

5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

5.1 Promoters, Directors and Substantial Shareholders

The details of the promoters, Directors and substantial shareholders of Eng Kah Corporation and their respective shareholdings after the IPO are as follows:-

5.1.1 Promoters

The details of the promoters of Eng Kah Corporation and their respective shareholdings after the IPO are as follows:-

Promoters	Nationality	Designation	After the IPO			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Ewe Eng Kah *	Malaysian	Chairman & Managing Director	20,399,090	51.00	512,675 ⁺	1.28 ⁺
Ewe Kim Siang *	Malaysian	Executive Director	512,692	1.28	-	-

Notes:-

+ Deemed interested by virtue of the shares held by his wife, Neoh Lay Hwa.

* Ewe Eng Kah is the brother of Ewe Kim Siang.

5.1.2 Directors

The details of the Directors of Eng Kah Corporation and their respective shareholdings after the IPO are as follows:-

Name	Nationality	Designation	After the IPO			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Ewe Eng Kah *	Malaysian	Chairman & Managing Director	20,399,090	51.00	512,675 ⁻	1.28 ⁺
Ewe Kim Siang *	Malaysian	Executive Director	512,692	1.28	-	-
Muttaqin Bin Othman	Malaysian	Non-Executive Director	8,171,562	20.43	-	-
Ong Kim Nam	Malaysian	Independent Non-Executive Director	9,000 [^]	#	-	-
Ahmad Badry Bin Azahari	Malaysian	Independent Non-Executive Director	9,000 [^]	#	-	-

Notes:-

+ Deemed interested by virtue of the shares held by his wife, Neoh Lay Hwa.

* Ewe Eng Kah is the brother of Ewe Kim Siang.

[^] Based on their respective entitlement pursuant to the allocation of shares to eligible Directors and employees of the Eng Kah Group.

Immaterial.

5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

5.1.3 Substantial Shareholders

The details of the substantial shareholders of Eng Kah Corporation and their respective shareholdings after the IPO are as follows:-

Name	Nationality	Designation	After the IPO			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Ewe Eng Kah	Malaysian	Chairman & Managing Director	20,399,090	51.00	512,675 ⁺	1.28 ⁺
Muttaqin Bin Othman	Malaysian	Non-Executive Director	8,171,562	20.43	-	-
Neoh Lay Hwa	Malaysian	Shareholder	512,675	1.28	20,399,090 [^]	51.00 [^]

Notes:-

+ Deemed interested by virtue of the shares held by his wife, Neoh Lay Hwa.

^ Deemed interested by virtue of the shares held by her husband, Ewe Eng Kah.

5.2 Promoters', Directors' and Substantial Shareholders' Directorships and Substantial Shareholdings in All Other Public Companies in Malaysia for the Past Two (2) Years

Save as disclosed below, none of the promoters, Directors and/or substantial shareholders of Eng Kah Corporation has any directorships or substantial shareholdings in other public companies in Malaysia for the past two (2) years.

Name of Director	Name of Company	Designation	Date Appointed/ Resigned	Shareholdings as at 19.06.2002				Principal Activities
				Direct		Indirect		
				No. of Shares	%	No. of Shares	%	
Ong Kim Nam	Pin-Wee Group Bhd	Independent Non-Executive Director	12 May 2001/ -	6,000	0.01	-	-	manufacture and sale of broiler feeds and in the farming of broiler chicks

5.3 Knowledge and Experience of Promoters

The knowledge and experience of the promoters, who are also the Directors of Eng Kah Corporation, and their involvement in the management of the Group are fully set out in Section 5.5 of this Prospectus.

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5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)
5.4 Changes in the Shareholdings of the Substantial Shareholders/Promoters of Eng Kah Corporation for the Past Three (3) Years

Eng Kah Corporation was incorporated on 19 June 1997. The changes in the shareholdings of the substantial shareholders/promoters of Eng Kah Corporation for the past three (3) years are as follow:-

Name	Substantial Shareholder/ Promoter	As at 31.12.2000		As at 31.12.2001		As at 19.06.2002	
		<- Shareholdings ->		<- Shareholdings ->		<- Shareholdings ->	
		No. of Shares	%	No. of Shares	%	No. of Shares	% [@]
Ch'ng Lay Hoon	Substantial Shareholder	1	50.00	1	50.00	-	-
Yong Pei Yen	Substantial shareholder	1	50.00	1	50.00	-	-
Ewe Eng Kah *	Substantial Shareholder/ Promoter	-	-	-	-	20,399,090	60.03
Ewe Kim Siang	Promoter	-	-	-	-	512,692	1.51
Muttaqin Bin Othman	Substantial Shareholder	-	-	-	-	8,171,562	24.05
Neoh Lay Hwa	Substantial Shareholder	-	-	-	-	512,675	1.51

Notes :-

@ Based on the number of shares in issue after the Acquisitions and the Rights Issue but before the Public Issue.

* Ewe Eng Kah is the husband of Neoh Lay Hwa and brother of Ewe Kim Siang.

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5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

5.5 Profile of the Board of Directors

EWE ENG KAH, aged 56, was appointed as the Chairman and Managing Director of Eng Kah Corporation on 2 May 2002. He is the founder of the Eng Kah Group. He has more than 29 years of experience and expertise in the manufacturing of perfumery, cosmetic, skin care, toiletry and household products. He also has wide exposure in designing and packaging of products which he gained his experience from both the local and international market. Ewe Eng Kah also has in-depth knowledge in the R&D of product formulation. He graduated with a Diploma in Chemistry from Kaoshiung Industrial Institute, Taiwan in 1967. He also sits on the board of a few private limited companies.

EWE KIM SIANG, aged 58, was appointed as the Executive Director of Eng Kah Corporation on 2 May 2002. Prior to joining EKE in 1993 as the Administrative Director, she started her career in the field of education. She has over 26 years of teaching experience of which 10 years were spent counselling and looking after the welfare of students. With more than 10 years of experience in counselling, she serves as a motivator in motivating and directing the employees of the Eng Kah Group to work towards achieving the Company's goals and objective. She also sits on the board of a few private limited companies.

MUTTAQIN BIN OTHMAN, aged 30, was appointed as the Non-Executive Director of Eng Kah Corporation on 2 May 2002. Presently, he is the Director of Ana Edar Sdn Bhd. He has 4 years of experience in the manufacturing of perfumery, cosmetic, skin care, toiletry and household products. He holds a Bachelor degree in Accountancy with Honours from the International Islamic University, Malaysia in 1995. He also sits on the board of a few private limited companies.

ONG KIM NAM, aged 46, was appointed as the Independent Non-Executive Director of Eng Kah Corporation on 2 May 2002. A Chartered Accountant by profession, he is a member of the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants (United Kingdom). He has over 19 years of experience in the fields of auditing, accounting, company secretarial and taxation. Presently, he is the sole practitioner of O.K. Nam Associates, a firm of Chartered Accountants, which is based in Penang. He also sits on the board of Pin-Wee Group Bhd as an Independent Non-Executive Director and as the Audit Committee Chairman.

AHMAD BADRY BIN AZAHARI, aged 36, was appointed as the Independent Non-Executive Director of Eng Kah Corporation on 2 May 2002. He was a Marketing Executive of Medidata Sdn Bhd from 1989 to February 1990. In March 1990, he joined Kwong Yik Bank Berhad (now known as RHB Bank Berhad) as a Management Trainee and was promoted to Branch Manager in 1996. He was the Finance and Administration Manager of Jardine Pharmacy (Penang) Sdn Bhd from 1998 to 1999. He has more than 7 years of experience in the financial and banking industry and 2 years of experience in various industries such as pharmaceutical and property development. He obtained his Bachelor of Science (B.Sc) degree in Business Administration, majoring in Management Information System (MIS) from Old Dominion University, Virginia, United States of America in 1988. He is the Managing Director of Bright Surplus Sdn Bhd.

