

# PROSPECTUS



## ENG KAH CORPORATION BERHAD

(Company No.: 435649-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

### **PUBLIC ISSUE**

OF 6,018,000 NEW ORDINARY SHARES OF RM1.00 EACH

AND

### **OFFER FOR SALE**

OF 1,377,000 ORDINARY SHARES OF RM1.00 EACH  
AT AN ISSUE/OFFER PRICE OF RM1.80 PER ORDINARY SHARE

PAYABLE IN FULL ON APPLICATION

PURSUANT TO THE LISTING OF  
ENG KAH CORPORATION BERHAD  
ON THE SECOND BOARD OF  
THE KUALA LUMPUR STOCK EXCHANGE

Adviser & Managing Underwriter



**MIMB**

### **MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD**

(Company No.: 10209-W)  
A member of EON Bank Group

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD  
BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS"  
SET OUT IN SECTION 3.0 HEREOF

THIS PROSPECTUS IS DATED 28 JUNE 2002



THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF ENG KAH CORPORATION BERHAD ("ENG KAH CORPORATION") AND THE OFFERORS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL 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.

MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD, BEING THE ADVISER AND THE MANAGING UNDERWRITER, 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 OF 6,018,000 NEW ORDINARY SHARES OF RM1.00 EACH IN ENG KAH CORPORATION ("PUBLIC ISSUE") AND OFFER FOR SALE OF 1,377,000 ORDINARY SHARES OF RM1.00 EACH IN ENG KAH CORPORATION ("OFFER FOR SALE") AND IS SATISFIED THAT THE PROFIT FORECAST (FOR WHICH THE DIRECTORS OF ENG KAH CORPORATION ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF ENG KAH CORPORATION AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND THE OFFER FOR SALE. THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE AND THE OFFER FOR SALE. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF ENG KAH CORPORATION AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE KUALA LUMPUR STOCK EXCHANGE ("KLSE") ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE 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 ENG KAH CORPORATION OR OF ITS ORDINARY SHARES.

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

## **INDICATIVE TIMETABLE**

---

The indicative timing of events leading up to the listing of and quotation for Eng Kah Corporation's entire issued and paid-up share capital of RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE is set out below:-

<b>Events</b>	<b>Date Year 2002</b>
Opening date of the Initial Public Offering	28 June
Closing date of the Initial Public Offering	12 July
Tentative balloting date	19 July
Tentative allotment date	2 August
Tentative listing date	8 August

**THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO SUCH CHANGE(S) WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE INITIAL PUBLIC OFFERING WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS THE DIRECTORS AND/OR OFFERORS OF ENG KAH CORPORATION IN THEIR DISCRETION MAY DECIDE.**

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## DEFINITIONS

---

Except where the content otherwise requires, the following definitions apply throughout this Prospectus:-

“Eng Kah Corporation” or the “Company”	:	Eng Kah Corporation Berhad (435649-H)
“Eng Kah Group” or the “Group”	:	Eng Kah Corporation and its wholly-owned subsidiary companies namely EKE, EKL and EHK
“EHK”	:	Eng Kah (H.K.) Limited (696109)
“EKE”	:	Eng Kah Enterprise Sdn Bhd (143577-M)
“EKL”	:	Eng Kah Enterprise (KL) Sdn Bhd (324855-P)
“Acquisition of EKL”	:	Acquisition by Eng Kah Corporation of the entire equity interest in EKL, comprising 1,000,000 shares for a total purchase consideration of RM4,361,994 satisfied by a cash consideration of RM2,399,097 and the issuance of 1,887,401 new shares in Eng Kah Corporation at an issue price of approximately RM1.04 per share, credited as fully paid up
“Acquisition of EKE”	:	Acquisition by Eng Kah Corporation of the entire equity interest in EKE, comprising 2,399,997 shares for a total purchase consideration of RM26,774,982, satisfied wholly by the issuance of 25,745,175 new shares in Eng Kah Corporation at an issue price of approximately RM1.04 per share, credited as fully paid up
“Acquisition of EHK”	:	Acquisition by Eng Kah Corporation of the entire equity interest in EHK, comprising 1,000 ordinary shares of HK\$1.00 each, for a cash consideration of RM1.00
“Acquisitions”	:	Acquisition of EKL, Acquisition of EKE and Acquisition of EHK collectively.
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“ATM”	:	Automated teller machine
“CDS”	:	Central Depository System
“CCM”	:	Companies Commission of Malaysia ( <i>formerly known as Registrar of Companies, Malaysia</i> )
“EBITDA”	:	Earnings before Interest, Taxation, Depreciation and Amortisation
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“IPO”	:	Initial Public Offering of the Public Issue Shares and Offer Shares
“IPO Shares”	:	Public Issue Shares and Offer Shares collectively

