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**8. INFORMATION ON THE ULC GROUP**


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**8.1 History**

ULC was incorporated in Malaysia under the Companies Act, 1965 on 11 April 2000 as a private limited company under the name of United U-LI Corporation Sdn. Bhd.. Subsequently, it was converted to a public company on 18 April 2000 and adopted its present name.

The Group had its humble origin in the initial registration of U-Lee Trading Company as a "father and son" partnership business in 1978 by Mr. Lee Yoon Wah and his late father, Mr. Lee Yew Chee. The partnership was principally engaged in engineering works and the trading of cable support system and began the manufacturing of cable support systems on a modest scale. In October 1983, the partnership business was converted into a private limited company under the name of United U-LI (M) Sdn. Bhd.. Subsequently, in March 1997 and January 1998, ULSS and CTSB commenced operations respectively to complement the principal activities of ULSB. The current structure of the ULC Group was formed with the completion of the acquisition of ULSB, ULSS, CTSB and GMSB on 20 February 2002.

During the early years, the production process was labour intensive where manual labour was used extensively in the slitting of the steel sheets, punching of holes on to the cut sheets, bending of the sheets into required dimensions, spray painting and finally packing for delivery to customers. Within five (5) years since its inception, the Group had established a good reputation amongst its customers for quality cable support systems and timely delivery. At this time, the Group had expanded its product range to include cable ladders, metal strut, junction box and a range of accessories used for joining and fastening purposes. However, the growth of the Group was restricted by its labour-intensive operations. To provide the impetus for growth, the Group adopted a long term plan of transforming its production process from being labour to capital intensive. Over the years, the Group had gradually acquired technologically advanced machinery that are capable of producing high quality products that are able to cater to the different needs of its diverse clientele. At present, most of the production processes of the Group are automated and require only minimal supervision.

The growth registered by the economy in the 1990s provided a golden opportunity for the Group to expand its business portfolio. In 1999, the Group ventured into manufacturing of integrated ceiling systems to capitalise on the growing demands for integrated ceiling systems. During the first quarter of 2002, the Group ventured into the production of steel roof battens in anticipation of the switch from the traditional wooden roof battens to more durable steel roof battens.

**8.2 Share Capital**

The authorised, and issued and fully paid-up share capital of ULC as at the date hereof are as follows:-

	No. of shares	Par value RM	Total share capital RM
<b>Authorised:-</b>			
Ordinary shares	50,000,000	1.00	50,000,000
<b>Issued and fully paid-up:-</b>			
Ordinary shares	36,700,000	1.00	36,700,000

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
11.04.00	2	1.00	Cash; Subscribers' shares	2
12.04.00	9,998	1.00	Cash	10,000
20.02.02	28,723,092	1.00	Issued at approximately RM1.06 per share pursuant to the Acquisitions	28,733,092
21.02.02	6,499,440	1.00	Issued at par pursuant to the Dividend Capitalisation	35,232,532
26.02.02	1,467,468	1.00	Rights issue of new ordinary shares at par on the basis of approximately 1 new ordinary share for every 24 ordinary shares held	36,700,000

### 8.3 Restructuring and Listing Exercise

In conjunction with, and as an integral part of the Listing, the Company implemented a restructuring exercise which was approved by the FIC, MITI and SC on 11 July 2000 and 21 January 2002; 18 July 2000 and 11 December 2001; and 13 December 2000 and 27 December 2001, respectively and involved the following:-

#### 8.3.1 Acquisitions

##### (i) Acquisition of ULSB

On 19 May 2000, ULC entered into a conditional Sale and Purchase Agreement with the shareholders of ULSB for the acquisition of the entire equity interest in ULSB comprising 4,700,000 ordinary shares of RM1.00 each for a total purchase consideration of RM18,726,155, satisfied wholly by the issuance of 18,726,155 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of RM1.00 per new ULC share. Subsequently, ULC and the shareholders of ULSB had, on 6 February 2002 entered into a Supplemental Sale and Purchase Agreement to revise the total purchase consideration to RM27,560,429, satisfied wholly by the issuance of 26,011,841 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of approximately RM1.06 per new ULC share. The Acquisition of ULSB was completed on 20 February 2002.

The vendors of ULSB, their respective shareholdings therein and the number of ULC shares issued to them pursuant to the Acquisition of ULSB are as follows:-

Vendors	---Shareholdings in ULSB---		No. of new ULC ordinary shares issued as consideration
	No. of shares held	% held	
Kasuria Sdn. Bhd.	1,050,000	22.34	5,811,156
Lee Yoon Wah	1,100,000	23.40	6,087,877
Lee Yoon Fook	1,100,000	23.41*	6,087,878
Lee Yoon Kong	1,100,000	23.41*	6,087,878

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

Vendors	---Shareholdings in ULSB---		No. of new ULC ordinary shares issued as consideration
	No. of shares held	% held	
Datin Rahmah binti Arshad	175,000	3.72	968,526
Shariff bin Mohd. Shah	175,000	3.72	968,526
	4,700,000	100.00	26,011,841

\* Rounded-up to add to a total of 100%.

The purchase consideration of RM27,560,429 for the Acquisition of ULSB was arrived at on a willing-buyer willing-seller basis based on the NTA of ULSB as at 30 September 2001 of RM27,560,429.

### (ii) Acquisition of ULSS

On 19 May 2000, ULC entered into a conditional Sale and Purchase Agreement with the shareholders of ULSS for the acquisition of the entire equity interest in ULSS comprising 3 ordinary shares of RM1.00 each for a total purchase consideration of RM600,605, satisfied wholly by the issuance of 600,605 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of RM1.00 per new ULC share. Subsequently, ULC and the shareholders of ULSS had, on 6 February 2002 entered into a Supplemental Sale and Purchase Agreement to revise the total purchase consideration to RM1,334,555, satisfied wholly by the issuance of 1,259,568 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of approximately RM1.06 per new ULC share. The Acquisition of ULSS was completed on 20 February 2002.

The vendors of ULSS, their respective shareholdings therein and the number of ULC shares issued to them pursuant to the Acquisition of ULSS are as follows:-

Vendors	---Shareholdings in ULSS---		No. of new ULC ordinary shares issued as consideration
	No. of shares held	% held	
Lee Yoon Wah	1	33.34*	419,856
Lee Yoon Fook	1	33.33	419,856
Lee Yoon Kong	1	33.33	419,856
	3	100.00	1,259,568

\* Rounded-up to add to a total of 100%.

The purchase consideration of RM1,334,555 for the Acquisition of ULSS was arrived at on a willing-buyer willing-seller basis based on the NTA of ULSS as at 30 September 2001 of RM1,334,555.

