comprising 50,323,000 ordinary shares of RM1.00 each.

Future dividends may be waived in the event of the following circumstances:-

- (i) insufficient retained profits to declare as dividends;
- (ii) insufficient tax exempt profits to declare as dividends and/or insufficient tax credits to frank its dividends; or
- (iii) insufficient cashflows to pay dividends.

VIII. FINANCIAL INFORMATION (CONT'D)

8. PROFORMA CONSOLIDATED BALANCE SHEETS OF LIPO CORPORATION BERHAD

(Prepared for inclusion in this Prospectus)

The Proforma Consolidated Balance Sheets set out below have been prepared on a cumulative basis and are provided for illustrative purposes only to show the effects on the audited consolidated balance sheets of LIPO as at 31 March 2001 assuming that the Capitalisation of the Shareholder's Advances from THB Industries Bhd. ("THBI") and the Public Issue were effected on that date.

	Audited as at 31 March 2001 RM'000	Scenario I After Capitalisation of Shareholder's Advances from THBI RM'000	Scenario II After I, Public Issue and Listing Expenses RM'000
FIXED ASSETS	45,615	45,615	45,615
HOLDING COMPANY	(3,741)	(28)	(28)
RELATED COMPANIES	180	180	180
GOODWILL ON CONSOLIDATION	3,060	3,060	3,060
CURRENT ASSETS			
Stocks	10,880	10,880	10,880
Trade debtors	7,635	7,635	7,635
Other debtors	3,312	3,312	3,312
Deposits	3,335	3,335	3,335
Cash and bank balances	1,071	1,071	17,441
	26,233	26,233	42,603
CURRENT LIABILITIES			
Trade creditors	4,196	4,196	4,196
Other creditors	4,397	4,397	4,397
Short term borrowings	3,266	3,266	3,266
Taxation	336	336	336
	12,195	12,195	12,195
NET CURRENT ASSETS	14,038	14,038	30,408
	59,152	62,865	79,235
FINANCED BY -			
SHARE CAPITAL	33,560	37,273	50,323
RESERVES			
Share premium account	1,800	1,800	5,120
Reserve on consolidation	67	67	67
Exchange fluctuation reserve	(466)	(466)	(466)
Retained profits	11,353	11,353	11,353
	12,754	12,754	16,074
SHAREHOLDERS' FUNDS	46,314	50,027	66,397
LONG TERM LIABILITIES (SECURED)	12,838	12,838	12,838
	59,152	62,865	79,235
NET TANGIBLE ASSETS PER SHARE (RM)	1.29	1.26	1.26

VIII. FINANCIAL INFORMATION (CONT'D)



The Proforma Consolidated Balance Sheets prepared for illustrative purposes only, have been prepared based on the audited consolidated balance sheets of LIPO as at 31 March 2001 and on accounting principles and bases consistent with those previously adopted in the preparation of the financial statements, with the assumption that the following have been effected on that date.

Scenario I

Scenario I incorporates the Capitalisation of the Shareholder's Advances from THBI of RM3,713,000 into 3,713,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.00 each.

Scenario II

- (a) Scenario II incorporates the Public Issue of 13,050,000 new ordinary shares of RM1.00 each in LIPO at an issue price of RM1.40 per new ordinary share and the listing of and quotation for LIPO's entire issued and paid up share capital comprising 50,323,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange; and
- (b) The writing off of the estimated listing expenses of RM1,900,000 against the share premium account.

The movements in the share premium account are as follows:-

	RM'000
Balance as at 31 March 2001	1,800
Share premium arising from the Public Issue of 13,050,000 new ordinary shares at a premium of RM0.40 per share	5,220
	<hr/>
	7,020
Less - Estimated listing expenses written off	1,900
	<hr/>
After Public Issue and estimated listing expenses written off	<u>5,120</u>

VIII. FINANCIAL INFORMATION (CONT'D)



ERNST & YOUNG

(Firm No: AF 0039)

■ Public Accountants
37, Anson Road,
10400 Penang, Malaysia

■ Phone: (04) 2261878
Fax: (04) 2271812
www.ey.com

Mail Address:
P.O. Box 148.
10710 Penang, Malaysia

9. **REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS**

(Prepared for inclusion in this Prospectus)

12 September 2001

The Board of Directors
Lipo Corporation Berhad
Lot 1.02, First Floor
Acctax Corporate Centre
2, Jalan Bawasah
10050 Penang.

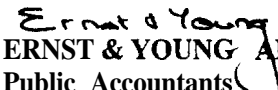
Dear Sirs,


**LIPO CORPORATION BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Lipo Corporation Berhad ("LIPO") and its subsidiaries ("Group") as at 31 March 2001, together with the notes thereon, for which the Directors of LIPO are solely responsible, as set out in the Prospectus to be dated 17 September 2001, in connection with the public issue of 13,050,000 new ordinary shares of RM1.00 each at an issue price of RM1.40 per new ordinary share and the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of LIPO on the Second Board of the Kuala Lumpur Stock Exchange.

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

Yours faithfully,


ERNST & YOUNG AF : 0039
Public Accountants


00 BOON BENG, 1939/12/02 (J)
Partner

X. DIRECTORS' REPORT

LIPO CORPORATION BERHAD

(Company No. : 491485-V)

Registered Office:-

Lot 1.02, First Floor,
ACCTAX CORPORATE CENTRE,
No. 2, Jalan Bawasah,
10050 Penang.

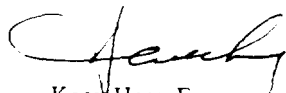
The Shareholders
Lipo Corporation Berhad ("LIPO")

Dear Sir/Madam

On behalf of the Directors of Lipo Corporation Berhad ("LIPO"), I report after due inquiry that during the period from 31 March 2001 (being the date to which the last audited accounts of LIPO and its subsidiaries ("Group") have been made up) to 4 September 2001 (being a date not earlier than fourteen days before the issue of this Prospectus):-

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

Yours faithfully
For and on behalf of
the Board of Directors of Lipo Corporation Berhad



Koay Hean Eng
Non-Executive Chairman

12 September 2001

XI. STATUTORY AND OTHER INFORMATION (*CONT'D*)

1. SHARE CAPITAL

- (i) No shares will be allotted on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. As at the date of this Prospectus, there is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (iii) Save for the Issue Shares reserved for the approved Bumiputera investors by the MITI and eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group as disclosed in Sections II(2) of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
- (iv) Save as disclosed in Sections IV(1) and IV(4) of this Prospectus, no shares or debentures of the Company and its subsidiaries have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of publication of this Prospectus.
- (v) Save for the Issue Shares reserved for the eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group as disclosed in Sections II(2) of this Prospectus, there is currently no other scheme for or involving the Directors and employees of the LIPO Group in the share capital of the Company or its subsidiaries.
- (vi) Save as disclosed in Sections IV(2) and IX of this Prospectus, no options to subscribe for any shares, stocks or debentures of the Company or its subsidiaries have been granted to or exercised by the Directors of the Company during the last financial year.

2. ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Listing Requirements of the KLSE, the Companies Act, 1965, the Rules of MCD and the Company's Articles of Association ("Articles"):-

(i) Transfer of Securities

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

Articles of the Company

Article 40

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

XI. STATUTORY AND OTHER INFORMATION (*CONT'D*)

Article 41

(1) Where—

- (a) the securities of the Company are listed on an Approved Market Place; and
- (b) the 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 case may be, under the Rules of the Central Depository in respect of such securities,

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

- (i) there shall be no change in the ownership of such securities; and
 - (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.
- (2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of Article 41(1) shall allow any transmission of securities from Malaysian Register into the Foreign Register.

Article 42

The Central Depository may in its absolute discretion, refuse to register any transfer that does not comply with the Central Depository Act and the Rules.

Article 43

The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. At least eighteen (18) Market Days' notice or such other period of notice as may be permitted by the Exchange, of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure. In relation to such closure of the Company shall give notice, in accordance with the Rules, to the Central Depository to prepare appropriate Record of Depositors.

Article 44

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Article 45

All transfer of securities deposited with a central depository, including but not limited to the Deposited Security, shall be in compliance with the relevant laws and rules.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

Listing Requirements of the KLSE

The provisions of the Listing Requirements of the KLSE on the transferability of securities are as follows:-

Paragraph 7.13 – Transfers of Securities

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

Paragraph 7.14 - Transmission of securities from foreign register

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

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

- (2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of Paragraph 7.14 part (1) shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

Companies Act, 1965

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

Section 103 - Instrument of transfer

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

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (1A) Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

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

Section 107C - Transfer of securities is by way of book entry

- (1) On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.
- (2) Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

Rules of MCD

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

Rule 8.01 (2) - Rejection of transfer

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

Rule 8.05A - Transfers from the principal or nominee account

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

Rule 9.03(2) - Documents to lodge

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

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the Depositor's spouse);

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code On Take-overs and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

(ii) Remuneration of Directors

The provisions in the Company's Articles dealing with the remuneration of Directors are as follows:-

Article 103

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that—

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 104

- (1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (2) If by arrangement with the Director, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

Article 138

The remuneration of the Managing Director and the Deputy Managing Director may subject to the terms of any agreement entered into any particular case, be by way of salary but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

(iii) Voting and borrowing powers of Directors

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

Article 106

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company and as are not by the Act or by these Articles required to be exercised or done by the Company in general meeting, subject nevertheless to these Articles, to the provisions of the Act, and to such regulations, being not inconsistent with these Articles, as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Article 108

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 of any related third party Provided Always that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's 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.
- (2) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Article 129

No Director shall vote in respect of any contract or arrangement in which he has directly or indirectly a personal interest, and if he should do so his vote shall not be counted.

Article 131

A Director may vote in respect of:-

- (a) 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
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

Article 132

A Director may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise, or any corporation, which is directly 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 benefits received by him as a Director or officer of, or from his interest in, such corporation, unless the Company otherwise directs at the time of his appointment. The Director may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid provided always that he was complied with Section 131 and all other relevant provisions of the Act and of these Articles.

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

The provisions in the Company's Articles as to the changes in the share capital and variation of rights which are as stringent as those provided in the Companies Act, 1965 are as follows:-

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of the written law and to the conditions, restrictions and limitations expressed in these Articles and to the provisions of any resolution of the Company, and subject to the prior approval of the members of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
- (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;
- (d) every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and:-
 - (i) such approval shall specifically detail the number of shares or options to be issued to such employees and/or Directors; and
 - (ii) only Directors holding office in an executive capacity shall participate in such an issue of shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue; and
- (e) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the share.

Article 5

Without prejudice to any special rights previously conferred on the holders of any share or class of shares already issued, but subject to the Act and these Articles, any shares in the Company (whether forming part of the original capital or not) may be issued or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine provided that:-

- (a) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (b) the holders of preference shares shall have the same rights as the holders of ordinary shares and must be entitled to a right to vote in each of the following circumstances:-
 - (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (ii) on a proposal to reduce the Company's share capital;

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects rights attached to the share;
 - (v) on a proposal to wind up the Company;
 - (vi) during the winding up of the Company; and
- (c) the Company shall not unless with the consent of the existing preference shareholders at a class meeting or pursuant to Article 18 hereof issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. A holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up. A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts and attending meetings.

Article 7

In addition to all other powers of paying commissions, the Company (or the Board on behalf of the Company) may exercise the powers conferred by Section 58 of the Act of applying its shares or capital moneys in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and shall not exceed ten per cent (10%) of the price at which the shares in respect whereof the commission is paid are issued or an amount equivalent thereto. The Company (or the Board on behalf of the Company) may also on any issue of the shares pay such brokerage as may be lawful.

Article 8

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the condition and restrictions mentioned in Section 69 of the Act, and may charge the same to capital as part of the cost of construction of the works, buildings or the provision of plant.

Article 9

The Company shall duly observe and comply with the provisions of the Act and the Listing Requirements of the Kuala Lumpur Stock Exchange from time to time prescribed by the Exchange applicable to any allotment of its shares.

Article 10

Except as required by law and as provided under the Rule, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not even when having notice thereof be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles otherwise expressly provided or as required by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

Article 11

The Company may apply to the Exchange for waiver of the convening of an extraordinary general meeting to obtain shareholders' approval for further issues of shares (other than bonus or rights issue) where:-

- (a) 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
- (b) the aggregate issues of which in any one financial year (other than by way of bonus or rights issues) do not exceed ten per cent (10%) of the issued capital of the Company.

Article 12

Subject to and in accordance with the Act, the Companies Regulations 1966 and the rules and the requirements of the Exchange, the Central Depository, the SC and any other relevant authorities, the Company shall have the power to purchase its own shares.

Article 18

Notwithstanding Article 19 hereof, the repayment of preference share capital other than redeemable preference, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned Provided Always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 19

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 shares of that class) may, whether or not the Company is being wound up, be varied or abrogated 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 shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) 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 54

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

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

Article 56

Except so far as otherwise provided by the condition of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transmissions, forfeiture, lien or otherwise and shall also be subject to the Rules.

Article 57

- (1) The Company may from time to time by ordinary resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
 - (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return of capital voting or otherwise over the other or others of such shares; or
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- (2) The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by the law.

3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of the Directors of LIPO are set out in the Corporate Directory section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) None of the Directors or proposed Directors of the Company have any existing or proposed service contracts with the Company or its subsidiaries which are not terminable by notice without payment of compensation (other than statutory compensation) within 1 year.
- (iv) Save as disclosed in Section VII(2), none of the Directors or major shareholders of LIPO has any interest in any contract or arrangement which is significant in relation to the business of the Group subsisting at the date of this Prospectus.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (v) Based on the Register of Substantial Shareholders as at 4 September 2001, the substantial shareholders and their respective beneficial interests in the shares of the Company, before and after the Public Issue, are as follows:-

Name	Before the Public Issue				After the Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %
THBI	22,813,000	61.21	-	-	22,813,000	45.33	-	-
Dr. Mohd. Zabdi Bin Zamrod	6,000,000	16.10	-	-	6,000,000	11.92	-	-
Noorzalila Binti Ismail	1,900,000	5.10	-	-	2,500,000	4.97	-	-
Tan Beng Huat	2,425,798	6.50	-	-	2,425,798	4.82	-	-
Kobay Holdings Sdn. Bhd.	-	-	*22,813,000	61.21	-	-	*22,813,000	45.33
Koay Hean Eng	-	-	#22,813,000	61.21	-	-	#22,813,000	45.33
Koay Cheng Lye	-	-	#22,813,000	61.21	-	-	#22,813,000	45.33

Notes:-

* Deemed interest by virtue of its substantial shareholding in THBI.

Deemed interest by virtue of their substantial shareholdings in Kobay Holdings Sdn. Bhd..

- (vi) According to the Register of Directors' Shareholdings as at 4 September 2001, the direct and indirect interests of the Directors in the shares of the Company, before and after the Public Issue, are as follows:-

Name	Before the Public Issue				After the Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %
Koay Hean Eng	-	-	*22,813,000	61.21	-	-	*22,813,000	45.33
Koay Cheng Lye	-	-	*22,813,000	61.21	-	-	*22,813,000	45.33
Dato' Dr. Zainuddin Bin Md. Wazir	-	-	-	-	-	-	-	-
Lim Ah Bok @ Lim Chong Bok	-	-	-	-	-	-	-	-
Lim Swee Chuan	-	-	-	-	-	-	-	-
Soo Fook Poy	-	-	-	-	-	-	-	-

Note:-

* Deemed interest by virtue of their substantial shareholdings in Kobay Holdings Sdn. Bhd..

XI. STATUTORY AND OTHER INFORMATION (CONT'D)**4. GENERAL**

- (i) The nature of the LIPO Group's business is described in Sections I and IV of this Prospectus. Save as disclosed below, as at 4 September 2001 there are no other corporations which are deemed to be related to LIPO by virtue of Section 6 of the Companies Act, 1965:-

Name of company	Date and place of incorporation	Percentage of equity interest held %	Principal activities
THBI	18.07.94; Malaysia	-	Investment holding and provision of management services
<i>Subsidiaries of THBI:-</i>			
Polytool Industries Sdn. Bhd.	08.11.90; Malaysia	100	Manufacture of carbide tooling parts and automated machines
Polytool Engineering Sdn. Bhd.	03.08.84; Malaysia	100	Letting of properties
Polytool Automation Sdn. Bhd.	17.06.93; Malaysia	80	Designing and manufacturing of automated machine and automated machine parts
Bend Weld Engineering Sdn. Bhd.	30.08.90; Malaysia	100	Manufacture of all types of metal works and equipment
Megatool Precision Sdn. Bhd.	02.11.92; Malaysia	95	Manufacture of high end steel and carbide precision parts for tools, dies and moulds and precision tools, dies and moulds
Unitedprise Sdn. Bhd.	02.01.98; Malaysia	100	General trading
A-Pac Multimedia Sdn. Bhd. (formerly known as A-Pac Capital Sdn. Bhd.)	08.10.99; Malaysia	60	Investment holding
Polytool Precision Sdn. Bhd. (formerly known as Ventureplan Sdn. Bhd.)	02.01.98; Malaysia	100	Manufacture of industrial equipment, machinery, precision tools, dies, moulds, automation equipment and parts for electrical, electronics and other business
Polytool Technologies Sdn. Bhd.	03.08.00; Malaysia	100	Manufacture of measuring devices, industrial equipment, machinery parts and tooling for semiconductor
Opar Holdings Sdn. Bhd.	22.09.93; Malaysia	100	Investment holding

- (ii) The times of the opening and closing of the application lists of the Public Issue are set out in the Indicative Timetable section, Section II(4) and Section XII of this Prospectus.
- (iii) The amount payable in full on application is RM1.40 per Issue Share.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section XII(4) of this Prospectus.
- (v) Save as disclosed in Sections IV(2), VII(3), IX(8) and IX(8)(c) of this Prospectus, no amount or benefit has been paid or given within the 2 years preceding the date of this Prospectus, nor is it intended to be paid or given, to any promoter.
- (vi) As at 4 September 2001, the Group has not established a place of business outside Malaysia save for PPC-T, its subsidiary incorporated in Thailand, details of which are set out in Section IV(4) of this Prospectus.
- (vii) Save as disclosed in this Prospectus, the financial conditions and operations of LIPO and its subsidiaries are not affected by any of the following:-
 - (a) Known trends, demands, commitments, events or uncertainties that have had or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
 - (b) Material capital expenditure commitments;
 - (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group and the extent to which the financial performance, position and operations of the Group was so affected;
 - (d) Substantial increase in revenue and the extent to which the increase is attributable to prices, volume of goods or services being sold, the introduction of new products or services or any other factors; and
 - (e) Known events, circumstances, trends, uncertainties and commitments that will result in or are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

As far as the Directors are aware, the Group is not vulnerable to any specific factors or events of a particular nature other than normal commercial risks experienced during the normal course of business.
- (viii) Save 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 profits of the Group.
- (ix) Save as disclosed in Sections VIII(2) and IX of this Prospectus, as at 4 September 2001, there is no loan capital outstanding or mortgages and charges in relation to the Group.
- (x) As at the date of this Prospectus, neither LIPO nor its subsidiaries has any outstanding convertible debt securities.
- (xi) The name and address of the Auditors and Reporting Accountant of the Company is set out in the Corporate Directory section of this Prospectus.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

5. EXPENSES AND COMMISSIONS

- (i) Underwriting commission is payable by the Company to the Managing Underwriter and the Underwriters at the rate of 2.0% of the issue price of RM1.40 for each of the 7,550,000 Issue Shares being underwritten.
- (ii) Brokerage of 1.0% of the issue price of RM1.40 per Issue Share is payable by the Company in respect of successful applications bearing the stamps of CIMB, member companies of the KLSE, members of the Association of Banks of Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.
- (iii) The underwriting commission, brokerage and stamp duty (if any), in relation to the Public Issue and estimated expenses and fees incidental to the Public Issue and the listing of and quotation for the entire enlarged issued and paid-up share capital of LIPO on the Second Board of KLSE amounting to RM1,900,000 will be borne by LIPO.
- (iv) Save as disclosed in sub-paragraph (iii) above, no commission, discounts, brokerage or other special terms were granted by the Company within the 2 years immediately preceding the date of this Prospectus in connection with the issue or sale of any capital of the Company or its subsidiaries.

6. PUBLIC TAKE-OVERS

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

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

7. MATERIAL LITIGATION

As at 4 September 2001, neither LIPO nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of LIPO or its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of LIPO or its subsidiaries.

8. MATERIAL CONTRACTS

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

- (i) Shares Sale Agreement dated 23 September 1999 between LIPO and Tan King Seng, Cheah Choon Ghee, Tan Beng Huat, Ooi Yeok Hock, Ong Hock Seong, Kim Soon Jong, Tan Shyan Chert, Tang Nam Soon, Lee Kong Peng and IPSB for the acquisition of the entire equity interest in ASC comprising 5,667,000 ordinary shares of RM1.00 each for a total consideration of RM6,300,000 satisfied via the issue of 4,300,000 shares in LIPO at par and a cash consideration of RM2,000,000;
- (ii) Shares Sale Agreement dated 23 September 1999 and a Supplemental Deed dated 14 February 2000 between LIPO and THBI for the acquisition of the entire equity interest in PPC comprising 1,603,610 ordinary shares of RM1.00 each for a total consideration of RM13,459,998 satisfied via the issue of 13,459,998 shares in LIPO at par;

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

(iii) Shares Sale Agreement dated 23 September 1999 between THBI and Tan Chon Hoe ("the Vendors") and LIPO and a Supplemental Deed dated 12 February 2000 between LIPO, Tan Chon Hoe and Fadzil Bin Ahmad for the acquisition by LIPO of the entire equity interest in PPM comprising 800,000 ordinary shares of RM1.00 each for a total consideration of RM8,300,000 satisfied via the issue of 8,300,000 shares in LIPO at par to the Vendors and Fadzil Bin Ahmad;

(iv) Stakeholder Agreement dated 14 February 2000 between LIPO and IPSB, Tan King Seng, Cheah Choon Ghee, Ooi Yeok Hock and Ong Hock Seong ("the Guarantors") and Wong Mee Choon ("the Stakeholder") and ASC wherein in consideration of the purchase by LIPO of the entire equity interest of ASC from the Guarantors, the Guarantors have warranted to LIPO that the minimum profit after tax of ASC ("Profit Guarantee") as set out in the agreement shall not be less than the sum stipulated below ("Warranted Profits"):-

Period	Warranted Profits (RM)
1 January 1998 to 31 December 1998	not less than RM1.2 million
1 January 1999 to 30 June 2000	not less than RM3.0 million
1 July 2000 to 30 June 2001	not less than RM2.0 million
1 July 2001 to 30 June 2002	not less than RM2.0 million
1 July 2002 to 30 June 2003	not less than RM2.0 million

and have deposited their shares in LIPO with the Stakeholder as security for any shortfall in the Warranted Profits;

(v) Stakeholder Agreement dated 14 February 2000 between LIPO and Tan Chon Hoe ("the Guarantor") and Wong Mee Choon ("the Stakeholder") and PPM wherein in consideration of the purchase by LIPO of the Guarantor's shares in PPM, the Guarantor warranted to LIPO that the minimum profit after tax of PPM for the financial year ended 30 June 2000 shall not be less than RM1,500,000 ("Warranted Profits") and the Guarantor has deposited his shares with the Stakeholder as security for any shortfall in the Warranted Profits;

(vi) Deed of Release dated 12 October 2000 made between LIPO and Tan King Seng and Cheah Choon Ghee (collectively "the Two Guarantors") whereby LIPO has agreed to release and discharge the Two Guarantors from all past and present and future liability under the Guarantee Agreement in consideration of the Two Guarantors procuring the full settlement of the outstanding debts amounting to the sum of RM1,168,582 owing to ASC by the debtors more particularly described therein;

(vii) Deed of Release and Substitution dated 12 October 2000 between Tan King Seng and Cheah Choon Ghee (collectively "the Two Guarantors"), Tan Beng Huat ("TBH") and LIPO, whereby in consideration of the Two Guarantors selling 1,698,600 ordinary shares in LIPO to TBH and the Two Guarantors procuring the full settlement of the outstanding debts amounting to the sum of RM1,168,582 ("the Debts") owing to ASC by the debtors more particularly described therein, LIPO shall upon the receipt by ASC of the full settlement of the Debts release and discharge the Two Guarantors from the Profit Guarantee and accept TBH as a guarantor for the Profit Guarantee in lieu of the Two Guarantors;