5.6 Declaration by the Promoters, Directors, Substantial Shareholders and Key Management

No promoters, Directors, substantial shareholders and key management is or was involved in the following events:-

- (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was a Director or senior executive officer;
- (b) a conviction in a criminal proceeding or is named as the subject of a pending criminal proceeding;
or
- (c) being the subject of any order, judgement or ruling of any court, tribunal or governmental body of competent jurisdiction 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.

5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

5.7 Directors' Remuneration

For the financial year ended 31 December 2001, the remuneration paid to the Directors for their services rendered to the Company and its subsidiary companies was RM714,538. For the financial year ending 31 December 2002, the estimated remuneration to be paid to the Directors for their services rendered to the Company and its subsidiary companies is RM820,000.

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

	Aggregate Remuneration					
	Financial Year Ended 31 December 2001			Financial Year Ending 31 December 2002		
	Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total
Below RM200,000	2	-	2	4	3	7
Between RM200,000 and RM300,000	-	-	-	-	-	-
Above RM300,000	1	-	1	1	-	1

5.8 Audit Committee

Details of the members of the audit committee are as follows:-

Name	Responsibility	Directorship
Ong Kim Nam	Chairman	Independent Non-Executive Director
Ewe Kim Siang	Member	Executive Director
Ahmad Badry bin Azahari	Member	Independent Non-Executive Director

The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal accounting controls, review of the scope of internal audit procedures, review of balance sheet and profit and loss account and nomination of Auditors.

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5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

5.9 Profile of the Key Management

LIM MEI NING, aged 42, is the General Manager of EKE. She joined EKE in August 1987 as a Chemist and in 1991 was promoted to General Manager. She has more than 12 years of experience in the industry and is knowledgeable in the formulation of products, production process, quality control and quality system for the manufacturing of perfumery, cosmetic, skin care, toiletry and household products. She graduated with a Bachelor of Science Degree from National Cheng Kung University of Taiwan in 1984 and has also participated in many international conventions and seminars relating to household and personal care products.

SEAH CHOOI LEONG, aged 43, is the Senior Finance Manager of EKE. He joined EKE in 1994 as the Finance Executive and was subsequently promoted to his current position in June 2002. Prior to joining EKE, he worked as an Accounts Supervisor in Federal Oil Palm Sdn Bhd from June 1991 to May 1994. He has extensive knowledge in accounting, finance and banking matters through the course of his working experience. He is a member of the Association of International Accountants, United Kingdom.

YEW LOO ENG, aged 42, is the Production Manager of EKE. He joined EKE in 1991 as a Production Manager. He has over 10 years of experience in the planning and supervision of the production of perfumery, cosmetic, skin care, toiletry and household products. He also has experience in the manufacturing of pharmaceutical and food products. Prior to joining EKE, he was attached to Inchcape Contract Manufacturing Sdn Bhd as a Production Executive from January 1985 to June 1991. He graduated with a Bachelor of Science in Chemical Engineering from National Cheng Kung University of Taiwan in 1983.

BOEY MEI KEAT, aged 42, is the Assistant Administrative Manager of EKE. She joined EKE in December 1995 as an Administrative Executive. In 1998, she was promoted to her current position in-charge of administration and human resource. Prior to joining EKE, she was attached to Ferringhi Beach Hotel and worked as an Executive Secretary cum Administrative Assistant from April 1990 to November 1995. She has vast experience in dealing with general administrative, human resource and secretarial matters. She obtained a Diploma from the Institute of Data Processing Management from the United Kingdom in 1990. In 1998, she was awarded the Diploma in Administrative Management by the Institute of Administrative Management, United Kingdom and was admitted as an Associate Member of the said Institute.

CHAN PEOI PEOI, aged 31, is the Technical Manager of the EKE. She joined EKE in 1996 as R&D Chemist and was promoted to the position of Senior R&D Chemist in 1999. In April 2000, she was promoted to Technical Manager and she is in-charge of the R&D department and micro laboratory. She has four years of experience in products development and improvement including trouble shooting in manufacturing process. She also has experience in quality control and quality assurance for the manufacturing of household and personal care products. She graduated with a Bachelor of Science majoring in Chemistry and minor in Computer Science from Universiti Sains Malaysia.

YEAP SOR CHENG, aged 49, is the Material Planning Executive of EKE. She joined EKE in January 1994 as a Material Planning Officer and in 1996 was promoted to Material Planning Executive. Prior to joining EKE, she was attached to Shinkodenshi Capacitors Sdn Bhd as a Production Planner and Purchasing Officer from May 1993 to December 1993. She has also worked as a Production Planning Officer for B.Braun Medical Industries Sdn Bhd from January 1989 to April 1993. She has over 15 years of experience in the planning and co-ordination of the production, purchasing and material planning for manufacturing companies. She has also participated in many courses and seminars relating to leadership and inventory management.

HUM LAI HAR, aged 37, is the Purchasing Executive of EKE. She joined EKE as a General Clerk since it commenced operations in 1985. Through her dedication and experience in EKE, she has built strong rapport with suppliers of the Group and she is responsible to check on quality of the supply of raw and packaging materials.

5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

5.10 Shareholdings of Key Management

Name	Nationality	Designation	After the IPO			
			Direct *		Indirect	
			No. of Shares	%	No. of Shares	%
Lim Mei Ning	Malaysian	General Manager	1,000,000	2.50	-	-
Seah Chooi Leong	Malaysian	Senior Finance Manager	480,000	1.20	-	-
Yew Loo Eng	Malaysian	Production Manager	9,000	#	-	-
Boey Mei Keat	Malaysian	Assistant Administrative Manager	9,000	#	-	-
Chan Peoi Peoi	Malaysian	Technical Manager	9,000	#	-	-
Yeap Sor Cheng	Malaysian	Material Planning Executive	9,000	#	-	-
Hum Lai Har	Malaysian	Purchasing Executive	9,000	#	-	-

Notes:-

* Based on their respective entitlements pursuant to the allocation of shares to eligible Directors and employees of the Eng Kah Group.

Immaterial.

The key management have no direct/ indirect interests in Eng Kah Corporation prior to the IPO.

5.11 Service Agreements

There are no existing or proposed service agreements between the Company or any of its subsidiary companies with the Directors and key management.

5.12 Employees

As at 19 June 2002 (being the latest practicable date prior to the registration of this Prospectus), the Eng Kah Group has a total of 204 employees under its employment. The employees do not belong to any union and they enjoy a cordial relationship with the management. There has been no industrial dispute in the past between the management and the employees of the Group.

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5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

5.13 Family Relationship

Save as disclosed below, none of the promoters, Directors, substantial shareholders and key management of the Eng Kah Group is related to each other:-

Name	Relationship	Nature of Interest	After the IPO			
			←Direct→		←Indirect→	
			No. of Shares	%	No. of Shares	%
Ewe Eng Kah	(a) Husband of Neoh Lay Hwa; and (b) Brother of Ewe Kim Siang.	Promoter, substantial shareholder, Chairman & Managing Director	20,399,090	51.00	512,675+	1.28+
Neoh Lay Hwa	(a) Wife of Ewe Eng Kah; and (b) Sister-in-law of Ewe Kim Siang.	Substantial Shareholder	512,675	1.28	20,399,090#	51.00#
Ewe Kim Siang	(a) Sister of Ewe Eng Kah; and (b) Sister-in-law of Neoh Lay Hwa.	Promoter and Executive Director	512,692	1.28	-	-

Notes:-

+ Deemed interested by virtue of the shares held by his wife, Neoh Lay Hwa.