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**8. INFORMATION ON THE ULC GROUP (Cont'd)**


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**(iii) Acquisition of CTSB**

On 19 May 2000, ULC entered into a conditional Sale and Purchase Agreement with the shareholders of CTSB for the acquisition of the entire equity interest in CTSB comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM250,878, satisfied wholly by the issuance of 250,878 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of RM1.00 per new ULC share. Subsequently, ULC and the shareholders of CTSB had, on 6 February 2002 entered into a Supplemental Sale and Purchase Agreement to revise the total purchase consideration to RM115,199, satisfied wholly by the issuance of 108,726 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of approximately RM1.06 per new ULC share. The Acquisition of CTSB was completed on 20 February 2002.

The vendors of CTSB, their respective shareholdings therein and the number of ULC shares issued to them pursuant to the Acquisition of CTSB are as follows:-

Vendors	---Shareholdings in CTSB---		No. of new ULC ordinary shares issued as consideration
	No. of shares held	% held	
Lee Yoon Wah	66,667	33.34*	36,242
Lee Yoon Fook	66,666	33.33	36,242
Lee Yoon Kong	66,667	33.33	36,242
	200,000	100.00	108,726

\* Rounded-up to add to a total of 100%.

The purchase consideration of RM115,199 for the Acquisition of CTSB was arrived at on a willing-buyer willing-seller basis based on the NTA of CTSB as at 30 September 2001 of RM115,199.

**(iv) Acquisition of GMSB**

On 19 May 2000, ULC entered into a conditional Sale and Purchase Agreement with the shareholders of GMSB for the acquisition of the entire equity interest in GMSB comprising 120,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,026,952, satisfied wholly by the issuance of 1,026,952 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of RM1.00 per new ULC share. Subsequently, ULC and the shareholders of GMSB had, on 6 February 2002 entered into a Supplemental Sale and Purchase Agreement to revise the total purchase consideration to RM1,422,909, satisfied wholly by the issuance of 1,342,957 new ordinary shares of RM1.00 each in ULC, credited as fully paid-up, at an issue price of approximately RM1.06 per new ULC share. The Acquisition of GMSB was completed on 20 February 2002.

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

The vendors of GMSB, their respective shareholdings therein and the number of ULC shares issued to them pursuant to the Acquisition of GMSB are as follows:-

Vendors	--Shareholdings in GMSB--		No. of new ULC ordinary shares issued as consideration
	No. of shares held	% held	
Lee Yoon Wah	40,000	33.34*	447,653
Lee Yoon Fook	40,000	33.33	447,652
Lee Yoon Kong	40,000	33.33	447,652
	120,000	100.00	1,342,957

\* Rounded up to add to a total of 100%.

The purchase consideration of RM1,422,909 for the Acquisition of GMSB was arrived at on a willing-buyer willing-seller basis based on the NTA of GMSB as at 30 September 2001 of RM1,422,909.

The 28,723,092 new ordinary shares of RM1.00 each in ULC issued pursuant to the Acquisitions rank pari passu in all respects with the existing ordinary shares of ULC and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

Upon completion of the Acquisitions, the issued and fully paid-up share capital of ULC increased from RM10,000 comprising 10,000 ordinary shares of RM1.00 each to RM28,733,092 comprising 28,733,092 ordinary shares of RM1.00 each.

### 8.3.2 Dividend Capitalisation

Following the Acquisitions, ULC capitalised net dividends owing to the vendors of ULSB and ULSS amounting to RM6,153,840 and RM345,600 respectively by the issuance of a total of 6,499,440 new ULC ordinary shares of RM1.00 each, credited as fully paid-up, at an issue price of RM1.00 per share. The Dividend Capitalisation was completed on 21 February 2002.

The vendors of ULSB and ULSS and the number of ULC shares issued to them pursuant to the Dividend Capitalisation are as follows:-

Vendors	No. of new ULC shares issued		
	ULSB	ULSS	Total
Lee Yoon Wah	1,440,260	115,200	1,555,460
Lee Yoon Fook	1,440,260	115,200	1,555,460
Lee Yoon Kong	1,440,260	115,200	1,555,460
Kasuria Sdn. Bhd.	1,374,794	-	1,374,794
Datin Rahmah binti Arshad	229,133	-	229,133
Shariff bin Mohd. Shah	229,133	-	229,133
	6,153,840	345,600	6,499,440

The 6,499,440 new ordinary shares of RM1.00 each in ULC issued pursuant to the Dividend Capitalisation rank pari passu in all respects with the existing ordinary shares of ULC and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

Upon completion of the Dividend Capitalisation, the issued and fully paid-up share capital of ULC increased from RM28,733,092 comprising 28,733,092 ordinary shares of RM1.00 each to RM35,232,532 comprising 35,232,532 ordinary shares of RM1.00 each.

### 8.3.3 Rights Issue

On 26 February 2002, ULC implemented a rights issue of 1,467,468 new ordinary shares of RM1.00 each at par on the basis of approximately one (1) new ordinary share of RM1.00 each for every twenty four (24) ordinary shares held after the Acquisitions and Dividend Capitalisation.

Upon completion of the Rights Issue, the issued and fully paid-up share capital of ULC increased from RM35,232,532 comprising 35,232,532 ordinary shares of RM1.00 each to RM36,700,000 comprising 36,700,000 ordinary shares of RM1.00 each.

### 8.3.4 Arrangement

The Lee Brothers will transfer a portion of their shareholdings totalling 18,000,000 ordinary shares of RM1.00 each in ULC to PDSB after issuance of this Prospectus but prior to the Listing, by way of a share swap in the proportions set out below. Details of the Arrangement are as follows:-

	No. of ULC shares to be transferred	No. of PDSB shares to be issued	Resultant shareholdings in -----PDSB#-----	
			No. of shares	%
<b>Lee Brothers</b>				
Lee Yoon Wah	6,000,000	1,000	1,001	33.35*
Lee Yoon Kong	6,000,000	1,000	1,001	33.34
Lee Yoon Fook	6,000,000	1,000	1,000	33.31
	<u>18,000,000</u>	<u>3,000</u>	<u>3,002</u>	<u>100.00</u>

#### Notes:-

# The two (2) initial subscribers' shares in PDSB held by Eng Soo Funn and Goh Hooi Yen will be transferred to Lee Yoon Wah and Lee Yoon Kong on completion of the Arrangement.

\* Rounded-up to add to a total of 100%.