(viii) Supplemental Deed dated 12 October 2000 supplemental to a Loan Agreement dated 31 May 1999, wherein ASC undertook to repay the loan for the sum of RM2,908,735 advanced by IPSB to ASC;

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

- (ix) Sale and Purchase Agreement dated 27 October 2000 between PPC and Penang Development Corporation for the acquisition of a piece of leasehold land known as Plot 84, Bayan Lepas Industrial Park IV, Penang for a total cash consideration of RM675,187; and
- (x) Underwriting Agreement dated 6 September 2001 between LIPO, CIMB, Kestrel Securities Sdn. Bhd. and Soon Theam Securities Sdn. Bhd., for the underwriting of 7,550,000 Issue Shares for an underwriting commission of 2.0% of the issue price of RM1.40 per Issue Share.

9. MATERIAL AGREEMENTS

Saved as disclosed below, the Group does not have any other material agreements including but not limited to shareholders' agreements, agreements underlying the basis of the Group's business, supplier agreements, customer agreements and directors' service agreements:-

(i) Insurance policies

Type of insurance	Insurer	Policy No.	Period of insurance coverage	Insured amount RM'000	Nature of assets insured
Fire	Malaysia British Assurance Berhad ("MBA")	PNN006869	17 July 2001 to 16 July 2002	16,500	PPC's plant and machinery, office equipment and stocks in trade
	Lonpac Insurance Berhad	P/01/FF10/025918	12 April 2001 to 11 April 2002	4,500	PPC's factory and office building
	Multi-Purpose Insurans Bhd. ("MPIB")	FIR-F0036470-AG	8 December 2000 to 7 December 2001	700	PPM's stocks including raw materials, work-in-progress
		FIR-F0036989-AG	21 December 2000 to 20 December 2001	3,491	PPM's plant and machinery and office equipment
		FIR-F0037533-AG	24 February 2001 to 23 February 2002	693	PPM's plant and machinery
		FIR-F0023313-40	27 March 2001 to 26 March 2002	11,700	ASC's building, plant and machinery, furniture and fittings and stocks including raw materials, work-in-progress
American Home Assurance Company	614-0002319	20 April 2001 to 19 April 2002	1,200	ASC's building, furniture, fixtures and fittings, machinery and equipment and stocks and material in trade	
All risk	MBA	00APN000666	18 December 2000 to 17 December 2001	5,327	PPC's plant and machinery
	MPIB	G0006748	4 March 2001 to 3 March 2002	465	PPM's plant and machinery

XI. STATUTORY AND OTHER INFORMATION (CONT'D)**(i) Insurance policies (Cont'd)**

Type of insurance	Insurer	Policy No.	Period of insurance coverage	Insured amount RM'000	Nature of assets insured
All risk (cont'd)	MPIB	GME-G0008311-AG	13 April 2001 to 12 April 2002	395	PPM's plant and machinery
	Assets Insurance Co. Ltd.	0031IAR-00120010	8 December 2000 to 7 December 2001	#1,441	PPC-T's plant and machinery
	Guardian Insurance	025/518495 /12/12/09	29 September 2000 to 28 September 2001	641	ASC's plant and machinery
		025/519922 /12/12/12	4 December 2000 to 3 December 2001	540	ASC's plant and machinery
	American Home Assurance Company	001314-0000685767	17 January 2001 to 16 January 2002	734	ASC's plant and machinery
Personal Accident	South East Asia Insurance Berhad	PGPA 1000307	1 July 2001 to 30 June 2002	5,850	PPC's employees

Note:-

Based on the conversion rate of RM1.00:Baht11.592 as at 4 September 2001.

(ii) Hire purchase agreements

Types of hire purchase	Name of lender	Agreement No.	Facility amount RM'000	Assets financed
Industrial	Public Leasing and Factoring Sdn. Bhd.	PG-0-31-1999-0084-03	402	PPM's plant and machinery
Industrial	RHB Leasing Sdn. Bhd.	PG1/HI/00/0094	693	PPM's plant and machinery
		PGO/H1/99/0694	605	PPC's plant and machinery
		PGO/H1/99/0701	365	PPC's plant and machinery
		PG1/H1/00/0170	802	PPC's plant and machinery
		PG/H1/01/0463	483	PPC's plant and machinery
		PGO/H1/00/0358	486	ASC's plant and machinery

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

10. LETTERS OF CONSENT

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

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of its name, Accountants' Report, letters relating to the consolidated profit estimate and forecast of the LIPO Group for the financial years ended/ending 30 June 2001 and 2002 respectively and the proforma consolidated balance sheets of LIPO as at 31 March 2001 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours for a period of 12 months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of LIPO and its subsidiaries;
- (ii) The Accountants' Report and Directors' Report as included in Sections IX and X of this Prospectus respectively;
- (iii) The Reporting Accountants' letter on the consolidated profit estimate and forecast of the LIPO Group for the financial years ended/ending 30 June 2001 and 2002 respectively referred to in Section VIII(4) of this Prospectus;
- (iv) The Reporting Accountants' letter on the proforma consolidated balance sheets of LIPO as at 31 March 2001 referred to in Section VIII(9) of this Prospectus;
- (v) The audited accounts of LIPO for the period from 16 August 1999 (date of incorporation) to 30 June 2000 and the 9 months ended 31 March 2001;
- (vi) The audited accounts of PPC for the past 5 financial years ended 30 June 2000 and the 9 months ended 31 March 2001;
- (vii) The audited accounts of PPM for the past 3 financial years ended 31 July 1997, the financial period ended 30 June 1998, the 2 financial years ended 30 June 2000 and the 9 months ended 31 March 2001;
- (viii) The audited accounts of ASC for the past 5 financial period/years ended 31 December 1999, the 6 months ended 30 June 2000 and the 9 months ended 31 March 2001;
- (ix) The audited accounts of PPC-T for the period from 13 July 2000 (date of incorporation) to 31 March 2001;
- (x) The audited accounts of PPT for the period from 23 July 2000 (date of incorporation) to 31 March 2001;
- (xi) The audited accounts of MT for the period from 3 July 2000 (date of incorporation) to 31 March 2001;
- (xii) The material contracts referred to in Section XI(8) of this Prospectus;
- (xiii) The material agreements referred to in Section XI(9) of this Prospectus; and
- (xiv) The consent letters referred to in Section XI(10) of this Prospectus.