Deemed interested by virtue of the shares held by her husband, Ewe Eng Kah.

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6.0 APPROVALS, MORATORIUM AND CONDITIONS

6.1 Approvals

The IPO was approved by the FIC on 9 August 2000 and 27 March 2002; MITI on 21 November 2000 and 24 May 2002; and the SC on 26 February 2001 and 4 March 2002.

The conditions imposed by the authorities and the status of compliance are set out as below:-

Authority	Date of Approval	Conditions Imposed	Status of Compliance
FIC	9 August 2000 27 March 2002	<p>(i) Eng Kah Corporation to maintain at least 30% Bumiputera equity interest upon listing.</p> <p>(ii) Eng Kah Corporation to obtain the approval of the MITI on the Bumiputera equity interest.</p> <p>As per conditions set out in earlier letter dated 9 August 2000.</p>	<p>Upon listing and quotation of Eng Kah Corporation shares on the Second Board of the KLSE, Eng Kah Corporation will have at least 30% of its equity interest held by Bumiputera.</p> <p>Eng Kah Corporation obtained the approval of the MITI on 21 November 2000 and 24 May 2002 respectively.</p> <p>As disclosed above.</p>
MITI	21 November 2000	<p>(i) Eng Kah Corporation to allot at least 30% of the shares to the Bumiputera upon listing.</p> <p>(ii) Eng Kah Corporation to allot 1,377,000 shares which are subject to the MITI's approval after the SC's approval on the listing is obtained.</p> <p>(iii) Eng Kah Corporation to obtain the approval from the FIC.</p> <p>(iv) Eng Kah Corporation to obtain the approval from the SC.</p> <p>(v) MITI recognises the 26.55% equity interest of the existing Bumiputera shareholders and prohibits any sales or transfers without their prior written approval from the MITI.</p> <p>Note: MITI had on 30 November 2000 issued a letter to rectify the typo errors made in their earlier letter dated 21 November 2000.</p>	<p>Upon listing and quotation of Eng Kah Corporation shares on the Second Board of the KLSE, Eng Kah Corporation will have at least 30% of its equity interest held by Bumiputera.</p> <p>MITI had on 8 February 2002 allocated the 1,377,000 shares to its nominated parties.</p> <p>Obtained on 9 August 2000.</p> <p>Obtained on 26 February 2001.</p> <p>To be complied with if there are any sale or transfer of shares.</p>

6.0 APPROVALS, MORATORIUM AND CONDITIONS (Cont'd)

Authority	Date of Approval	Conditions Imposed	Status of Compliance
MITI	24 May 2002	<p>(vi) EKE is imposed with a condition that 70% of the shares must be purchased and held by Malaysian citizens with at least 30% as reserved. The company is to negotiate with the MITI prior to the distribution of the reserved shares.</p> <p><i>Note:-</i></p> <p><i>MITI via its letter dated 17 October 2000 has no objection against the transfer of shares by the late Othman bin Omar to Muttaqin bin Othman and MITI has also agreed to recognise Muttaqin bin Othman (son of the late Othman Bin Omar) as the existing shareholder of Eng Kah Corporation.</i></p> <p>As per the conditions set out in earlier letter dated 21 November 2000.</p>	<p>Upon listing and quotation of Eng Kah Corporation shares on the Second Board of the KLSE, Eng Kah Corporation will have at least 30% Bumiputera equity participation. By virtue of EKE being a wholly-owned subsidiary of Eng Kah Corporation, this condition is met.</p> <p>As disclosed above.</p>
SC	26 February 2001	<p>(i) The utilisation of proceeds is to be utilised as follows:-</p> <p>(a) Approval to be obtained for any changes to the proceeds to be raised other than for the core business of Eng Kah Corporation;</p> <p>(b) Approval from the shareholders of Eng Kah Corporation must be obtained for any utilisation of proceeds of 25% or more. If the variation is less than 25%, the shareholders of Eng Kah Corporation shall be informed of such changes accordingly;</p> <p>(c) Any extension of time from the period fixed by Eng Kah Corporation on the utilisation of proceeds will have to be approved via a final resolution by the Board of Directors of Eng Kah Corporation and should be communicated fully to KLSE; and</p>	<p>To be complied, if applicable.</p> <p>To be complied, if applicable.</p> <p>To be complied, if applicable.</p>

6.0 APPROVALS, MORATORIUM AND CONDITIONS (Cont'd)

Authority	Date of Approval	Conditions Imposed	Status of Compliance
SC		(d) Appropriate disclosure is to be made in the quarterly report and annual report of Eng Kah Corporation until the said proceeds are fully utilised.	Will be complied.
		(ii) Moratorium to be imposed on the 18,000,000 shares, representing 45% of the enlarged issued and paid-up share capital of Eng Kah Corporation, whereby the promoters are not allowed to sell or transfer their shares for a period of one (1) year from the date of listing of Eng Kah Corporation on the Second Board of the KLSE and are only allowed to sell or transfer not more than one third (1/3) per annum (on a straight line basis) of their respective shareholdings in every subsequent year. MIMB had on 19 April 2002 wrote to the SC for a change in the mix of the moratorium shares. The SC had on 19 June 2002 approved the change as set out in Section 6.2 of this Prospectus.	Complied as detailed in Section 6.2 of this Prospectus.
		(iii) The main shareholders and promoters of Eng Kah Corporation must submit an undertaking letter that they will not be involved in business activities which are similar or in competition with the business activities of Eng Kah Corporation in the future.	Complied as per their undertaking letters dated 19 June 2002 to the SC.
		(iv) Eng Kah Corporation must utilise the proceeds for its core business and according to the conditions imposed.	Will be complied.

6.0 APPROVALS, MORATORIUM AND CONDITIONS (Cont'd)

Authority	Date of Approval	Conditions Imposed	Status of Compliance
SC		(v) Transfer of property PT 16776 and 16777 Mukim Setul, Daerah Seremban, Negeri Sembilan to EKE before the issuance of the Prospectus.	Met, as transfer was effected on 22 December 2000.
		(vi) EKE must apply and obtain the Certificate of Fitness for Occupation of the property known as 16777 Mukim Setul, Daerah Seremban, Negeri Sembilan before the issuance of the Prospectus.	Met, as Certificate of Fitness for occupancy was obtained on 18 June 2001.
		(vii) Eng Kah Corporation is to comply with all matters pertaining to the issuance of the securities as per the SC's Policies and Guidelines on Issue/Offer of Securities, especially those mentioned in paragraph 10.17, which require Eng Kah Corporation to focus on its existing business activities for three (3) years after the listing of Eng Kah Corporation on the Second Board of the KLSE.	Will be complied.
		(viii) Eng Kah Corporation and the relevant parties concerned are required to give written confirmation on the compliance with all the SC's terms and conditions within 6-month period from the date of the letter of approval.	To be complied. However, SC had in its letter dated 4 March 2002 granted extension of time to 25 August 2002 for the implementation of the IPO exercise.
	4 March 2002	(i) Eng Kah Corporation is to obtain all the relevant authorities' approvals before implementing the listing scheme.	Met as MITI's approval was obtained on 24 May 2002 and FIC's approval letter was obtained on 27 March 2002.
		(ii) MIMB/ Eng Kah Corporation is to confirm to the SC that Eng Kah Corporation's cash and bank balance as at the first quarter of the financial year ending 31 December 2002 is on a high positive position.	Met.
		All other conditions set out in the SC's letter dated 26 February 2001, remain unchanged.	As disclosed above.