### 8.3.5 Public Issue

ULC is now making a public issue of 3,300,000 new ordinary shares of RM1.00 each in ULC at an issue price of RM1.80 per new ordinary share to identified investors (by way of private placement), eligible Directors and employees of the ULC Group, and the Malaysian public, which is the subject of this Prospectus.

Upon completion of the Public Issue, the issued and fully paid-up share capital of ULC will increase from RM36,700,000 comprising 36,700,000 ordinary shares of RM1.00 each to RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each.

### 8.3.6 Offer for Sale

In conjunction with the Public Issue, the Offerors will undertake an offer for sale of 5,000,000 ordinary shares of RM1.00 each in ULC at an offer price of RM1.80 per share to Bumiputera investors approved by MITI and identified investors (by way of private placement), which is the subject of this Prospectus.

## 8. INFORMATION ON THE ULC GROUP *(Cont'd)*

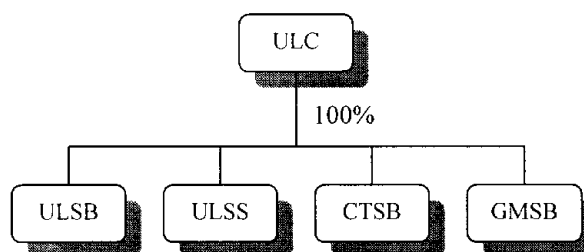
### 8.3.7 Listing and Quotation

Listing of and quotation for the 40,000,000 ordinary shares of RM1.00 each, representing the entire enlarged issued and fully paid-up share capital of ULC will be sought on the Second Board of KLSE.

### 8.4 Business Overview

ULC is principally an investment holding company while its subsidiaries are involved in the manufacturing of and dealing in cable support systems, integrated ceiling systems, steel roof battens, cable trunking products and related industrial metal products, provision of slitting and shearing services, and the trading of industrial hardware. The Group currently operates in a factory on a two (2)-acre site located at Balakong, Selangor Darul Ehsan.

The current structure of the ULC Group is as follows:-



Details on the subsidiaries of ULC are set out in Sections 8.5 and 10 of this Prospectus.

The business activities of the Group can be divided into four (4) main divisions, namely, manufacturing of cable support systems, manufacturing of integrated ceiling systems, manufacturing of steel roof battens and trading of industrial hardware. A brief description of the Group's diverse range of products and services are as follows:-

#### 8.4.1 Range of Products and Services

##### Cable Support Systems

The ULC Group specialises in the production of cable support systems to meet the support requirements of electrical cables and wiring network in buildings and structures. Cable support systems are a safe, dependable and cost effective solution to routing and supporting cables. Cable support systems are used whenever there are extensive networks of electrical cables whereby the support system encases and protects the electrical cables and wiring. The application of cable support systems is not limited to the facilitation of cable installation alone. It is also used as an assurance of reliable structural rigidity under various environmental conditions in addition to providing good appearance to the installation system itself. The Group manufactures a complete range of cable support systems according to the specifications and conditions under which they are to be installed. The Group has also developed various types of cable support systems in terms of form, size, material and surface treatment to suit the different needs of its customers. The main components in a cable support system are cable trays, cable ladders, metal trunking, strut and junction box together with a wide range of accessories used for joining and fastening purposes. Channels are installed to support the entire cable support system.

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**8. INFORMATION ON THE ULC GROUP (Cont'd)**

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The cable support system is critical especially in heavy industries, such as oil and gas, petrochemical, power generation, water works and commercial and industrial buildings where the support and proper installation of electrical cables are of paramount importance. The Group's cable support systems are used throughout Malaysia especially in the petrochemical and power generation sector due to its commitment in producing high quality products. The Group is reputable for its prompt delivery and excellent after sales service.

Since 1998, the Group has had an understanding with the Negurosu Denko K. K. Group ("Negurosu"), a leading cable support system manufacturer in Japan, whereby the ULC Group will manufacture cable support systems for projects secured by Negurosu in the Asean region. Amongst the projects that the Group has secured under this supply arrangement is the Mass Rapid Transit project in Singapore.

The Group has also entered into an understanding with Moduline Cable Ducting Pte. Ltd. ("Moduline") in 1998, an Australian-based company, whereby the ULC Group will manufacture raised floor trunking for projects secured by Moduline in the Asean region. The raised floor trunking is a variation to the conventional cable support system whereby the electrical network runs beneath raised flooring in high rise office buildings and the raised floor trunking is used to co-ordinate as well as protect the complex network of electrical cables and wiring.

However, there were no formal agreements executed between the ULC Group and both Negurosu and Moduline as Negurosu and Moduline will only issue purchase orders to the ULC Group as and when they have secured supply contracts in the Asean region.

**Integrated Ceiling Systems**

Integrated ceiling systems are used mainly in the construction and renovation of commercial buildings. The main components of an integrated ceiling system are ceiling tee, wall angle, furring channel and partition stud. Integrated ceiling systems are typically suspended from the ceiling to form a labyrinth of suspended steel network at a distance away from the ceiling. The role of the ceiling system is principally to provide support for the installation of ceiling boards and to provide an overall good appearance. The steel integrated ceiling system is fast gaining popularity, replacing its traditional wood-based alternative, due to shortage of wood and the environmental pressure on deforestation. In addition, the steel integrated ceiling system can withstand heavier load demands and require less maintenance compared to wood-based systems.

**Steel Roof Battens**

Steel roof battens is a form of building raw material used in the construction or replacement of building's roof. The Directors of ULC believe that at present, roof battens made of steel is preferred over timber battens due to its tensile strength and light weight which provides a stronger support for the weight of roof tiles which are laid on top of the battens. The steel roof battens manufactured to the roof required length of various sizes provides a consistent frame structure for the construction of the roof as well as reducing wastage caused by "measuring and cutting to length approach" of the timber battens. Another advantage of using the steel battens is that it is free of termite attacks which is a common threat to timber battens users. The steel battens is gaining popularity and is one of the featured building material in the construction industry which offer economical benefits in terms of durability and efficiency in roof framing.



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**8. INFORMATION ON THE ULC GROUP (Cont'd)**

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**Trading of Industrial Hardware**

In the trading of industrial hardware, the Group mainly engages in shearing, reshearing and slitting of various types of metal and steel, for example cold-rolled mild steel, hot-rolled mild steel and galvanised steel and electrogalvanised steel coils. Its production facilities include one (1) shearing unit, five (5) reshearing units, one (1) slitting line and one (1) auto shear unit. The Group is able to slit the steel coils into different sizes and dimensions to suit the demands of its customers who are mainly local hardware distributors and stockists.

**8.4.2 Production Process and Technology**

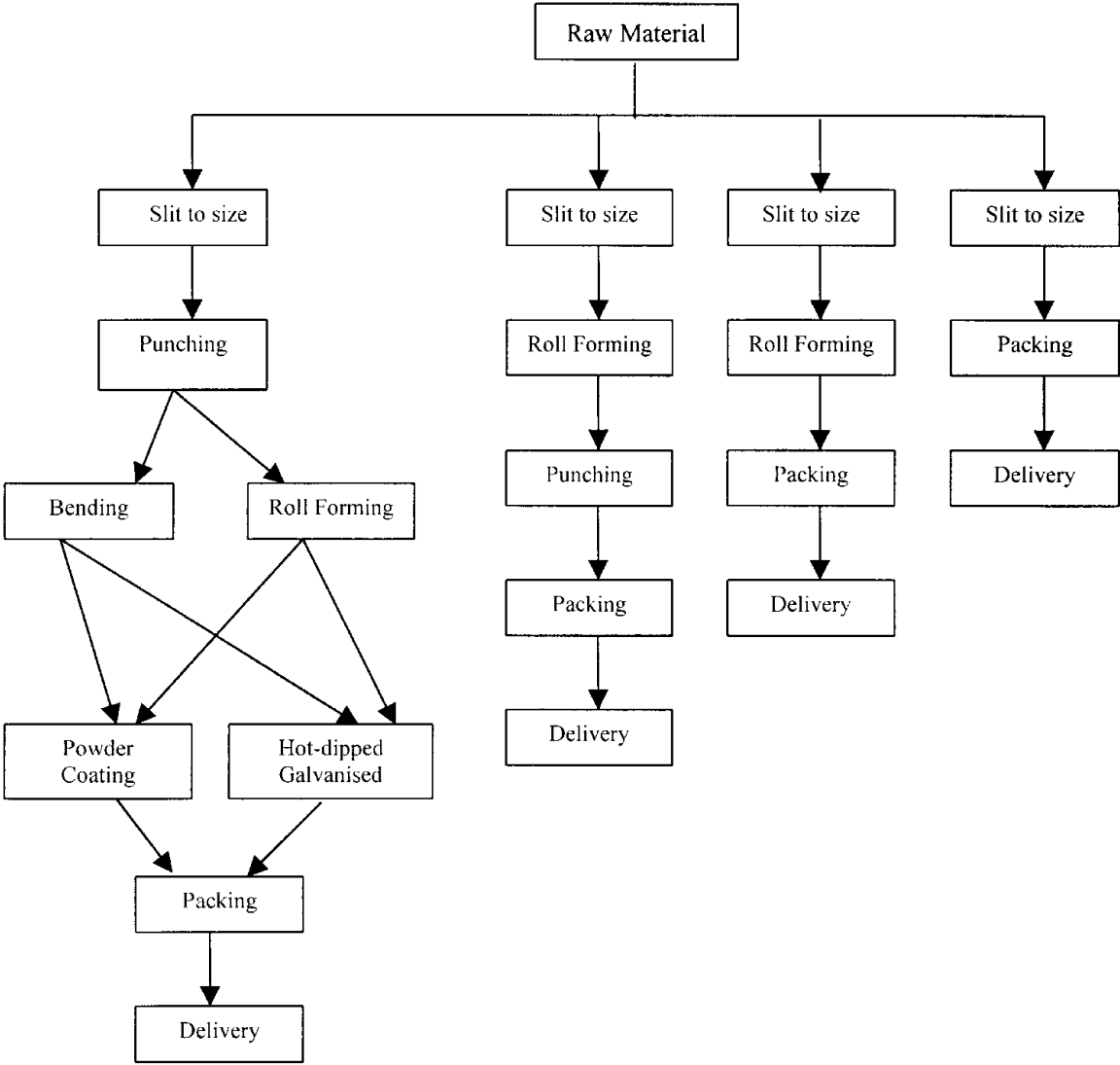
The main raw material used in all four (4) divisions of the Group's business are predominantly steel coils. In the manufacturing of cable support systems and trading of industrial hardware, the main raw materials used are cold-rolled mild steel, hot-rolled mild steel, stainless steel sheets, galvanised and electrogalvanised steel coils whereas in the manufacturing of integrated ceiling systems and steel roof battens, only galvanised and electrogalvanised steel coils are used. All steel coils are slit to various sizes as required by the different divisions.

The Group is currently using modern automated metal processing machines in the production process. The main function of the metal processing machine is operated by high precision computerised numerical control turret punch. The pre-set programme in the software will instruct the turret punch machine to load, punch, shear, tap, form/bend and unload the metal sheets in accordance to the specifications required with minimal manual supervision, thus increasing productivity and efficiency of the production process. The computer controlled machines offer flexibilities to cater to precise requirements for "customised products" in terms of size, thickness, length and hole pattern with the precision and accuracy that is unlikely to be achieved using conventional manual machines.

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8. INFORMATION ON THE ULC GROUP (Cont'd)

A summary of the abovementioned manufacturing processes is as set out below:-



Cable Support Systems

Integrated Ceiling Systems

Steel Roof Battens

Trading of industrial hardware

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**8. INFORMATION ON THE ULC GROUP (Cont'd)**


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**Cable Support Systems**

In the manufacturing of cable support systems, the various steel coils or sheets are slit to the required sizes. The smaller sized cut sheets are put through a turret punch machine whereby holes are stamped onto the sheets. These holes enable better ventilation to reduce heat build-up and also for fastening purposes. Thereafter, the stamped sheets will be transformed to various profiles through either a bending or roll forming process. The process of bending and roll forming are similar in function. However, bending is generally used for odd sized products whilst roll forming is used for standard sized products. The standardisation is aimed at increasing production efficiency. Subsequently, the steel sheets, which have been transformed to various profiles, are either powder coated or hot-dipped galvanised. "Powder coating" is the process of spraying powder paints onto the surface of the profiles to give excellent surface protection from corrosion. This is a relatively low cost coating process and profiles which are powder coated are usually installed in areas where corrosion is minimum, such as inside buildings or under cover. At ULC Group, the whole process is carried out by an automatic conveyerised line. "Hot-dipped galvanisation" is a process where the various components and accessories of the cable support system are dipped into a zinc bath. This type of finishing is effective in protecting the steel from corrosion, and the process itself will not affect the tensile strength of the metal. The powder coating or hot-dipped galvanised finishing represent the final stage in the manufacturing process of cable support systems, after which the various components of the systems are packed and delivered to the buyers.

Cable support systems are mainly used in the following:-

- (i) Industrial and Commercial Buildings;
- (ii) Power Generation Plant;
- (iii) Telecommunications Network;
- (iv) Petrochemical Plant;
- (v) Transportation System; and
- (vi) Water Treatment Plant.

Amongst the prestigious projects to which the Group's products were supplied and installed are the Kuala Lumpur International Airport in Sepang, Kuala Lumpur City Centre which boasts of the internationally renowned Kuala Lumpur City Centre ("KLCC") Twin Towers, the Light Rail Transit transportation system, Paka Power Station in Terengganu Darul Iman and Pasir Gudang Power Station in Johor Darul Takzim.

Set out below are the major projects to which the Group's products were supplied and installed or are being supplied and installed for the period from 1 January 1996 to 28 February 2002:-

**Project title**

- (i) **Industrial and Commercial Buildings**  
National Sport Complex, Bukit Jalil, Kuala Lumpur  
KLCC Twin Towers, Kuala Lumpur  
Associated Pan Malaysia Cement Berhad Plant, Ipoh, Perak Darul Ridzuan  
Mid Valley Megamall, Kuala Lumpur  
Malaysia Newsprint Industries Sdn. Bhd.  
Berjaya Times Square, Kuala Lumpur (Formerly known as Berjaya Ditan Starcity)  
Kemayan City, Johor Darul Takzim  
Hospital UKM, Cheras, Kuala Lumpur

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**8. INFORMATION ON THE ULC GROUP (Cont'd)**


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- (i) **Industrial and Commercial Buildings (Cont'd)**  
 Megasteel Sdn. Bhd.'s Steel Plant, Banting, Selangor Darul Ehsan  
 Penfibre TML-1, Butterworth, Penang  
 Flextronics Sdn. Bhd., Johor Darul Takzim  
 Ministry of Finance and Ministry of Enterprise's office blocks, Putrajaya\*  
 Westin Hotel, Kuala Lumpur\*  
 Ampang Hospital, Kuala Lumpur\*  
 Alor Setar Hospital, Kedah Darul Aman\*  
 Universiti Teknologi Petronas, Tronoh, Perak Darul Ridzuan\*  
 KL Sentral-Hilton Hotel and Meridian Hotel, Kuala Lumpur \*  
 Putrajaya Parcel E office blocks, Putrajaya\*  
 Sungai Petani Hospital, Kedah Darul Aman\*  
 Toshiba LCD Factory, Singapore\*
- (ii) **Power Generation Plant**  
 Paka Combine Cycle Power Plant, Terengganu Darul Iman  
 Pasir Gudang Combine Cycle Power Plant, Johor Darul Takzim  
 Kapar Power Station, Selangor Darul Ehsan  
 Secondary Power Wafer Plant, Kedah Darul Aman  
 Manjung Power Plant, Perak Darul Ridzuan\*  
 Kulim High Tech Power Station, Kedah Darul Aman\*
- (iii) **Telecommunications Network**  
 Cellular Transmission Network for Sapura Telecommunications Berhad
- (iv) **Petrochemical Plant**  
 Centralised Utility Facilities, Gebeng, Pahang Darul Makmur  
 Kertih Vinyl Chloride Monomer, Terengganu Darul Iman  
 Ammonia Syngas, Kertih, Terengganu Darul Iman  
 Aromatics Plant, Kertih, Terengganu Darul Iman  
 Low Density Polyethelyene Plant, Kertih, Terengganu Darul Iman  
 Optimal Chemical Petronas / Union Carbide Corporation Joint Venture, Kertih,  
 Terengganu Darul Iman  
 Flexsys Chemicals Plant, Gebeng, Pahang Darul Makmur
- (v) **Transportation System**  
 Kuala Lumpur International Airport, Sepang, Negeri Sembilan Darul Khusus  
 KLCC Light Rapid Transit ("LRT") Station, Kuala Lumpur  
 Projek Usahasama Transit Ringan Automatik LRT Transit 2  
 Putrajaya Core Island Common Utility Trench, Precinct 2, Putrajaya\*  
 Bintulu Airport, Sarawak\*
- (vi) **Water Treatment Plant**  
 Lahad Datu Water Supply Project, Sabah  
 Johor River Work, Kota Tinggi, Johor Darul Takzim  
 Sungai Selangor Water Supply Project, Selangor Darul Ehsan\*  
 Sungai Rasah Water Supply Project, Selangor Darul Ehsan\*

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

- (vi) **Water Treatment Plant (Cont'd)**  
 Gemencheh Water Supply Project, Negeri Sembilan Darul Khusus\*  
 Dungun Water Work, Terengganu Darul Iman\*

*Note:-*

\* *These projects are currently on-going.*

### **Integrated Ceiling Systems**

In the manufacturing of integrated ceiling systems, the steel sheets that have been slit to size will go through the roll forming process. The last process in the manufacturing of integrated ceiling system is the punching of holes for fastening purposes. Thereafter, the finished products are packed and sent to buyers.

The Group's integrated ceiling systems are mainly used in commercial buildings and cater predominantly for the local market and are supplied to hardware wholesalers and stockists.

### **Steel Roof Battens**

The process of manufacturing of steel roof battens start with the slitting of galvanized and electrogalvanised steel to the required size. The cut sheet will then pass through the roll forming machine emerge as long and continuous batten. Thereafter, the batten will be cut to the required length before they are packed and deliver to customer.

The Group's roof batten is mainly used in construction or replacement of roof in residential house and building. The Group's roof batten is targeted to local construction industry and are supplied directly to contractors as well as the existing hardware wholesalers and stockist.

### **Industrial Hardware**

In this division, the steel coils that have been slit and sheared to the sizes and dimensions as specified are packed and delivered to the individual hardware distributors and stockists.

#### **8.4.3 Operating Capacity**

To boost its production capacity, the Group has installed technologically advanced production machinery purchased from Japan, Germany, Finland and Belgium. The current estimated production capacity of the ULC Group are as follows:-

<b>Products</b>	<b>Production capacity (metric tonnes/annum)</b>
Cable support system	10,800
Integrated ceiling system	3,000
Steel roof batten	1,000

The Group currently operates on two (2) twelve (12)-hours shifts.

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

The Group's proforma average production output for the past five (5) financial years ended 31 December 1996 to 2000 and nine (9) months ended 30 September 2001 is as follows:-

	-----metric tonnes-----					9 months ended 30 September 2001
	-----Financial year ended 31 December-----					
	1996	1997	1998	1999	2000	
Cable support systems	4,728	6,191	7,065	8,244	7,882	6,134
Integrated ceiling systems	-	-	-	720	214*	458
Steel roof battens	-	-	-	-	-	-

**Note:-**

The Group only commenced the production of steel roof battens in the financial year ending 31 December 2002.