XI. STATUTORY AND OTHER INFORMATION (CONT'D)

12. RESPONSIBILITY

CIMB acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Public Issue and the LIPO Group and is satisfied that the consolidated profit estimate and forecast of the LIPO Group for the financial years ended/ending 30 June 2001 and 2002 respectively, for which the Directors of LIPO are solely responsible, have been stated by the Directors of LIPO after due and careful inquiry.

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

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XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE

1. OPENING AND CLOSING OF APPLICATION LISTS

The application lists will open at 10.00 a.m. on 1 October 2001 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of the Company in their absolute discretion may decide.

2. METHODS OF APPLICATION

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

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

3. GENERAL CONDITIONS FOR APPLICATIONS

Application by the eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group

Applications for the 2,516,000 Issue Shares reserved for eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group must be made on the **Pink** Application Forms provided and not on any other Application Form or by way of Electronic Share Application.

Application by Bumiputera investors approved by the MITI

Applications for the 5,500,000 Issue Shares reserved for Bumiputera investors approved by MITI must be made on the **White** Application Forms provided and not on any other Application Form or by way of Electronic Share Application.

Application by Malaysian public

Applications for the 5,034,000 Issue Shares made available for application by the Malaysian public must be made only on the **White** Application Forms provided or by way of Electronic Share Application.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares in this exercise.

Only one Application Form from each applicant will be considered and applications must be for 1,000 ordinary shares of RM1.00 each or multiples thereof. **Multiple applications will not be accepted.** The amount payable in full on application is RM1.40 per Issue Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and vice versa. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

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

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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

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

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

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

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

4. APPLICATION USING APPLICATION FORMS

(i) **Application Forms**

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed with this Prospectus and are deemed to form part thereof:-

- (a) **Pink** Application Forms for application by eligible employees and suppliers of the Group; and
- (b) **White** Application Forms for application by Malaysian citizens, companies, co-operatives, societies and institutions of which at least 30% is set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions and for application by Bumiputera investors approved by the MITI.

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

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

(ii) Terms and Conditions for Application using Application Forms

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

- (a) Application for the Issue Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 37(1) of the Companies Act 1965, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (b) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE EITHER BY:-
- (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 BUMIPUTERA 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 BUMIPUTERA APPLICANTS); OR
 - (iii) MONEY 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 BUMIPUTERA APPLICANTS); OR
 - (v) ATM STATEMENT OBTAINED FROM EITHER:-
 - AFFIN-ACF FINANCE BERHAD (*formerly known as Asia Commercial Finance (M) Berhad*);
 - ALLIANCE BANK MALAYSIA BERHAD (*formerly known as Multi Purpose Bank Berhad*);
 - ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - BANK UTAMA (MALAYSIA) BERHAD;
 - BUMIPUTRA-COMMERCE BANK BERHAD;
 - EON BANK BERHAD;
 - EON FINANCE BERHAD;
 - HONG LEONG BANK BERHAD;
 - HONG LEONG FINANCE BERHAD;
 - MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - MBf FINANCE BERHAD;
 - PUBLIC BANK BERHAD;
 - PUBLIC FINANCE BERHAD;
 - RHB BANK BERHAD;
 - SOUTHERN BANK BERHAD (*ex-Ban Hin Lee Bank Berhad*); OR
 - SOUTHERN FINANCE BERHAD (*formerly known as United Merchant Finance Berhad*).
-

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 198" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM). APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFT/CASHIER'S ORDER/CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES/MONEY ORDER/GGO WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCE MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORMS.

- (c) AN APPLICANT SHOULD STATE HIS/HER CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM IF HE/SHE PRESENTLY HAS SUCH AN ACCOUNT. WHERE AN APPLICANT DOES NOT PRESENTLY HAVE A CDS ACCOUNT, HE/SHE SHOULD STATE IN HIS/HER APPLICATION FORM HIS/HER PREFERRED ADA CODE.
- (d) THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM) MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GGO FROM BANK SIMPANAN NASIONAL.
- (e) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within 14 days of the date of the notice issued to him/her 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.
- (f) The Directors of the Company reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (g) The Directors of the Company reserve the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Issue Shares to a reasonable number of applicants with a view to establish an adequate market for the ordinary shares of LIPO.
- (h) Where an application is not accepted, the full amount of the application monies, without interest, will be returned and shall be dispatched to the applicant within 21 days from the date of the final ballot of the Application Lists by ordinary post at the address shown on the Application Form at the applicant's own risk.
- (i) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially-successful applicants, which would subsequently be refunded without interest by registered post.

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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

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

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur so as to arrive not later than 8.00 p.m. on 1 October 2001.

Application may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 1 October 2001, between 8.30 a.m. to 8.00 p.m. only.

- (k) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE APPLICATION FORM TO MIH.

5. APPLICATION USING ELECTRONIC SHARE APPLICATIONS

(i) **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
- (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 are set out in Section XII(5)(ii) under the Terms and Conditions for Electronic Share Applications. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so:-
- Personal Identification Number ("PIN");
 - **MIH Share Issue Account Number 198;**
 - CDS account Number;
 - Number of Issue Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

(ii) Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section XII(5)(i) 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 "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for the Issue 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/she 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 the Issue Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of his/her Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his/her Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by 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 Issue Shares on 1 October 2001 at 8.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for the Issue Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he/she 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 the Issue 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/SHE USES HIS/HER 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/SHE ENTERS HIS/HER OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM/HER IN HIS/HER OWN NAME. HIS/HER APPLICATION WILL BE REJECTED IF HE/SHE FAILS TO COMPLY WITH THE FOREGOING.

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained in Sections XII(3) and XII(5)(ii) 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 statement, 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/her confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or MCD, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

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

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted to him/her in respect of his/her Electronic Share Application. In the event that the Company decides to allot any lesser number of the Issue Shares or not to allot any Issue Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his/her confirmation (by his/her action of pressing the designated key on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, his/her acceptance of the number of Issue Shares that may be allotted to him/her and to be bound by the Memorandum and Articles of Association of the Company.
- (f) The Directors of 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 the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the ordinary shares of LIPO.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. Where the 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 2 market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within 2 market days after the balloting date. The applicants may check their accounts on the fifth market day from the balloting day.
- Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within 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 cheque will be issued to the applicant not later than 21 days from the day of the final ballot of the application list.
- (h) The applicant requests and authorises the Company:-
- (i) to credit the Issue Shares allotted to the applicant into the CDS account of the applicant; and
 - (ii) to issue share certificate(s) representing such Issue Shares allotted in the name of MCD Nominees Sdn. Bhd. and send the same to MCD.

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (i) The applicant, acknowledging that his/her 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:
- (i) the Company or MIH does not receive the applicant's Electronic Share Application; or
 - (ii) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to the Company or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall have no claims whatsoever against the Company, MIH or the Participating Financial Institutions for the Issue 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/she makes his/her 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/her personal particulars as recorded by both MCD and relevant Participating Financial Institution are correct and identical. Otherwise, his/her 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 will be sent to his/her registered address last maintained with MCD.
- (l) By making and completing an Electronic Share Application, the applicant agrees that:
 - (i) in consideration of the Company agreeing to allow and accept the making of any application for the Issue Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his/her Electronic Share Application is irrevocable;
 - (ii) 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/her Electronic Share Application to the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of the Company, the acceptance of the offer made by the applicant to subscribe for and purchase the Issue Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment for Prescribed Securities, in respect of the said Issue Shares;
 - (iv) the applicant irrevocably authorises MCD to complete and sign on his/her behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Issue Shares allotted to the applicant; and

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (v) 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 14 days of the date of the notice issued to him/her 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; OR
 - ARAB-MALAYSIAN FINANCE BERHAD; OR
 - BUMIPUTRA-COMMERCE BANK BERHAD (at selected branches in the Klang Valley only); OR
 - EON BANK BERHAD (at selected branches only)
 - HSBC BANK MALAYSIA BERHAD; OR
 - MALAYAN BANKING BERHAD; OR
 - MAYBAN FINANCE BERHAD; OR
 - OCBC BANK (MALAYSIA) BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

6. APPLICATIONS AND ACCEPTANCES

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

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

ALL APPLICATIONS MUST BE FOR 1,000 ORDINARY SHARES OF RM1.00 EACH OR MULTIPLES THEREOF.

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

In the event of an over-subscription for the Issue Shares, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by the Directors of LIPO. Due consideration will be given to the desirability of distributing the ordinary shares of LIPO to a reasonable number of applicants with a view to broadening the shareholding base of the Company and establishing an adequate market for LIPO's ordinary shares. Pursuant to the SC Policies and Guidelines on Issue/Offer of Securities, the Company is required to have at least 25% of the issued and paid-up capital of the Company at the point of listing in the hands of public shareholders and a minimum number of 750 public shareholders holding not less than 1,000 shares each of which at least 500 shareholders are members of the public who are not employees of the Company and its subsidiaries upon listing. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its listing plan. In the event thereof, monies paid in respect of all applications will be returned.

In the event of an under-subscription for the Issue Shares by the Malaysian public, all the Issue Shares not applied for will be made available for subscription by the Managing Underwriter and the Underwriters in the proportions specified in the Underwriting Agreement dated 6 September 2001. Any Issue Shares not subscribed for by the eligible employees of the LIPO Group and THBI, and the customers and suppliers of the LIPO Group will be made available for application by the Malaysian citizens, companies, co-operatives, societies and institutions and will be underwritten by the Managing Underwriter and the Underwriters.

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

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

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DISPATCHED TO THE APPLICANT WITHIN 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.

7. CDS ACCOUNTS

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

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

XII. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her 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 and inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application, differ from those in MCD's records such as the identity card number, names and nationalities.

8. NOTICE OF ALLOTMENT

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

9. FORMALISING CDS ACCOUNTS

A successful applicant whose CDS account has been opened by the 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 Issue Shares credited to the account can be effected until the account has been formally opened.

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XIII. LIST OF ADAs

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

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
KUALA LUMPUR			KUALA LUMPUR (CONT'D)		
AFFIN-UOB SECURITIES SDN. BHD.	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-21438668	028-001	KUALA LUMPUR CITY SECURITIES SDN. BHD.	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-21667922	076-001
ALLIED AVENUE ASSETS SECURITIES SDN. BHD. (formerly known as MGI Securities Sdn. Bhd.)	Ground Floor & Level 1 THB Satu Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2551111	052-001	LEONG & COMPANY SDN. BHD.	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03-26928888	061-001
ARAB-MALAYSIAN SECURITIES SDN. BHD.	15th Floor Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20782788	086-001	MAYBAN SECURITIES SDN. BHD.	5th – 13th Floor Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-22978888	098-001
BBMB SECURITIES SDN. BHD.	Level 2, 3, 4 & 15 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2019900	099-001	MIDF SISMA SECURITIES SDN. BHD.	17th & 18th Floors Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-21668888	026-001
BIMB SECURITIES SDN. BHD.	1st & 2nd Floors Podium Block Bangunan AMDB 1, Jalan Lumut 50400 Kuala Lumpur Tel. No.: 03-40433533	024-001	OSK SECURITIES BERHAD	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-21624388	056-001
CIMB SECURITIES SDN. BHD.	9th Floor Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-2532288	065-001	PB SECURITIES SDN. BHD.	27th Floor Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2013011	051-001
FIMA SECURITIES SDN. BHD.	No. 45-14 Plaza Level & Level 1 Plaza Damansara Jalan Medan Setia Satu Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2549966	018-001	PM SECURITIES SDN. BHD.	Ground Floor MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-21463000	064-001
HLG SECURITIES SDN. BHD.	Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-21681168	066-001	RASHID HUSSAIN SECURITIES SDN. BHD.	Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-9852233	087-001
INTER-PACIFIC SECURITIES SDN. BHD.	Level 7 Menara Shahzan Insas 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21441888	054-001	KAF- SEAGROATT & CAMPBELL SECURITIES SDN. BHD.	26th-30th Floor The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2081600	053-001
JUPITER SECURITIES SDN. BHD.	7th-9th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2041888	055-001	SIME SECURITIES SDN. BHD.	21st Floor Bangunan Sime Bank 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-22749288	097-001
K&N KENANGA BHD.	8th Floor Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21649080	073-001	TA SECURITIES BERHAD	13th Floor, TA One Tower 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2321277	074-001
			SELANGOR DARUL EHSAN		
			AMSTEEL SECURITIES (M) SDN. BHD.	2nd, 3rd and 4th Floors Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-33439999	080-001