6.0 APPROVALS, MORATORIUM AND CONDITIONS (Cont'd)**6.2 Moratorium on Disposal of Shares**

In approving the listing of Eng Kah Corporation on the Second Board of KLSE, the SC via its letter dated 26 February 2001, has imposed a moratorium on the disposal of shares by the major shareholders of Eng Kah Corporation. The SC had on 19 June 2002 approved the change to the mix of the moratorium shares.

The shareholders of Eng Kah Corporation and their respective shareholdings which are under moratorium are as follows:-

Shareholders	After the IPO		Eng Kah Corporation Shares under Moratorium	
	No of Shares	%	No of Shares	%
Ewe Eng Kah	20,399,090	51.00	16,000,000	40.00
Muttaqin Bin Othman	8,171,562	20.43	2,000,000	5.00
	28,570,652	71.43	18,000,000	45.00

Under the terms of the moratorium, the shareholders of Eng Kah Corporation will not be allowed to sell, transfer or assign their respective shareholdings in Eng Kah Corporation amounting to a total of 18,000,000 shares of RM1.00 each, representing 45% of the enlarged issued and paid-up share capital of Eng Kah Corporation, within one (1) year from the date of admission of Eng Kah Corporation to the Official List of the Second Board of the KLSE. Thereafter, these substantial shareholders are permitted to sell or transfer not more than one third per annum (on a straight line basis) of their respective shareholdings in the Company which are under moratorium.

The restriction is specifically endorsed on the notices of allotment representing the respective shareholdings of the shareholders which are under moratorium to ensure that trading of these shares are not allowed in compliance with the restriction imposed by the SC. The restriction is fully accepted by the substantial shareholders and the public is deemed to have notice of this restriction.

The remarks to be endorsed on these share certificates are as follows:-

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

By their letters dated 19 June 2002, Ewe Eng Kah and Muttaqin Bin Othman have given their undertaking to the SC to comply with the abovementioned terms relating to the sale of their shares under the moratorium as outlined above.

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7.0 RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST**7.1 Related Party Transactions**

Save as disclosed below and Section 7.2, none of the Directors or substantial shareholders of the Eng Kah Corporation has any interests, direct or indirect in the promotion of or in any assets which have been acquired or proposed to be acquired or assets disposed or proposed to be disposed of by or leased or proposed to be leased to the Company or its subsidiary companies within the past two (2) years immediately preceding the date of this Prospectus.

- (a) The acquisition of the entire issued and paid-up share capital of EKL comprising 1,000,000 shares by Eng Kah Corporation on 30 April 2002 for a total purchase consideration of RM4,361,994 from Ewe Eng Kah, Ewe Kim Siang, Neoh Lay Hwa by an issue of 1,887,401 new shares in Eng Kah Corporation valued at RM1.04 per share and from EKE by way of cash of RM2,399,097.
- (b) The acquisition of the entire issued and paid-up share capital of EKE comprising 2,399,997 shares by Eng Kah Corporation on 30 April 2002 from Ewe Eng Kah, Muttaqin Bin Othman, Jofri Rani B. Ahmad Derus, Ramlee Bin Ariffin, Tham Yen Thim, Ewe Kim Siang and Neoh Lay Hwa for a purchase consideration of RM26,774,982 to be wholly satisfied by an issue of 25,745,175 new shares in Eng Kah Corporation valued at RM1.04 per share.
- (c) The acquisition of the entire issued and paid-up share capital of EHK comprising 1,000 shares of HK\$1.00 each by Eng Kah Corporation on 30 April 2002 from EKE for a cash purchase consideration of RM1.00.

The following Directors and substantial shareholders of the Company have interest in the abovementioned Acquisitions are as follows:-

Nature of Interest	Person Interested	Nature of Relationship
Acquisitions	(i) Ewe Eng Kah	(i) Director of EKE, EKL and EHK. (ii) Substantial shareholder of EKE and EKL prior to the Acquisitions.
	(ii) Ewe Kim Siang	Director of EKE, EKL and EHK
	(iii) Muttaqin Bin Othman	Substantial shareholder of EKE prior to the Acquisitions.
	(iv) Neoh Lay Hwa	Director of EKE, EKL and EHK.

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7.0 RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**7.2 Interest in Similar Business**

Save as disclosed below, none of the Directors or substantial shareholders of Eng Kah Corporation has any interests, direct or indirect in any business carrying on a similar trade as the Company or its subsidiary companies and which is not quoted on a stock exchange:-

Firm	Related Party	Description of Transaction	Actual Value for the Financial Year Ended 31 December 2001 RM'000
Syarikat Usahaniaga Ana, being the customer of EKE**	Muttaqin Bin Othman #	Purchase of perfumery, cosmetic, skin care, toiletry and household products	207

Notes:-

** *EKE manufactures the abovementioned products for Syarikat Usahaniaga Ana whose principal activity is distribution of the said products.*

Deemed interested via Esah Bt. Omar who is the sole-proprietor of Syarikat Usahaniaga Ana (Business Registration No.AS0049577-T) and she is the natural mother of Muttaqin Bin Othman.

7.3 Declaration by the Advisers

MIMB hereby confirms that there are no existing or potential conflict of interest in its capacity as the Adviser and the Managing Underwriter in relation to the IPO.

Messrs JB Lim & Associates has given its confirmation that there are no existing or potential conflict of interest in its capacity as the Solicitors for the due diligence exercise relation to the IPO.

Messrs JB Lau & Associates has given its confirmation that there are no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants respectively in relation to the IPO.

Messrs HENRY BUTCHER, Lim & Long Sdn Bhd and Arthur Lim Valuers Sdn Bhd has given their confirmation that there are no existing or potential conflict of interest in their capacity as the Valuers in relation to the IPO.

Taylor Nelson Sofres Malaysia Sdn Bhd has given its confirmation that there are no existing or potential conflict of interest in its capacity as the Independent Market Research Consultant in relation to the IPO.

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8.0 OTHER INFORMATION ON THE ENG KAH GROUP

8.1 Major Brand Names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchise, Certifications and other Intellectual Property Rights

Except for the normal manufacturing licences and its proprietary confidential information and trade secrets, the Eng Kah Group presently does not hold any registered patents, technical assistance agreements or franchises pertaining to the Group. However, as part of its overall business strategy and as a form of commercial protection, the Eng Kah Group has registered seven (7) trademarks namely "Verina's", "SUE-ANN", "HAPPENINGS", "FACETS", "Eng Kah Logo", "Agift" and "Pure Carnation". All these trademarks are registered in Malaysia except "Agift" and "Pure Carnation" which are registered overseas.

Major licences and certification obtained by the Group are set out as below:-

Company	Type of Licence/ Certification Licence No.	Authority	Date Obtained/ Date Expired	Equity Conditions Attached	Status of Compliance
EKE	Manufacturing licence or "Lesen Pengilang" No. A 005705 (Serial No. A 008268) under the Industrial Co-ordination Act, 1975	MITI	22.02.1989/ - *	(i) EKE is exempted from the equity condition. In the event that the Shareholders Funds of the company reach RM2.5 million, the company shall inform the MITI in writing.	Met.
	To produce perfumes, cosmetics, skin care lotion and Shampoo on Plot 95, Kawasan Perindustrian Bayan Lepas, Penang.			(ii) the composition of the board of directors of EKE must, generally, mirror the equity structure of the company and MITI must be informed of the appointment and any changes to the board of directors.	Met.
				(iii) EKE must employ and train Malaysian employees to reflect the composition of the various races in the country, at all levels of employment.	Met.
				(iv) EKE must as far as possible appoint Malaysian owned companies to distribute its products within the country and must appoint Bumiputera agents to distribute at least 30% of the sales within the country. The selection and appointment of Bumiputera distributors must be done after consultation with MITI. The appointment of foreign firms as distributors must first have the prior approval of MITI.	Not applicable as there are no distributors involved.