\* The drop in production output is due to lower production capacity as a result of the Group's machinery upgrading programme during the financial year.

### 8.4.4 Marketing and Distribution

The Group's cable support systems are sold locally as well as to other ASEAN member countries and the Middle East. The Group's products are marketed and distributed to three (3) principal markets, namely project, retail and export markets. Based on revenue for the nine (9) months ended 30 September 2001, sales to the local market contributed about 85% and sales to the export market contributed the remaining 15%.

Generally, in the project market, the Group's products are supplied directly to the mechanical and electrical contractors who had secured installation contracts and also directly to the project owners. Supply of the Group's products to the retail market is through appointed wholesalers and electrical accessory stockists throughout Malaysia and they in turn supply to end-users in smaller quantities. The cable support system manufactured for the export market are generally exported to several of the Group's agents in Singapore where the support systems are subsequently either distributed to Singapore-based contractors and end-users or exported overseas to buyers in other Association of South East Asian Nations ("ASEAN") member countries, East Asian countries and the Middle East.

ULC Group's cable support system has a wide and dynamic clientele base. Save for U-Li Cable Support System who is the major distributing agent of the ULC Group in Singapore, the Group's major customers differ from year to year as more than 50% of the Group's sales are to the project market.

The main customers of the ULC Group (contributing 10% or more of the Group's sales generated from the cable support system division) and their contribution to sales generated from the cable support system division for the three (3) financial years ended 31 December 1998 to 31 December 2000 and nine (9) months ended 30 September 2001 are as follows:-

Customers	Length of Relationship (years)	-----Sales-----		
		RM'000	% of sales from cable support system division	% of total sales
<b>Financial year ended 31 December 1998</b>				
Chastan Pte. Ltd.	3	3,918	12.87	12.87
<b>Financial year ended 31 December 1999</b>				
U-Li Cable Support System <sup>f</sup>	1	4,628	14.03	11.94

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

Customers	Length of Relationship (years)	RM'000	Sales	
			% of sales from cable support system division	% of total sales
<b>Financial year ended 31 December 2000</b>				
U-Li Cable Support System <sup>#</sup>	2	5,262	15.53	15.04
<b>Nine (9) months ended 30 September 2001</b>				
U-Li Cable Support System <sup>#</sup>	3	3,621	13.73	12.15

**Note:-**

<sup>#</sup> This is a sole proprietorship registered in Singapore. None of the Directors of the ULC Group have any interest in U-Li Cable Support System. However, ULSB's namesake was given the prior consent to use the name "U-Li" by the Directors of ULSB.

The integrated ceiling systems produced by the ULC Group are ultimately sold to contractors. The major customers of the ULC Group's integrated ceiling system (contributing 10% or more of the Group's sales generated from the integrated ceiling system division), who are mainly distributors, and their contribution to sales generated from the integrated ceiling support system division for the nine (9) months period ended 30 September 2001 are as follows:-

Customers	Length of relationship* (years)	RM'000	Sales for nine (9) months period ended 30.09.2001	
			% of sales from integrated ceiling system division	% of total sales
Uniplaster Marketing Sdn. Bhd.	3	292	21.24	0.98
Perniagaan Aluminium Parit Sdn. Bhd.	6	126	9.16	0.42
Kiong Gay Plastercecil Sdn. Bhd.	1	123	8.94	0.41
Future Ceiling Sdn. Bhd.	2	111	8.07	0.37

**Note:-**

\* Based on initial relationship with the ULC Group.

The ULC Group is not dependent on any particular customer as none of its customers contribute more than 20% of its total revenue. Furthermore, the ULC Group's largest customer for the financial year ended 30 September 2001 is its Singapore based agent where the support systems supplied are subsequently distributed to Singapore based contractors and end-users or exported overseas.

### 8.4.5 Competitors and Vulnerability to Imports

The applications of cable support systems are wide and varied and are important particularly in the heavy industries such as oil and gas, petrochemical, power generation and water works. The coated cable support systems offer high corrosion-resistance and excellent rust resistance properties that are essential in many specific industrial plants, for example, chemical and power plants, and oil rigs. At present, there are no close substitutes for such support systems and the Directors of ULC believe that the threat of substitutes is minimal in the near future.

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

Competition from overseas producers is also minimal as the cost will be much higher than the local products in view of the import tax imposed on imported cable support system. For import of perforated and slotted cable trays, a tax of 5% and 55 sen per kilogram is imposed. The Directors of ULC also believe that the Group has a competitive edge over other local producers due to its cost efficiency, acknowledged quality of its products and established relationships with its customers.

The usage of steel roof batten in roof framing is gaining popularity due to many advantages over the traditional wood batten. The steel roof batten offer better tensile strength, lightweight, termite free besides the economics advantage. The Directors of ULC believe that the steel batten will gradually substantially replacing the wood batten in local construction industry. This will offer tremendous potential for the Group's batten to grow since the steel roof batten industry still in the infant stage thus there is minimal competition in the local market. Furthermore, the threat from import is mitigated as the steel roof batten, which falls under the category of building components, is subjected to 20% import duty that will make the importer losing the cost advantage.

### 8.4.6 Sourcing of Raw Materials

Steel coils and powder coating paints represent the primary raw materials required by the Group. Both raw materials are readily available both locally and overseas. Steel is purchased from steel manufacturers in the form of coils or sheets. Powder coating paints, which are essentially dry particles of paint pigment, is available from most leading paint manufacturers. At present, approximately 60% of the steel coils requirement of the Group are imported from Russia, Japan, South Korea, China and Taiwan whilst the balance is purchased from local suppliers. The Government is actively promoting the local steel industry via providing incentives to local steel manufacturers with the imposition of a twenty-five per cent (25%) import duty on hot-rolled steel roll which took effect on 29 April 1999. In addition, importers of both hot-rolled and cold-rolled steel coils would need to apply for import license or approved permit. Hence, in line with the Government's policy objectives, the Group will gradually replace imported steel coils with steel coils produced locally.

A majority of the Group's raw materials suppliers are located in the state of Selangor Darul Ehsan or the Federal Territory of Kuala Lumpur. The close proximity between the Group's factory building and its suppliers ensure fast and prompt delivery. The Group maintains good relationships with its numerous long-standing suppliers. The cordial relationships further enhance the steady supply of raw materials at competitive prices.

Details of the major suppliers of steel and powder coating paints to the ULC Group, including the percentage of total purchases from each supplier based on total purchases of raw materials for the nine (9) months ended 30 September 2001, are as follows:-

Suppliers	Raw Materials	Length of relationship (years)	Total purchases for the nine (9) months period ended 30.09.2001	
			RM'000	%
Corus Asia Ltd.	Cold Rolled Steel	4	4,751	23.19
Bright Steel Services Centre Sdn. Bhd.	Cold Rolled and Hot Rolled Steel	16	1,206	5.89
ICI-NOF Powder Coatings (M) Sdn. Bhd.	Powder Coating Paints	11	1,378	6.73
Jotun Powder Coatings (M) Sdn. Bhd.	Powder Coating Paints	18	145	0.71
			7,480	36.52
Others			13,005	63.48
			20,485	100.00



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**8. INFORMATION ON THE ULC GROUP (Cont'd)**


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As set out in Section 5.5 of this Prospectus, the Directors believe that the risk of over dependence on its local suppliers for its powder coating paints requirements is minimal as there are other local powder coating paints suppliers and the Group can easily substitute powder coating paints with solvent-based paints.

As mentioned above, the Group imports 60% of its steel coil requirement from various countries whilst the balance is sourced locally. Hence, the Directors believe that the Group is not dependent on the major suppliers mentioned above for its steel coils requirement as it can easily source the steel coils from others suppliers from various countries and locally at competitive prices.

**8.4.7 Quality Control**

The ULC Group is committed to stringent quality control procedures. The Group has two (2) quality control supervisors who carry out quality checks throughout the various stages of the manufacturing process to ensure the finest products are delivered to its customers. The Group's products are tested by the Standards and Industrial Research Institute of Malaysia to certify their tensile and load strength to ensure quality and consistency.

**8.4.8 Research and Development**

The Group has a research and development ("R&D") department headed by an experienced R&D manager who is assisted by two (2) technical personnel. The R&D department has its own engineering workshop equipped with the Computer Aided Design ("CAD") software. The main advantage of the CAD software is the ability to develop new designs and improve on the Group's products. The department emphasises on areas such as product development and design as well as improvement of production processes and technical development. The R&D team develops and tests quality moulds, tools and dies that will further enhance accuracy and precision in the production processes. The Group's R&D policy runs parallel with its marketing strategy. Where the Group has existing customers, the Group ensures that its relationship with its customers is continuously nurtured by providing product enhancement, products upgrade and related after sales services. The R&D activities conducted will also benefit the Group's potential customers as the Group is committed to providing only quality and superior products. Among the value-added activities undertaken by the Group are as follows:-

- Developing new paint coating equipment which will result in thinner film coating.
- Designing new dies and tools to enhance production process.
- Designing new trunking profiles with improved locking mechanism, for example, the interlock system.
- Designing and developing automatic roll forming machines to shorten the production time.

The recent R&D activities undertaken by the Group are as follows:-

- Designing dies, equipments and moulds for light fitting machine.
- Exploring infra-red heating system for stoving paints.
- Research in pre-coated metal sheet for the manufacturing of cable trunking.
- Developing double sided coil coating system.

In the endeavour to further strengthen its R&D activities, the Group has installed modern engineering software and upgraded its computer system in order to enhance its competitiveness.

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

### 8.4.9 Management and Employees

The Directors of ULC are supported by a team of qualified management staff who are experienced in their respective field. As at 28 February 2002, the Group has a total workforce of 170 employees. The employees do not belong to any labour union and enjoy a cordial relationship with the management.

Its employees can be generally segregated into three (3) categories, namely:-

Category	No. of employees	Average no. of years in service (years)
Managerial / Professional	5	7
Technical / Supervisory	7	8
Clerical, general and factory workers	158	2

The company has formal training programs for its employees on a as-needed basis. The technical personnel are also sent for software programming seminars conducted by the machine suppliers.

### 8.4.10 Location of Principal Place of Business and Production Facility

The location of the principal place of business and production facility of the Group is as follows:-

Principal place of business (Corporate Office)	:	33, Jalan Kartunis U1/47 Temasya Industrial Park Seksyen U1 40150 Shah Alam Selangor Darul Ehsan
Production facility	:	Lot 5, Jalan Balakong 43300 Serdang Selangor Darul Ehsan

The principal assets of the Group are located at its principal place of business and production facility.

### 8.5 Subsidiaries and Associated Companies

Details of ULC's wholly-owned subsidiaries as at the date hereof, all of which were incorporated in Malaysia, are as follows:-

Subsidiaries	Date of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Principal activities
ULSB	12.10.83	5,000,000	4,700,000	Manufacturing of and dealing in cable support systems, integrated ceiling systems, steel roof battens and related industrial metal products
ULSS	20.12.96	100,000	3	Provision of slitting and shearing services and trading of industrial hardware

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

Subsidiaries	Date of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Principal activities
CTSB	12.10.83	500,000	200,000	Manufacturing of and dealing in all types of cable trunking and related industrial metal products
GMSB	28.03.89	500,000	120,000	Investment holding

As at the date hereof, ULC does not have any associated company. Details on the subsidiaries of ULC are set out in Section 10 of this Prospectus.

### 8.6 Proforma Consolidated Income Statements

The following is a summary of the proforma audited consolidated income statements of the ULC Group for the past five (5) financial years ended 31 December 1996 to 2000 and nine (9) months ended 30 September 2001, prepared for illustrative purposes only, on the assumption that the current structure of the Group has been in existence throughout the financial years and period under review:-

	Financial year ended 31 December					9 months ended 30 September
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue						
Cable support systems	19,888	25,350	30,441	32,977	33,893	26,379
Integrated ceiling system	-	-	-	2,160	643	1,375
Trading of industrial hardware	-	-	-	2,904	460	2,053
Provision of slitting and shearing services	-	-	-	708	-	-
	19,888	25,350	30,441	38,749	34,996	29,807
Profit before depreciation, amortisation and interest	3,925	4,427	7,669	10,505	12,937	10,467
Depreciation	(513)	(839)	(1,302)	(1,808)	(2,424)	(2,370)
Amortisation	-	-	-	(18)	(27)	(19)
Interest expense	(144)	(205)	(252)	(192)	(469)	(514)
Interest income	12	28	67	43	20	9
Profit before exceptional item	3,280	3,411	6,182	8,530	10,037	7,573
Exceptional item	-	-	-	-	(436)	-
Profit before taxation	3,280	3,411	6,182	8,530	9,601	7,573
Taxation	(972)	(924)	(1,270)	(433)	(3,019)	(2,239)
Profit after taxation before extraordinary item	2,308	2,487	4,912	8,097	6,582	5,334
Extraordinary item	5	-	-	-	-	-
Profit after taxation and extraordinary item	2,313	2,487	4,912	8,097	6,582	5,334
Number of ordinary shares assumed in issue*	35,232,532	35,232,532	35,232,532	35,232,532	35,232,532	35,232,532
Basic net EPS (RM)	0.07	0.07	0.14	0.23	0.19	0.20 <sup>^</sup>
Gross dividend rate (%)	-	-	-	-	25.62	-