**DEFINITIONS (Cont'd)**

“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“M&A”	:	Memorandum and Articles of Association
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of the KLSE
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
“MIMB”	:	Malaysian International Merchant Bankers Berhad (10209-W)
“MITI”	:	Ministry of International Trade and Industry
“NTA”	:	Net tangible assets
“NTL”	:	Net tangible liabilities
“Offer for Sale”	:	The offer for sale by the Offerors of the Offer Shares at an offer price of RM1.80 per share to Bumiputera investors approved by the MITI
“Offer Shares”	:	The 1,377,000 shares in Eng Kah Corporation, which form the subject of the Offer for Sale
“Offerors”	:	Certain shareholders of Eng Kah Corporation and their respective Offer Shares are set out below:-

<b>Offerors</b>	<b>No. of Offer Shares</b>	<b>% of Enlarged Share Capital</b>
Ewe Eng Kah	1,277,845	3.19
Ewe Kim Siang	32,116	0.08
Neoh Lay Hwa	32,115	0.08
Tham Yen Thim	34,924	0.09
	-----	-----
	<u>1,377,000</u>	<u>3.44</u>
	=====	=====

“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price-earnings multiple
“Public Issue” or “Issue”	:	The issue of 6,018,000 new shares in Eng Kah Corporation at an issue price of RM1.80 per share to the eligible Directors, employees, customers and suppliers of the Eng Kah Group and the Malaysian investing public subject to the terms and conditions of this Prospectus
“Public Issue Shares” or “Issue Shares”	:	The 6,018,000 new shares in Eng Kah Corporation which are the subject of the Public Issue



**DEFINITIONS (Cont'd)**

- “Rights Issue” : The rights issue of 6,349,422 new shares in Eng Kah Corporation at RM1.04 per share on the basis of approximately 22.978 new shares for every 100 existing shares held based on the issued and paid-up share capital of 27,632,578 shares after the Acquisitions
- “Renunciation of Rights Issue Shares” : The renunciation by Ewe Eng Kah of 2,769,800 new shares in Eng Kah Corporation arising from the Rights Issue to the following shareholders at RM1.04 per share:-

Name	No. of Shares	% of Enlarged Share Capital
Muttaqin Bin Othman	1,839,372	4.60
Jofri Rani B. Ahmad	275,906	0.69
Derus		
Ramlee Bin Ariffin	275,906	0.69
Ewe Kim Siang	122,633	0.31
Neoh Lay Hwa	122,629	0.31
Tham Yen Thim	133,354	0.33
	-----	-----
	<u>2,769,800</u>	<u>6.93</u>

- “SC” : Securities Commission
- “share(s)” : Ordinary share(s) of RM1.00 each
- “sq. ft.” : Square feet
- “HK\$” : Hong Kong Dollars
- “RM” and “sen” : Ringgit Malaysia and sen respectively
- “USD” : United States of America Dollars

Words denoting the singular number only shall include the plural and also vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice-versa. Reference to persons shall include corporations.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## CONTENTS