8.0 OTHER INFORMATION ON THE ENG KAH GROUP (Cont'd)

Company	Type of Licence/ Certification Licence No.	Authority	Date Obtained/ Date Expired	Equity Conditions Attached	Status of Compliance
EKE	Manufacturing licence or "Lesen Pengilang" No. A 005705 (Serial No. A 011572) under the Industrial Co-ordination Act, 1975 To produce toileries, liquid and powder detergent, car polish, wood polish and metal polish on Plot 95, Kawasan Perindustrian Bayan Lepas, Penang.	MITI	30.01.1992/ - *	Same as above.	Mct.
EKE	MS ISO 9002 : 1994/ AR0952	SIRIM BERHAD	17.12.1996/ 16.12.2002	-	EKE has complied to the MS ISO 9002 : 1994 standards. The licence is renewable yearly.
EKE	GMP licence or "Lesen Pengilang" No. MALLP20011036 under the Drug and Cosmetic Control Regulations 1984 To manufacture the products registered with the Ministry of Health	Ministry of Health	27.05.1999/ 31.12.2002	-	The licence is renewable yearly.

Note: -

* There is no expiry period for the said licences.

Further details on the MS ISO 9002 : 1994 Certification and GMP licence are set out in Section 4.5.2 of this Prospectus.

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8.0 OTHER INFORMATION ON THE ENG KAH GROUP (Cont'd)

8.2 Properties

As at 19 June 2002 (being the latest practicable date prior to the registration of this Prospectus), details of the landed properties of Eng Kah Group are as follows:-

Registered Owner/ Location	Description/ Existing Use	Land/ Built-up Area (sq. ft.)	Approximate Age of Building (year)	Tenure	Audited Net Book Value ("NBV") @ 31.12.2001 (RM'000)	Market Value (RM'000)	Revaluation Surplus/(Deficit) Base on NBV @ 31.12.2001 (RM'000)	Date of Valuation
EKE <u>Land and Building</u>								
PT No. 1249 (Plot No. 95) Mukim 12, Halal Kampung Jawa 2, Bayan Lepas Industrial Estate, Daerah Barat Daya, Penang	Large single-storey factory with an annexed 2-storey office block in front.	88,289/ 61,689	10	60-year leasehold expiring on 11.06.2049	6,292	7,380 (a)	1,088	15.08.2000
No. H.S.(D) 110950, Mukim Setul, Seremban District, Negeri Sembilan/P.T. No 16776, Seremban District, Negeri Sembilan	Vacant industrial land	126,602	-	Freehold	2,497	3,000 (b)	503	17.08.2000
No. I.I.S.(D) 110951 Mukim Setul, Seremban District, Negeri Sembilan/P.T. No. 16777, Seremban District, Negeri Sembilan	Two units single storey factory/warehouse building with two storey/office annexe <i>Note (i)</i>	124,396/ 54,523	3	Freehold	3,128	4,100 (b)	972	17.08.2000
Low-Cost Flat								
Unit No 1-3-18 Block 1, Persiaran Mayang Pasir Dua, Bandar Baru, Mukim 12, South West District, Penang	Hostel for factory workers <i>Note (i)</i>	602	12	Leasehold for 99 years expiring on 26.11.2081	67	Not Applicable (c)	Not Applicable	Not Applicable
EKL <u>Land and Building</u>								
PT No. 7, held under H.S. (D) No. 107774, (Lot 14A, Jalan 23/2, Kawasan MIEL) Section 23, Town of Shah Alam, District of Petaling, Selangor	1½ storey semi-detached factory building <i>Note (ii)</i>	33,831/ 17,991	10	Leasehold for 99 years expiring on 14.11.2095	4,455	3,000 (d)	(1,455)	21.08.2000
Total							1,108	

8.0 OTHER INFORMATION ON THE ENG KAH GROUP (Cont'd)

Notes:-

- (i) *The individual strata title has not been issued yet. However the developer, Penang Development Corporation is responsible for applying for the issuance of a separate strata title for the subject property in due course.*
- (ii) *The individual issue document of title for the subject property has been issued by the State Authority of Selangor and is transferred to the developer, Malaysian Industrial Estate Berhad ("MIEL"). MIEL is thereafter legally obligated to transfer the subject property to EKL. Messrs JB Lim & Associates does not anticipate any legal, administrative, statutory or financial impediment which may prevent the transfer of the title of the subject property to EKL.*
- (iii) *EKE did not incorporate the additional revaluation surplus/deficit into its audited financial statements for the financial year ended 31 December 2001 as the net revaluation surplus of RM1.108 million is not material.*
 - (a) *The revaluation surplus amounting to approximately RM3 million was taken into the audited financial statements of EKE in the financial year ended 31 December 1994 (more than 5 years ago) based on the then market value of RM7.3 million. Based on the later valuation date of 15 August 2000 as carried out by Messrs Arthur Lim Valuers Sdn Bhd, the new revaluation surplus of RM1.088 million is not incorporated into the audited financial statements for the financial year ended 31 December 2001.*
 - (b) *EKE did not incorporate the revaluation surplus into its financial statements for the financial year ended 31 December 2001 as these properties were only acquired on 13 June 2000. The Certificate of Fitness was obtained on 18 June 2001 and the valuers, Messrs HENRY BUTCHER, Lim & Long Sdn Bhd have taken into consideration that the Certificate of Fitness will be obtained in arriving at the market value.*
 - (c) *No revaluation was carried out for this low-cost flat. EKE has on 22 April 2002 given its undertaking to the SC to dispose this low-cost flat within six (6) months from the date of this Prospectus.*
 - (d) *EKL did not incorporate the revaluation deficit into its financial statements for the financial year ended 31 December 2001. The said property was valued by Messrs HENRY BUTCHER, Lim & Long Sdn Bhd.*

There is no revaluation undertaken on the Group's properties in conjunction with the listing exercise. The values of the properties are based on net book values as at 31 December 2001 which did not incorporate the additional revaluation surplus into its books. The revaluation of the abovementioned properties is included in this Prospectus for information purposes only and therefore, it does not require the SC's approval.

8.3 Acquisition of Properties During the Past Two (2) Years

There are no transactions in the acquisitions of properties during the past two (2) years prior to the date of this Prospectus.

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9.0 FINANCIAL INFORMATION

9.1 Proforma Consolidated Income Statements

The following table is a summary of the proforma consolidated income statements of the Eng Kah Group for the last five (5) financial years ended 31 December 2001 prepared based on the assumption that the current structure of the Group has been in existence since 1 January 1997. The proforma consolidated income statements of the Eng Kah Group are prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10.0 of this Prospectus.

Financial Year Ended 31 December	Proforma Group				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	31,099	29,626	34,696	42,180	48,023
EBITDA	7,716	6,294	8,240	9,773	11,471
Interest expenses	(1,154)	(1,746)	(1,061)	(748)	(787)
Depreciation	(1,140)	(1,237)	(1,281)	(1,413)	(1,550)
Amortisation	-	-	-	-	-
PBT	5,422	3,311	5,898	7,612	9,134
Less : Taxation (i)	(1,407)	(672)	(151)	(1,075)	(2,680)
PAT	4,015	2,639	5,747	6,537	6,454
Number of shares in issue (ii) ('000 shares)	27,633	27,633	27,633	27,633	27,633
Gross EPS (iii) (RM)	0.20	0.12	0.21	0.28	0.33
Net EPS (iii) (RM)	0.15	0.10	0.21	0.24	0.23
Gross dividend rate (%)	(iv)	-	(v)	(vi)	-

Notes:-

- (i) *Adjustments had been made to incorporate and to reallocate the over/under provisions of taxation to the relevant years. For the reconciliation of taxation, please refer to Item 5.2 note (iii) for EKE and EKL respectively of the Accountants' Report in Section 10 of this Prospectus.*
- (ii) *Based on the shares issued pursuant to the Acquisitions and before the Rights Issue and Public Issue.*
- (iii) *The Gross EPS and Net EPS were calculated based on the proforma PBT and PAT respectively and the issued and paid-up share capital of 27,632,578 shares after the Acquisitions but before the Rights Issue and Public Issue.*
- (iv) *Consists of interim tax exempt dividend of 85%.*
- (v) *Consists of interim tax exempt dividend of 17%.*
- (vi) *Consists of interim tax exempt dividend of 125% and final tax exempt dividend of 50%.*

9.0 FINANCIAL INFORMATION (Cont'd)

- (vii) *In 1997, the turnover increased by 24% to RM31.099 million due to increased orders from existing customers and a new account from a multi-national company.*

In 1998, the turnover decreased by 5% to RM29.626 million due to the full impact of the Asian financial crisis.

In 1999, the turnover increased by 17% to RM34.696 million due to the recovery of the Malaysian economy and EKE was awarded Good Manufacturing Practice status and as a result of this, existing and new customers began to increase their orders.

In 2000, the turnover increased by 22% to RM42.180 million due to the introduction of a new product and the increased orders from existing customers.

In 2001, the turnover increased by 14% to RM48.023 million due to increased orders from existing customers.

- (viii) *The PBT increased by 11% to RM5.422 million in 1997 due to increased turnover.*

However, the PBT decreased by 39% to RM3.311 million in 1998 due to the full impact of the Asian financial crisis. As a result, the Group's cost of sales increased, as a portion of its raw materials are purchased in USD. Coupled with this, the Group incurred higher interest expenses due to the tightening of credit which led to higher interest regime.

The PBT increased by 78% to RM5.898 million in 1999 due to increased turnover as a result of the recovering economy and lower interest expense.

The PBT increased by 29% to RM7.612 million in 2000 due to increase turnover and lower interest expense.

The PBT increased by 20% to RM9.134 million in 2001 due to increased turnover and increased sales of higher margin products.

- (ix) *The lower taxation charge for 1997, 1998 and 2000 except for 1999, was due to the claim and availability of reinvestment allowance under the Income Tax Act, 1967.*

The taxation expense in 1999 represents deferred taxation. There was no current taxation charge for that year as it was a tax free year.

The disproportionate taxation charge in 2001 was due to certain expenses being disallowed as deduction for tax purposes.

- (x) *There were no extraordinary items and/ or exceptional items in respect of the years under review.*

9.2 Segmental Analysis on Consolidated Turnover and Profits

9.2.1 Analysis of Turnover by Company

	<-----Financial Year Ended 31 December----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
EKE	24,058	22,884	26,173	31,657	36,090
EKL	7,495	6,909	8,523	10,555	12,147
EHK	-	-	-	-	-
Consolidated adjustment	(454)	(167)	(48)	(32)	(214)
Total	31,099	29,626	34,648	42,180	48,023

9.0 FINANCIAL INFORMATION (Cont'd)

9.2.2 Analysis by PAT

	<-----Financial Year Ended 31 December----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Eng Kah Corporation	-	-	-	(11)	(2)
EKE	3,337	2,089	4,597	5,977	4,808
EKL	678	550	1,150	1,306	1,658
EHK	-	-	-	(23)	(9)
Consolidated Adjustment	-	-	-	(712)	(1)
Total	4,015	2,639	5,747	6,537	6,454

9.2.3 Impact of Foreign Exchange/ Interest Rates on the PBT

The Group is mainly involved in domestic trade, thus any change in foreign exchange due to the import of raw material will be adjusted in the selling price of the Group's products to its customers. Further, the impact of foreign exchange on the Group is minimal due to the currency control regulations imposed by the Malaysian Government since September 1998.

The impact of interest rates on operating profits of the Eng Kah Group is as follows:-

	<-----Financial Year Ended 31 December----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expenses	1,154	1,746	1,061	748	787
Profit before interest and taxation	6,576	5,057	6,959	8,360	9,921
Interest coverage (times)	5.70	2.90	6.56	11.18	12.61

9.3 Directors' Declaration on the Financial Performance of the Group

Saved as disclosed in this Prospectus, as at 19 June 2002 (being the latest practicable date prior to this registration of this Prospectus), to the best knowledge of the Directors of the Company, the financial conditions and operations of the Company and its subsidiary companies were not affected by the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) material capital for expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.0 FINANCIAL INFORMATION (Cont'd)

9.4 Working Capital, Borrowings, Material Contingent Liabilities and Capital Commitments

(i) Working Capital

The Directors of Eng Kah Corporation are of the opinion that, after taking into consideration the cashflow forecast including the proceeds from the Public Issue and Rights Issue and the banking facilities available, the Eng Kah Group will have adequate working capital for its present and foreseeable future requirements.

(ii) Borrowings

As at 19 June 2002 (being the latest practicable date prior to the registration of this Prospectus), the Group has total borrowings amounting to RM8.60 million. These borrowings are interest-bearing and consist of the following:-

	Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	Total outstanding RM'000
Bank overdraft	217	-	217
Bankers acceptances	2,431	-	2,431
Hire purchase	167	746	913
Term Loans	1,749	3,291	5,040
	----- 4,564	----- 4,037	----- 8,601
	=====	=====	=====

(iii) Material Contingent Liabilities

As at 19 June 2002 (being the latest practicable date prior to the registration of this Prospectus), the Group has no contingent liabilities. The Directors are not aware of any material contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Eng Kah Group.

(iv) Capital Commitments

As at 19 June 2002 (being the latest practicable date prior to the registration of this Prospectus), the Group has capital commitments amounting to RM217,649 in respect of capital expenditure contracted but not provided for.

Save as disclosed above the Directors are not aware of any material capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Eng Kah Group.

The Eng Kah Group does not have any loan capital or convertible debt securities outstanding or created but unissued nor any mortgages, charges or contingent liabilities outstanding.

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9.0 FINANCIAL INFORMATION (Cont'd)

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
(Prepared for inclusion in this Prospectus)

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: jblau@tm.nct.my

DATE : 24 June 2002

The Board of Directors
Eng Kah Corporation Berhad
Suite 12-A Level 12
Menara Northam
No. 55 Jalan Sultan Ahmad Shah
10050 Penang

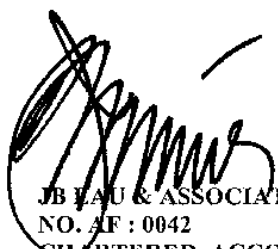
Ladies and Gentlemen,

ENG KAH CORPORATION BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2002

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Eng Kah Corporation Berhad ("Eng Kah Corporation") which includes the subsidiary companies namely Eng Kah Enterprise Sdn. Bhd. ("EKE"), Eng Kah Enterprise (KL) Sdn. Bhd. ("EKL") and Eng Kah (H.K.) Limited ("EHK") ("Eng Kah Group or "the Group") for the financial year ending 31 December 2002 for which the Directors are solely responsible, as set out in the Prospectus to be dated 28 June 2002 in connection with the Public Issue of 6,018,000 new ordinary shares of RM1.00 each and the Offer for Sale of 1,377,000 ordinary shares of RM1.00 each at an Issue/Offer Price of RM1.80 per ordinary share and the listing and quotation of the entire issued and paid-up share capital of Eng Kah Corporation on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit 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,