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

### Notes:-

- \* The assumed issued and paid-up share capital of 35,232,532 ordinary shares of RM1.00 each is based on the issued and paid-up share capital of ULC after the Acquisitions and Dividend Capitalisation.
- ^ Annualised.
- (i) The extraordinary item for the financial year ended 31 December 1996 was in relation to gain on disposal of property.
- (ii) The margin of profit before taxation over revenue declined for the financial year ended 31 December 1997 due to the increase in cost of its imported raw materials as a result of adverse exchange rate fluctuations as well as higher depreciation charges arising from additional investment in plant and machinery.
- (iii) For the financial year ended 31 December 1998, profit before taxation increased significantly as the Group was able to transfer the increase in cost of imported raw materials associated with adverse exchange rate movements to its ultimate buyers. Furthermore, the availability of raw materials at competitive prices due to stiff competition amongst local suppliers and commencement of in-house production previously carried out by external parties contributed to a lower cost of production.
- (iv) For the financial year ended 31 December 1999, the Group recorded an increase in revenue with the recovery of the regional economies and the Group's diversification into integrated ceiling systems. The increase in profit before taxation is in line with the increase in revenue and also attributable to higher profit margin generated from supply of cable support system to projects in the petrochemical industry. The taxation is mainly due to the two (2) months' profit of a subsidiary of the Group being taxable as the subsidiary changed its financial year end from 31 October to 31 December in 1999.
- (v) For the financial year ended 31 December 2000, the Group recorded an increase in profit before taxation despite a decrease in revenue due mainly to the reduction in the price of steel, being the main raw material used in the production process of the Group. The lower profit after taxation is mainly due to the previous financial year being a tax waiver year. The exceptional item is in respect of deficit arising from revaluation of land and buildings in compliance with the Malaysian Accounting Standards Board Standard No. 15 which came into effect on 1 July 2000.
- (vi) For nine (9) months ended 30 September 2001, the Group's annualised turnover improved by 13.56% due to an increase in revenue contributed by project sales.

### 8.7 Landed Properties

The details of the landed properties of the ULC Group are as follows:-

Title/ Location	Registered Owner	Description	Land Area (square feet)	Built-up Area (square feet)	Tenure (years)	Approximate age of building (years)	Net book value as at 31.03.2000 RM'000	Net book value as at 30.09.2001 RM'000	Market value as approved by SC RM'000	Re- valuation surplus/ (deficit)* RM'000
HS(M)20483, Lot PT17044, Mukim and District of Petaling, Selangor Darul Ehsan	ULSB	Factory^	43,666	40,432	99	8	3,522	3,214	3,300	(222)
HS(D)102230, Lot PT16044, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	ULSB	Semi- detached factory	9,601	4,758	Freehold	2	1,722	1,579	1,600	(122)
HS(D)13395, Lot PT9088, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan	ULSB	Tenace factory	2,000	2,550	Freehold	9	294	253	260	(34)

## 8. INFORMATION ON THE ULC GROUP (Cont'd)

Title/ Location	Registered Owner	Description	Land Area (square feet)	Built-up Area (square feet)	Tenure (years)	Approximate age of building (years)	Net book value as at 31.03.2000 RM'000	Net book value as at 30.09.2001 RM'000	Market value as approved by SC RM'000	Re- valuation surplus/ (deficit)* RM'000
HS(D)11930, Lot PT 7788, Bandar Serendah Tambahan, District of Ulu Selangor, Selangor Darul Ehsan	ULSB	Terrace factory	1,600	1,300	Freehold	5	161	92	95	(66)
HS(D)44868, Lot PT 7612, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	ULSB	Terrace house	1,560	1,744	Freehold	5	177	245	250	73
HS(M)20484, Lot PT 17045, Mukim and District of Petaling, Selangor Darul Ehsan	GMSB	Factory <sup>^</sup>	38,118	37,428	99 expiring on 11 October 2091	5	2,716	2,285	2,300	(416)
							8,592	7,668	7,805	(787)

**Notes:-**

\* Computed based on the net book values of the properties as at 31 March 2000.

<sup>^</sup> Conditions imposed by the SC on the properties are disclosed in Section 11.1 of this Prospectus.

The market valuation of the above landed properties was carried out by Regroup Associates Sdn. Bhd., a firm of independent and professional valuers using the Comparison and Investment methods of valuation on 24 and 25 March 2000. The Valuation Certificate is set out in Section 18 of this Prospectus.

The market values ascribed by the Valuers for the above properties were approved by the SC on 13 December 2000. The revaluation deficit/surplus, computed based on the net book values of the properties as at 31 March 2000, was incorporated in the accounts of the respective subsidiaries of ULC for financial year ended 31 December 2000.

### Transaction on the Acquisition of Landed Properties during the past two (2) years

There were no transactions involved in the acquisition of the properties during the past two (2) years preceding the date of this Prospectus.

### 8.8 Major Licences and Permits

Company	Details	Equity conditions	Status of compliance
ULSB	Manufacturing licence issued by MITI for the manufacturing of cable support system (metal trunking and cable tray)	-	Not applicable

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**8. INFORMATION ON THE ULC GROUP (Cont'd)**

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**8.9 Working Capital, Material Commitments for Capital Expenditure, Borrowings and Contingent Liabilities**

**(i) Working Capital**

The Directors of ULC are of the opinion that, barring any unforeseen circumstances and after taking into consideration the cashflow forecast and projection and the banking facilities available and the net proceeds of the Rights Issue and Public Issue, the Group will have adequate working capital for its present foreseeable requirements.

**(ii) Material Commitments for Capital Expenditure**

There are no material commitments for capital expenditure contracted or known to be contracted by ULC or its subsidiaries, which may have a substantial impact on the financial position of the Group as at 28 February 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus).

**(iii) Borrowings**

As at 28 February 2002 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group has total borrowings amounting to RM9.895 million, all of which are interest bearing, of which approximately RM2.619 million are long term whilst balance of RM7.276 million are short term in nature.

**(iv) Contingent Liabilities**

There are no material contingent liabilities incurred by ULC and its subsidiaries as at 28 February 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), other than those incurred in the ordinary course of business.

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