XIII. LIST OF ADAs (CONT'D)

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
SELANGOR DARUL EHSAN (CONT'D)			PERAK DARUL RIDZUAN (CONT'D)		
HWANG-DBS SECURITIES BERHAD (Shah Alam Branch)	16th, 18th-20th Floors Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: 03-55133288	068-002	M&A SECURITIES SDN. BHD.	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001
JF APEX SECURITIES BERHAD	3rd Floor, Wisma Apex 145A-C, Jalan Bukit 43000 Kajang Selangor Darul Ehsan Tel. No.: 03-87361118	079-001	OSK SECURITIES BERHAD (Ipoh Branch)	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	056-002
JF APEX SECURITIES BERHAD (Petaling Jaya Branch)	Level 15 & 16 Menara Choy Fook On 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-76201118	079-002	MAYBAN SECURITIES SDN. BHD. (Ipoh Branch)	63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	098-002
MOHAIYANI SECURITIES SDN. BHD.	1st, 2nd & 3rd Floors Plaza Damansara Utama No 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77297345	095-001	SBB SECURITIES SDN. BHD.	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-001
SJ SECURITIES SDN. BHD.	Level 3, Holiday Villa 9, Jalan SS 12/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: 03-75640202	096-001	PULAU PINANG		
MELAKA			A. A. ANTHONY & COMPANY SDN.BHD.	41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No.: 04-2299318	014-001
MALACCA SECURITIES SDN. BHD.	1, 3 & 5 Jalan PPM 9 Plaza Pandan Malim Business Park Balai Panjang 75250 Melaka Tel. No.: 06-3371533	012-001	HWANG-DBS SECURITIES BERHAD	Levels 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-001
OSK SECURITIES BERHAD (Malacca Branch)	579, 580 – 581 A & B Taman Melaka Raya 75000 Melaka Tel. No.: 06-2825211	056-003	OSK SECURITIES BERHAD (Pulau Pinang Branch)	64, Bishop Street 20F & 20G, Penang Street 10200 Pulau Pinang Tel. No.: 04-2634222	056-004
STRAITS SECURITIES SDN. BHD.	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel. No.: 06-2833622	011-001	OSK SECURITIES BERHAD (Butterworth Branch)	Level 19, Menara NB 5050, Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel. No.: 04-3322299	056-005
PERAK DARUL RIDZUAN			MERCURY SECURITIES SDN. BHD.	Ground, 1st, 2nd & 3rd Floors Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322123	093-001
BOTLY SECURITIES SDN. BHD.	1st Floor Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001	SMITH ZAIN SECURITIES SDN. BHD.	6th, 7th & 8th Floors PSCI Tower 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	016-001
HWANG-DBS SECURITIES BERHAD (Taiping Branch)	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8066688	068-003	SOON THEAM SECURITIES SDN. BHD.	111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-001
KIN KHOON & CO. SDN. BHD.	A23 - A29 Wisma Kota Emas Jalan Dato' Tahwil Azhar 30300 Ipoh Perak Darul Ridzuan Tel. No.: 05-2543311	017-001	THONG & KAY HIAN SECURITIES SDN. BHD.	Level 5 & 6 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2635481	070-001
			UT SECURITIES SDN. BHD.	6th, 10th & 12th Floors Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No.: 04-2626644	059-001

XIII. LIST OF ADAs (CONT'D)

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
KEDAH DARUL AMAN			PAHANG DARUL MAKMUR		
KUALA LUMPUR CITY SECURITIES SDN. BHD. (Alor Setar Branch)	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7317088	076-004	KUALA LUMPUR CITY SECURITIES SDN. BHD. (Kuantan Branch)	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800	076-002
PERLIS INDRA KAYANGAN			KELANTAN DARUL NAIM		
UPEN SECURITIES SDN. BHD.	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indera Kayangan Tel. No.: 04-9765200	023-001	KOTA BHARU SECURITIES SDN. BHD.	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7432288	075-001
NEGERI SEMBILAN DARUL KHUSUS			TERENGGANU DARUL IMAN		
PAN MALAYSIA EQUITIES SDN. BHD.	9th & 10th Floors Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No. 06-7638999	084-001	FA SECURITIES SDN. BHD.	No. 51 & 51A, Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001
MALPAC SECURITIES SDN. BHD.	1st, 2nd & 3rd Floors 19, 20 & 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131	063-001	PTB SECURITIES SDN. BHD.	1st, 2nd & 3rd Floors 61, Jalan Sultan Ismail P.O Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6235546	025-001
JOHOR DARUL TAKZIM			SABAH		
ENG SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211	081-001	INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel. No.: 088-234090	020-001
HWANG-DBS SECURITIES BERHAD (Johor Bahru Branch)	Podium 2A & 3 Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692	068-004	SARAWAK		
JB SECURITIES SDN. BHD.	Level 6, 7 & 8 Menara Sarawak Enterprise 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332000	078-001	SARAWAK SECURITIES SDN. BHD.	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: 082-338000	019-001
KESTREL SECURITIES SDN. BHD.	57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	088-001	SARAWAK SECURITIES SDN. BHD. (Miri Branch)	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	019-002
PENINSULA SECURITIES SDN. BHD.	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	077-001	BORNEO SECURITIES	12G, Jalan Kampung Datu 96000 Sibul Sarawak Tel. No. : 084-319998	030-001
SOUTH JOHOR SECURITIES SDN. BHD.	3rd Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4342282	069-001	WILAYAH PERSEKUTUAN LABUAN		
			SHARETECH SECURITIES SDN. BHD. (formerly known as Labuan Securities Sdn. Bhd.)	Unit 7(A), Level 7 Main Office Tower Financial Park Labuan Jalan Merdeka 87000 Wilayah Persekutuan Labuan Tel. No.: 087-451666	022-001