JB LAU & ASSOCIATES
NO. AF : 0042
CHARTERED ACCOUNTANTS


JOHN LAU TIANG HUA
NO. 1107/03/04(J)

9.0 FINANCIAL INFORMATION (Cont'd)

APPENDIX

ENG KAH CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS

The Directors of Eng Kah Corporation forecast that, in the absence of unforeseen circumstances, the Group results for the financial year ending 31 December 2002 are as follows:-

Financial Year Ending 31 December 2002

		RM'000
Revenue		55,805
Profit before taxation		12,871
Taxation		(2,249)
Profit after taxation		10,622
Minority interest		(225)
Profit after taxation and minority interest		10,397
Pre-acquisition profit		(4,787)
Profit after taxation, minority interest and pre-acquisition profit		5,610
Weighted average number of shares in issue ^	('000)	24,285
Enlarged number of shares in issue	('000)	40,000
Net earnings per share *	(sen)	23.10
Fully diluted earnings per share **	(sen)	25.99
Net price earnings multiple #	(times)	7.79
Fully diluted net price earnings multiple #	(times)	6.93

Notes :

- ^ The weighted average number of shares in issue is calculated based on the assumption that the Public Issue is completed by mid August 2002.
- * Calculated based on profit after taxation, minority interest and pre-acquisition profit over the weighted average number of shares in issue.
- ** Calculated based on profit after taxation and minority interest over the enlarged number of shares in issue.
- # Based on the issue price of RM1.80 per ordinary share.

9.0 FINANCIAL INFORMATION (Cont'd)

APPENDIX

The principal assumptions upon which the consolidated profit forecast has been made are set out below:-

GENERAL

1. The Flotation of Eng Kah Corporation Berhad on the Second Board of the Kuala Lumpur Stock Exchange will be completed by mid August 2002.
2. There will be no significant changes to the prevailing economic and political environment in Malaysia and elsewhere which will adversely affect the activities or performance of the Group.
3. There will be no significant changes to the present legislations or regulations, bases and rates of duties, levies and corporate tax rate affecting the activities of the Group or the market in which it operates.
4. There will be no significant changes in the principal activities of the Group.
5. There will be no major industrial dispute or any abnormal circumstances which will adversely affect the operations of the Group.
6. The prevailing market conditions for the Group's products will not change materially and the average prices of the Group's products will not fluctuate significantly from the forecasted levels.
7. The fluctuation of the foreign exchange rates against the Ringgit will have no significant impact on the operations of the Group as the Ringgit has been pegged at RM3.80 to USD1.00.
8. The inflation rate will not fluctuate significantly from the forecasted levels.
9. There will be no significant changes in management, operating and accounting policies from those presently adopted by the Group.
10. There will be no material changes in sales mix and margin of the Group's products.
11. There will be no significant changes in the prices of raw materials, labour, manufacturing and other operating expenses.
12. The existing financial facilities will remain available with no significant changes in their prevailing interest rates.
13. There will be no material acquisitions or disposal of fixed assets or investments other than those that have been forecasted.

9.0 FINANCIAL INFORMATION (Cont'd)

9.6 Directors' Comments and Analysis on the Consolidated Profit for the Financial Year Ending 31 December 2002

The Group is expected to achieve a consolidated turnover of RM55.8 million for the financial year ending 31 December 2002 representing an increase of RM7.8 million or approximately 16.3% compared to 31 December 2001 and the consolidated PAT is expected to increase to RM10.6 million (31.12.2001: RM6.4 million).

The expected increase in the Group's turnover as well as the PAT is mainly due to the expected increase in the demand for the Group's products as well as the introduction of new formulation for its existing customers. A portion of the proceeds from the listing exercise will also be utilised for the purchase of machinery which will increase the production capacity of the Group to meet the expected increase in demand from its customers.

The Board of Directors of Eng Kah Corporation confirms that the consolidated profit forecast for the financial year ending 31 December 2002 and the principal bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans and strategies adopted by the Eng Kah Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the consolidated profit forecast of Eng Kah Corporation is achievable and the assumptions made are reasonable, barring any unforeseen circumstances.

Nevertheless, in the light of the current economic environment in Malaysia, certain assumptions, including interest and exchange rates, may differ significantly from the actual situation and this may have a material impact on the Eng Kah Group's profit forecast.

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9.0 FINANCIAL INFORMATION (Cont'd)**9.7 Sensitivity Analysis**

The analysis below shows the direct impact on the PBT and PAT with the variation of one (1) single factor in isolation without any qualification of measures which the Group will invariably institute to arrest any perceived deviation from the forecast figures to ensure that the forecasted PBT and PAT would be achieved.

9.7.1 Changes in Selling Price

	<--- Forecast for the Financial Year Ending 31 December 2002 --->			
	Turnover RM'000	PBT RM'000	PAT RM'000	PAT Margin %
As forecasted	55,805	12,871	10,622	19.03
Up 5%	58,595	15,661	12,924	22.06
Up 10%	61,386	18,452	15,228	24.81
Down 5%	53,015	10,081	8,320	15.69
Down 10%	50,225	7,291	6,017	11.98

An increase of 5% and 10% in the selling price of the Group's products (assuming all other things remain unchanged) will correspondingly result in an increase in the PAT margin to 22.06% and 24.81% respectively from the forecasted PAT margin of 19.03% for the financial year ending 31 December 2002.

Likewise, a decrease of 5% and 10% in the selling price will correspondingly result in a reduction in the PAT margin to 15.69% and 11.98% respectively from the forecasted PAT margin of 19.03% for the financial year ending 31 December 2002.

9.7.2 Changes in Raw Materials Costs

	<--- Forecast for the Financial Year Ending 31 December 2002 --->			
	Turnover RM'000	PBT RM'000	PAT RM'000	PAT Margin %
As forecasted	55,805	12,871	10,622	19.03
Up 5%	55,805	10,840	8,946	16.03
Up 10%	55,805	8,811	7,271	13.03
Down 5%	55,805	14,901	12,297	22.04
Down 10%	55,805	16,930	13,972	25.04

A decrease of 5% and 10% in the raw material costs of the Group (assuming all other things remain unchanged) will correspondingly result in an improvement in the PAT margin to 22.04% and 25.04% respectively from the forecasted PAT margin of 19.03% for the financial year ending 31 December 2002.

Likewise, an increase of 5% and 10% in the raw material costs will correspondingly result in a reduction in the PAT margin to 16.03% and 13.03% respectively from the forecasted PAT margin of 19.03% for the financial year ending 31 December 2002.

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9.0 FINANCIAL INFORMATION (Cont'd)

9.8 Dividend Forecast

Based on the forecasted consolidated PAT and on the assumption that the present basis for calculating taxation and the rates of taxation remain unchanged, the Directors of Eng Kah Corporation anticipate that, barring any unforeseen circumstances, the Company will be in a position to propose a gross dividend of 8.00% less taxation of 28% for the financial year ending 31 December 2002.

The intended appropriation of the forecasted consolidated PBT for the year ending 31 December 2002 would be as follows:-

Financial Year Ending 31 December	2002 RM'000
Consolidated PBT	12,871
Less : Taxation	(2,249)

Consolidated PAT	10,622
Less : Minority interest	(225)

Consolidated PAT and minority interest	10,397
Less : Pre-acquisition profit	(4,787)

PAT, minority interest and pre-acquisition profit	5,610
Proposed dividend (less 28% taxation)	(2,304)

Retained profits for the year	3,306
	=====
Gross dividend per share	(sen) 8.00
Net dividend per share	(sen) 5.76
Net dividend yield (based on the IPO price of RM1.80 per share)	(%) 3.20
Net dividend cover (based on consolidated PAT and minority interest)	(times) 4.51

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9.0 FINANCIAL INFORMATION (Cont'd)

9.9 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at 31 December 2001
(Prepared for inclusion in this Prospectus)

JBLAU & ASSOCIATES
CHARTERED ACCOUNTANTS

■ 51-8-A, Menara BHL Bank
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Fax: (04) 2279828
E-mail: jblau@tm.net.my

DATE: 24 June 2002

The Board of Directors
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No. 55 Jalan Sultan Ahmad Shah
10050 Penang

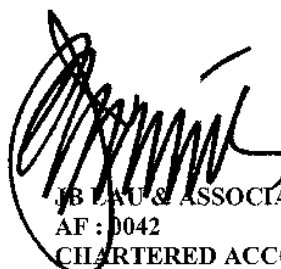
Ladies and Gentlemen,

ENG KAH CORPORATION BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2001


We have reviewed the presentation of the Proforma Consolidated Balance Sheet of Eng Kah Corporation Berhad ("Eng Kah Corporation") which includes the subsidiary companies namely Eng Kah Enterprise Sdn. Bhd. ("EKE"), Eng Kah Enterprise (KL) Sdn. Bhd. ("EKL") and Eng Kah (H.K.) Limited ("EHK") ("Eng Kah Group" or "the Group") as at **31 December 2001** together with the notes and assumptions thereon for which the Directors are solely responsible as set out in the Prospectus to be dated 28 June 2002 in connection with the Public Issue of 6,018,000 new ordinary shares of RM1.00 each and the Offer for Sale of 1,377,000 ordinary shares of RM1.00 each at an Issue/Offer Price of RM1.80 per ordinary share and the listing and quotation of the entire issued and paid-up share capital of Eng Kah Corporation on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the abovementioned Proforma Consolidated Balance Sheets together with the accompanying notes which are provided for illustrative purposes only, have been prepared on a basis consistent with the accounting policies normally adopted by Eng Kah Corporation and its subsidiary companies and are presented in a form suitable for inclusion in the said Prospectus.

Yours faithfully,



JBLAU & ASSOCIATES
AF : 0042
CHARTERED ACCOUNTANTS



JOHN LAU TIANG HUA
NO. 1107/03/04(J)

9.0 FINANCIAL INFORMATION (Cont'd)

ENG KAH CORPORATION BERHAD
(Incorporated In Malaysia)

PROFORMA CONSOLIDATED BALANCE SHEETS

The Proforma Consolidated Balance Sheets as set out below are provided for illustrative purposes only to show the effects on the Eng Kah Group as at 31 December 2001 had the acquisitions and the flotation scheme been completed on that date.

	AUDITED	----- PROFORMA GROUP -----		
	Eng Kah Corporation as at <u>31.12.2001</u> RM'000	After the <u>Acquisitions</u> RM'000	After the Acquisitions and Rights <u>Issue</u> RM'000	After the Acquisitions, Rights and Public <u>Issues</u> RM'000
PROPERTY, PLANT AND EQUIPMENT	-	24,115	24,115	26,615
NEGATIVE GOODWILL	-	(2,832)	(2,832)	(2,832)
CURRENT ASSETS				
Inventories	-	9,600	9,600	9,600
Trade debtors	-	14,471	14,471	14,471
Other debtors, deposits and prepayments	-	958	958	958
Tax recoverable	-	121	121	121
Fixed deposits with licensed banks	-	2,472	2,472	2,472
Cash and bank balances	*	3,430	10,033	11,286
	*	31,052	37,655	38,908
CURRENT LIABILITIES				
Trade creditors	-	7,969	7,969	7,969
Other creditors and accruals	13	1,943	1,943	1,943
Bank borrowings	-	5,993	5,993	4,401
Provision for taxation	-	447	447	447
Proposed dividend	-	1,200	1,200	1,200
	13	17,552	17,552	15,960
NET CURRENT (LIABILITIES)/ASSETS	(13)	13,500	20,103	22,948
	(13)	34,783	41,386	46,731
FINANCED BY :				
SHARE CAPITAL	*	27,633	33,982	40,000
SHARE PREMIUM	-	1,105	1,359	4,874
ACCUMULATED LOSSES	(13)	(13)	(13)	(13)
SHAREHOLDERS' FUNDS	(13)	28,725	35,328	44,861
DEFERRED TAXATION	-	1,400	1,400	1,400
LONG TERM LIABILITIES	-	4,658	4,658	470
	(13)	34,783	41,386	46,731
NET TANGIBLE (LIABILITIES)/ASSETS PER SHARE (RM)	(6,500.00)	1.14	1.12	1.19

* Represents RM2

9.0 FINANCIAL INFORMATION (Cont'd)

ENG KAH CORPORATION BERHAD

**NOTES AND ASSUMPTIONS TO THE PROFORMA
CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2001**

1. The Proforma Consolidated Balance Sheets of Eng Kah Corporation have been prepared for illustrative purposes based on the audited financial statements of the Eng Kah Corporation and its subsidiary companies as at 31 December 2001 and on the assumption that the following were effected on that date:

- (a) (i) The acquisition of 100% equity interest in EKE based on its adjusted audited net tangible assets as at 31 July 2001, after adjusting for the gain/loss on disposal of subsidiary companies, to be satisfied by the issuance of new Eng Kah Corporation ordinary shares of RM1.00 each valued at approximately RM1.04 per share.
- (ii) The acquisition of 45% equity interest in EKL based on its audited net tangible assets as at 31 July 2001, to be satisfied by the issuance of new Eng Kah Corporation ordinary shares of RM1.00 each valued at approximately RM1.04 per share.
- (iii) The acquisition of the balance of 55% equity interest in EKL from EKE for cash consideration which is based on the audited net tangible assets of EKL as at 31 July 2001.
- (iv) The acquisition of the entire issued and paid-up share capital of EHK for a nominal cash consideration of RM1.00 as EHK has negative shareholders funds of RM24,243 as at 31 July 2001.

Summary

	Adjusted Audited NTA at 31.7.2001 RM'000	New Eng Kah Corporation shares to be issued '000
EKE – 100%	26,775	25,745
EKL – 45%	1,963	1,887
	28,738	27,632
	28,738	27,632

- (b) Rights Issue of 6,349,422 ordinary shares of RM1.00 each on the basis of approximately 23 new shares for every 100 existing shares held at an issue price of RM1.04 per share after the acquisition.
- (c) Public Issue of 6,018,000 ordinary shares of RM1.00 each at an issue price of RM1.80 per share.

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9.0 FINANCIAL INFORMATION (Cont'd)

- (d) The gross proceeds from the Rights and Public Issues will be utilised as follows :

	RM'000
Retire bank borrowings	5,780
Purchase of fixed assets	2,500
Estimated listing expenses	1,300
Working capital	7,856

	17,436
	=====

- (e) Listing expenses of RM1,300,000 will be written off against the share premium account.

	RM'000
Share premium from :	
Issue of shares for 100% of EKE at a premium of approximately RM0.04 per share	1,030
Issue of shares for 45% of EKL at a premium of approximately RM0.04 per share	75
Rights Issue - RM0.04 x 6,349,422	254
Public Issue – RM0.80 x 6,018,000	4,815

	6,174
Estimated listing expenses	(1,300)

	4,874
	=====

2. The Proforma Consolidated Balance Sheet of Eng Kah Corporation and its subsidiary companies have been prepared under the acquisition method of accounting, where the difference between the purchase price over the fair value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated financial statements as negative goodwill/positive goodwill, where appropriate.

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