	PAGE
<b>CORPORATE INFORMATION</b> .....	1
<b>1.0 SUMMARY OF INFORMATION</b> .....	4
1.1 History and Principal Activities .....	4
1.2 Ownership and Management .....	5
1.3 Promoters, Substantial Shareholders, Directors and Key Management .....	6
1.4 Proforma Consolidated Income Statements .....	8
1.5 Proforma Consolidated Balance Sheets .....	10
1.6 Audit Qualifications .....	11
1.7 Summary of Material Risk Factors .....	11
1.8 Principal Statistics Relating to the IPO .....	12
1.9 Class of Shares .....	14
1.10 Utilisation of Proceeds .....	14
1.11 Material Litigation, Capital Commitments and Contingent Liabilities .....	14
<b>2.0 DETAILS OF THE IPO</b> .....	16
2.1 Opening and Closing Dates of the Application .....	17
2.2 Dates of Special Events .....	17
2.3 Purposes of the IPO .....	17
2.4 Number and Class of Securities to be Issued .....	18
2.5 Details of the IPO .....	19
2.6 Basis of Arriving at the IPO Price .....	19
2.7 Utilisation of Proceeds .....	20
2.8 Financial Impact from the Utilisation of Proceeds .....	21
2.9 Brokerage and Underwriting Commission .....	21
2.10 Salient Terms of the Underwriting Agreement .....	22
<b>3.0 RISK FACTORS</b> .....	26
<b>4.0 INFORMATION ON THE ENG KAH GROUP</b> .....	30
4.1 History and Principal Activities .....	30
4.2 Share Capital .....	30
4.3 Restructuring and Listing Scheme .....	31
4.4 Subsidiary Companies .....	33
4.5 Business Overview .....	37
4.6 Industry Overview .....	51
4.7 Future Plans .....	57
4.8 Major Customers .....	58
4.9 Major Suppliers .....	58
<b>5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT</b> .....	59
5.1 Promoters, Directors and Substantial Shareholders .....	59
5.2 Promoters', Directors' and Substantial Shareholders' Directorships and Substantial Shareholdings in All Other Public Companies in Malaysia for the Past Two (2) Years .....	60
5.3 Knowledge and Experience of Promoters .....	60
5.4 Changes in the Shareholdings of the Substantial Shareholders/Promoters of Eng Kah Corporation for the Past Three (3) Years .....	61
5.5 Profile of the Board of Directors .....	62
5.6 Declaration by the Promoters, Directors, Substantial Shareholders and Key Management .....	62
5.7 Directors' Remuneration .....	63
5.8 Audit Committee .....	63

**CONTENTS (Cont'd)**

	<b>PAGE</b>
5.9	Profile of the Key Management .....64
5.10	Shareholdings of Key Management .....65
5.11	Service Agreements .....65
5.12	Employees .....65
5.13	Family Relationship .....66
6.0	APPROVALS, MORATORIUM AND CONDITIONS .....67
6.1	Approvals .....67
6.2	Moratorium on Disposal of Shares .....71
7.0	RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST .....72
7.1	Related Party Transactions .....72
7.2	Interest in Similar Business .....73
7.3	Declaration by the Advisers .....73
8.0	OTHER INFORMATION ON THE ENG KAH GROUP .....74
8.1	Major Brand Names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchise, Certifications and other Intellectual Property Rights .....74
8.2	Properties .....76
8.3	Acquisition of Properties During the Past Two (2) Years .....77
9.0	FINANCIAL INFORMATION .....78
9.1	Proforma Consolidated Income Statements .....78
9.2	Segmental Analysis on Consolidated Turnover and Profits .....79
9.3	Directors' Declaration on the Financial Performance of the Group .....80
9.4	Working Capital, Borrowings, Material Contingent Liabilities and Capital Commitments .....81
9.5	Reporting Accountants' Letter on the Consolidated Profit Forecast for the Financial Year Ending 31 December 2002 together with the Notes and Assumptions thereon .....82
9.6	Directors' Comments and Analysis on the Consolidated Profit for the Financial Year Ending 31 December 2002 .....85
9.7	Sensitivity Analysis .....86
9.8	Dividend Forecast .....87
9.9	Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at 31 December 2001 .....88
10.0	ACCOUNTANTS' REPORT .....92
11.0	VALUATION CERTIFICATE .....131
12.0	DIRECTORS' REPORT .....135

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
---



**CONTENTS (Cont'd)**

	<b>PAGE</b>
13.0	ADDITIONAL INFORMATION .....136
13.1	Share Capital.....136
13.2	Articles of Association.....136
13.3	Directors and Substantial Shareholders.....144
13.4	General Information.....147
13.5	Financial Conditions and Operations .....149
13.6	Material Contracts.....150
13.7	Material Litigation .....151
13.8	Material Agreements.....152
13.9	Public Take-Overs .....152
13.10	Consents.....152
13.11	Documents for Inspection.....153
13.12	Responsibility Statement.....153
14.0	PROCEDURE FOR APPLICATION AND ACCEPTANCE.....154
14.1	Opening and Closing of Application Lists.....154
14.2	General Conditions for Application.....154
14.3	Applications and Acceptances .....156
14.4	CDS Accounts.....157
14.5	Notice of Allotment .....157
14.6	Formalising of CDS Accounts .....157
14.7	Terms and Conditions for Applications using Application Forms.....158
14.8	Terms and Conditions for Electronic Share Application .....160
14.9	Application Via Electronic Share Application.....163
14.10	List of ADA .....165

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK