

16. VALUATION CERTIFICATE

VALUER'S CERTIFICATE

16 JUN 2003

The Board of Directors,
Caely Holdings Berhad,
Lot 2661, 3rd mile, Jalan Maharaja Lela,
36000 Teluk Intan,
PERAK DARUL RIDZUAN.

Dear Sirs,

Re: **VALUATION OF LANDED PROPERTIES OF CAELY HOLDINGS BHD
("CHB") AND ITS SUBSIDIARIES ("CHB GROUP")**

This Certificate has been prepared for inclusion in the Prospectus of Caely Holdings Berhad to be dated 23 JUN 2003 issued in connection to the public issue of 12,000,000 new ordinary shares of RM0.50 each in CHB, special issue of 12,584,000 new ordinary shares of RM0.50 each in CHB and restricted offer for sale of 9,388,000 ordinary shares of RM0.50 each in CHB to the eligible employees, Directors and business associates of CHB Group, Malaysian public and Bumiputera investors nominated by an independent placement agent and approved by the Ministry of International Trade and Industry at an issue / offer price of RM0.65 per share and the listing of and quotation for the entire issued and paid-up share capital of CHB on the Second Board of the Kuala Lumpur Stock Exchange.

In accordance with your instructions, we have assessed the Market Value of the landed properties set out below. The details of the said valuations are set out in our Valuation Reports under references JLJC/PK/333/2001 to JLJC/PK/337/2001 dated 18th June, 2001 and KL010775 dated 31st May, 2001. The Valuation Reports have been prepared based on the Guidelines on Asset Valuation for Submission to the Securities Commission issued by the Securities Commission and the Manual of Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents.

The summary of the valuations is as follows:-

International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •

Project & Property Managers • Plant & Machinery Valuers • Auctioneers

Managing Director: P. TANGGA PERAGASAM, Fism. Frics. Chairman: CHIN LAI SITT, Fism. Frics. LLB (Hons). CLP. Executive Directors: THOO SING CHOON, Frics. Inv. Ac/Arb. Fpics. THING KIM KOK, Mism. Frics. Director / Advisor: JAAFAR ISMAIL, Fism. Frics.

JORDAN LEE, KMN, Fism. Frics. Apeps. Inv. Mssiv. Scv. TEH TEIK BIN, Aics. Msm. Inv. Prof. Dip (U.K.). CHIN KIM CHOY, Mism. Dip. Est. Mgmt (U.K.). LEE THIAM SING, Mism. LIM CHANG MEE, Fism. Frics. BA. (Hons). B.Sc. (Hons)

Headquarters : Kuala Lumpur, Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (10 lines) Fax No: 03-20955843

Agency Division : Colliers International Property Consultants Sdn. Bhd.

Nos. 109 & 209, Block C, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Off Jalan Damansara, Kuala Lumpur. Tel: 4610220 Fax: 4610330, 4610230

Other Offices : N. Sembilan : 9A, Kompleks Negen, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638990 Fax No: 06-7637936

Selangor : 31, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan. Tel: 03-3420860 (3 Lines) Fax No: 03-3417888

Johor : Suite 326, 3rd Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2232299 Fax: 07-2245699

Pahang : 17, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-5555588 Fax No: 09-5142146

Melaka : No. 669 & 669A, Taman Melaka Raya, 75000, Melaka. Tel: 06-2835522 (3 Lines) Fax: 06-2837635

Penang : Lot 2.01, 2nd Floor, Southern Bank Building, 21, Lebuh Pantai, 10300 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax No: 04-2637644

Asso. Office : Kuching : Lot 216 (2/F), Jalan Haj Taha, 93400 Kuching, Sarawak. Tel: 082-419200 & 419222 Fax No: 082-429315

Other Colliers Offices: Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America.

COLLIERS
JORDAN LEE & JAAFAR

**COLLIERS, JORDAN LEE
& JAAFAR SDN. BHD.**
(59901-U)

Suites 1, 2 & 3, Tingkat Satu,
Labrooy House,
Jalan Dato Sagor,
30000 Ipoh,
Tel No. 05-2414826 (3 Lines)
Fax : 05-2556363
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16. VALUATION CERTIFICATE (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

1) Property Held Under Owner-Occupation						
Property/ File No.	Ownership	Tenure	Description	Market Value (RM)	Method of Valuation	Date
Lots 2661 and 1082, Title Nos. Geran Mukim 2292 and Geran 23580 respectively, Mukim of Durian Sebatang, District of Hilir Perak, bearing address Lot 2661, 3 rd m.s. Jalan Maharaja Lela, 36000 Teluk Intan, Perak Darul Ridzuan (Report Ref: JLJC/PK/333/2001) [Note: Title details have been verified as against duly certified title extract(s) from the respective Teluk Intan Land Office/Ipoh Land Registry]	<u>Lot 2661</u> Marywah Industries (M) Sdn. Bhd.	Freehold	Comprising 2 adjoining parcels of industrial land erected upon with a large garment factory/warehouse complex, together with its administrative offices, canteen, staff/labour quarters and ancillary buildings. Nett Land Area: 307,608 sq.ft. (7.0167 acres)	11,820,000/-	Cost Method with Investment Approach as a Check.	Date of Inspection: 8/2/2001 and 3/5/2001
	<u>Lot 1082</u> Caelygirl (M) Sdn. Bhd.	Freehold				Date of Valuation: 18/6/2001
Lots 014329 and 014330, Title Nos. Pajakan Negeri 20383 and 20384 respectively, Mukim of Durian Sebatang, District of Hilir Perak, bearing address Nos. 89-C & 89-D, Jalan Changkat Jong, 36000 Teluk Intan, Perak Darul Ridzuan (Report Ref: JLJC/PK/334/2001) [Note: Title details have been verified as against duly certified title extract(s) from the respective Ipoh Land Registry]	<u>Lot 014329</u> Caelygirl (M) Sdn. Bhd.	99 years leasehold term expiring on 28/12/2080	Comprising 2 adjoining 3/4 storey shopoffices and being used jointly as a licensed garment making premises. Total Land Area: 3,220 sq.ft.	600,000/- (Total)	Comparative Method with Investment Approach as a Check	Date of Inspection: 8/2/2001 and 3/5/2001
	<u>Lot 014330</u> Marywah Industries (M) Sdn. Bhd.					Date of Valuation: 18/6/2001



16. VALUATION CERTIFICATE (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

Property/ File No.	Ownership	Tenure	Description	Market Value (RM)	Method of Valuation	Date
Lots P.T. 15603 and 15604, Title Nos. H.S.(D)LP 10706 and 10707 respectively, Mukim of Durian Sebatang, District of Hilir Perak, bearing address Nos. 123 & 123A, Lorong Merak 1, Taman Maharaja Lela, Jalan Maharaja Lela, 36000 Teluk Intan, Perak Darul Ridzuan (Report Ref: JLJC/PK/336/2001) [Note: Title details have been verified as against duly certified title extract(s) from the respective Ipoh Land Registry]	Classita (M) Sdn. Bhd.	Freehold	Comprising 2 adjoining 3-storey shopoffices and are partly being for storage purposes and partly as workers quarters. Total Land Area: 3,000 sq.ft.	500,000/- (Total)	Comparative Method with Investment Approach as a Check.	Date of Inspection: 8/2/2001 and 3/5/2001 Date of Valuation: 18/6/2001
Lot P.T. 15644, Title No. H.S.(D) 10747, Mukim of Durian Sebatang, District of Hilir Perak, bearing address No. 102, Lorong Merak 5, Taman Maharaja Lela, Jalan Maharaja Lela, 36000 Teluk Intan, Perak Darul Ridzuan (Report Ref: JLJC/PK/337/2001) [Note: Title details have been verified as against duly certified title extract(s) from the respective Ipoh Land Registry]	Classita (M) Sdn. Bhd.	Freehold	Comprising a mid 2-storey terrace house and being used as a staff quarters. Land Area: 1,200 sq.ft.	120,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 8/2/2001 and 3/5/2001 Date of Valuation: 18/6/2001



16. VALUATION CERTIFICATE (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

Property/ File No.	Ownership	Tenure	Description	Market Value (RM)	Method of Valuation	Date
A condominium unit identified as Parcel No. 13, Storey No. 7, Block B, Sri Pelangi Condominiums, Wilayah Persekutuan, erected on Parent Lots 3371, 3372, 3373 and 3374, Title Nos. Geran 33283, 33284, 33285 and 33286 respectively, Mukim of Setapak, District of Wilayah Persekutuan (Report Ref: KL010775) [Note: Property details have been verified as against duly certified copy of the Sale and Purchase Agreement]	Caclygirl (M) Sdn. Bhd. (Beneficial ownership as vested in Sale & Purchase Agreement dated 21/6/2000)	Freehold as in continuation from parent titles.	Comprising a 3 bedroom condominium located on the 7 th Floor, Sri Pelangi Condominiums and bearing address No. 130-7-12, Sri Pelangi Condominiums, Jalan Genting Kelang, Setapak, 55300 Kuala Lumpur. Floor (Built-up) Area: 927 sq. ft. Being used as a staff serviced quarters.	150,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection & Date of Valuation: 16/5/2001.
			1) Property held under Owner-Occupation	13,190,000/-		



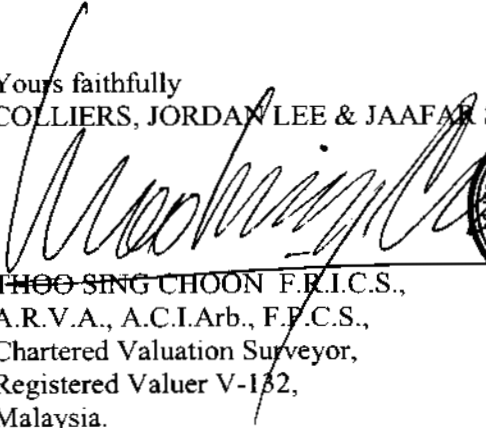
16. VALUATION CERTIFICATE (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

2) Property Held For Investment						
Lot 13, Title No. Geran 11402, Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan (Report Ref: JLJC/PK/335/2001) [Note: Title details have been verified as against duly certified title extract(s) from the respective Ipoh Land Registry]	Classita (M) Sdn. Bhd.	Freehold	Comprising a parcel of vacant building (residential) land and located along Jalan Pasir Bedamar, Teluk Intan, Perak. Land Area: 29,948 sq.ft. (0.6875 acre)	300,000/-	Comparative Method with Residual Approach as a Check	Date of Inspection: 8/2/2001 and 3/5/2001 Date of Valuation: 18/6/2001
			2) Property held for Investment	300,000/-		
			Grand Total (1 & 2)	13,490,000/-		

We certify that in our opinion the total market value for the existing use of the above properties using the aforementioned valuation methods is **RM13,490,000/- (Ringgit Malaysia: Thirteen Million And Four Hundred Ninety Thousand Only)**.

Yours faithfully
COLLIERS, JORDAN LEE & JAAFAR SDN. BHD.


HOONG SING CHOON F.R.I.C.S.,
A.R.V.A., A.C.I.Arb., F.F.C.S.,
Chartered Valuation Surveyor,
Registered Valuer V-132,
Malaysia.



17. DIRECTORS' REPORT



CAELY HOLDINGS BHD

(Company No. 408376-U)

Registered Office:

22nd Floor Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur

16 JUN 2003

The Shareholders,
Caely Holdings Bhd

Dear Sir/Madam

On behalf of the Board of Directors of Caely Holdings Bhd ("CHB"), I report after due enquiry that during the period from 31 December 2002 (being the date to which the last audited financial statements of CHB and its subsidiaries ("CHB Group") have been made up) to **16 JUN 2003** (being a date not earlier than fourteen (14) days before the issue of this Prospectus):

- (a) the business of the CHB Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited financial statements of the CHB Group which have materially and adversely affected the trading or the value of the assets of the CHB Group;
- (c) the current assets of the CHB Group appear in the books at values which are believed to be realizable in the ordinary course of business;
- (d) save as disclosed in Section 14.1(d)(iv), there are no contingent liabilities by reason of any guarantees or indemnities given by the CHB Group; and
- (e) there have been no changes in the published reserves or any unusual factors affecting the profits of the CHB Group.

There is no report required pursuant to the abovementioned statements.

Yours faithfully,
For and on behalf of the Board of Directors
of **CAELY HOLDINGS BHD**

Fong Nyok Yoon
Executive Chairperson

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

18.1 SHARE CAPITAL

- (i) No Shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company namely ordinary shares of RM0.50 each, all of which rank pari passu with one another.
- (iii) Save as disclosed in Sections 9.4 and 9.5 of this Prospectus, no shares and debentures of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.
- (iv) No person or Director or employee of the Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries during the last financial year.
- (v) Other than the Public Issue Shares offered to the eligible employees, Directors and business associates (comprising of stockists, selected suppliers and leading distributors) of the CHB Group as disclosed in Section 5.1 of this Prospectus, there is currently no scheme involving the Directors and staff in the capital of the Company or its subsidiaries.
- (vi) As at the date of this Prospectus, the Company and its subsidiaries does not have any convertible debt securities.

18.2 ARTICLES OF ASSOCIATION**(i) Changes in Capital and Variation of Class Rights**

The provisions in the Company's Articles of Association in regard to the changes in capital and variation of class rights, which are as stringent as those provided in the Act, are as follows:

(a) Articles of Association***Article 12 – Variation of Rights***

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up) be varied or abrogated with:

- (1) the consent in writing of the holders of three-fourths of the issued shares of that class; or
- (2) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be 2 persons at least holding or representing by proxy one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of shares of the class present in person or by proxy may demand a poll.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 13 – New Issues of Securities

All new issues of securities for which listing is sought shall be made by way of crediting the securities accounts of the allottees or entitled persons with such securities save and except where the Company is specifically exempted from complying with Section 38 of the Central Depositories Act, in which event it shall be so similarly be exempted from compliance with this Article. For this purpose, the Company shall notify the Central Depository of the names of the allottees or entitled persons and all such particulars as may be required by the Central Depository to enable the Central Depository to make the appropriate entries in the securities accounts of such allottees or entitled persons. Notwithstanding these Articles, the Company shall comply with the provisions of the Central Depositories Act and the Rules in all matters relating to the prescribed securities.

Article 14 – No Deemed Variation

Subject to Section 65 of the Act, the rights attached to any class shall not (unless otherwise provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking in any respect *pari passu* with that class.

(ii) Transfer of Securities

The provisions in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:

(a) Articles of Association***Articles 42 – Transfer of Securities***

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

Article 43 – Central Depository's Right to Refuse Transfer

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

Article 44 – Transfer Fully Paid Securities

Subject to the Central Depositories Act and the Rules, any members may transfer all or any of its securities by instrument in writing in the form prescribed and approved by KLSE and the Share Registrar (as the case may be). Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law. The instruments shall be executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the shares transferred is entered in the Register and/or the Record of Depositors as the case may be. All transfers of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 45 – Closure of Register

The Register shall be closed for such periods as the Directors may from time to time determine but such register shall not be closed for more than 30 days in any year. The Company shall before it closes such register:

- (1) give notice of such intended closure (in the case of the Register) in accordance with Section 160 of the Act;
- (2) give notice of such intended closure to KLSE at least 12 Market Days before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration;
- (3) publish in a daily newspaper circulating in Malaysia, a notice of such intended closure including the information to be included in the notice referred to in Article 45(2);

At least three (3) clear market days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.

Article 46 – Destruction of Records

- (1) The Company shall be entitled to destroy:
 - (a) any instrument of transfer which has been registered at any time after 6 years from the date of its registration;
 - (b) any dividend mandate or any variation or cancellation of it or any notification of change of address, at any time after 2 years from the date of the recording;
 - (c) any share certificate which has been cancelled, at any time after 1 year from the date of its cancellation;
 - (d) any other document on the basis of which any entry in the Register is made, at any time after 6 years from the date such entry in the Register was first made in respect of such document.
- (2) Every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document destroyed under Article 46(1) shall be conclusively deemed to have been duly and properly made and that:
 - (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (b) every share certificate so destroyed was a valid certificate duly and properly cancelled;
 - (c) every other document destroyed under Article 46(1) was a valid and effective document in accordance with its recorded particulars in the books or records of the Company.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (3) The provisions of Articles 46(1) and (2) shall be subject to the following:
- (a) any document may only be destroyed in good faith and without express notice to the Company that the preservation of such document was relevant to any claim;
 - (b) nothing in such provisions shall be construed to impose on the Company any liability in respect of the destruction of any such document earlier than provided for in Article 46(1) or in any case where the conditions in such Article have not been fulfilled;
 - (c) references to the destruction of any document include references to its disposal in any manner;
 - (d) references to documents include (without limitation) any records or copies of documents stored on microfilm, microfiche, any electronic database or any other system of data recording and storage.

Article 47 – No Liability of Directors

Subject to the Act, every entry in the Register, purporting to have been made on the basis of an instrument of transfer or other document in good faith by the Company shall be conclusively deemed to have been duly and properly made including (without limitation) where:

- (1) the instrument of transfer or other document is obtained or created fraudulently or is otherwise void, voidable or otherwise unenforceable;
- (2) the Company or any of its Directors or officers may have notice that such instrument of transfer was signed, executed and/or delivered by the transferor or other authorised person in blank as to the name of the transferee or the particulars of the shares transferred or otherwise made defectively,

and any person who becomes the registered holder of any shares by reason of any such entry shall be entitled to be recognised as the registered holder of such shares, and the Company, its Directors and/or other officers shall not be liable to any person by reason of any such entry being made.

(b) Act

The provisions within the Act on the transferability of securities and restrictions on their free transferability are as follows:

Section 103 – Instrument of Transfer

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

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

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

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

Section 107C - Transfer of Securities is by Way of Book Entry

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

(c) KLSE Listing Requirements

The provisions within the KLSE Listing Requirements on the transferability of securities and restrictions on their free transferability are as follows:

Paragraph 7.14 – Transmission of Securities from Foreign Register

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

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

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

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

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

(iii) Remuneration of Directors

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

Article 107 – Fees

Subject to these Articles, the fees of the Directors shall from time to time be determined by the Company in general meeting but:

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- (3) all fees payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 108 – Expenses

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 109 – Special Remuneration

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

- (1) render any special or extra services to the Company; or
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

(iv) Voting and Borrowing powers of Directors

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

Article 121 – General Borrowing Powers

Except as provided by Article 122, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company or any other party.

Article 122 – Restrictions on Borrowing

The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 139 – Disclosure of Interests

- (1) Subject to the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
 - (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
 - (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate (unless the Company by ordinary resolution determines otherwise) and no transaction or arrangement shall be liable to be avoided (whether or not such ordinary resolution is passed) on the ground of any such interest or benefit;
 - (d) may act by himself or his firm in a professional capacity for the Company, and he or his firm (as the case may be) shall be entitled to remuneration for professional service but nothing in these Articles shall authorise a Director or his firm to act as auditor of the Company.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (2) For the purposes of this Article:
- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of person is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
 - (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

Article 147 – Disqualification from Voting

Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- (1) any arrangement for giving him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its Subsidiaries;
- (2) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its Subsidiaries for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security.

A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

Article 148 – Separation of Resolutions

Where proposals are under consideration concerning or relating to the terms of employment, consultancy or other services of or to be provided by Directors to or with the Company or any body corporate in which the Company is interested or other related matters, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own.

Article 149 – Questions on Right to Vote

If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

18.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of the Directors are set out in Section 1 of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company unless otherwise so fixed by the Company at General Meeting.
- (iii) The direct and indirect interests of the substantial shareholders and Directors of CHB in the Shares immediately before and after the Public Issue, the Restricted Offer for Sale and the Special Issue are disclosed in Sections 10.1.1 and 10.2.1 of this Prospectus.
- (iv) Save as disclosed in this Prospectus, none of the Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of CHB and its subsidiaries.
- (v) Save as disclosed in Section 12.1 in this Prospectus, none of the Directors and substantial shareholders have any interest in any contract or arrangement, which is significant in relation to the business of the Group subsisting at the date of this Prospectus.
- (vi) None of the Directors or substantial shareholders of CHB have any interests, direct or indirect, in any businesses carrying on a similar or competing trade as the CHB Group and which is not quoted on a recognised stock exchange.
- (vii) Save as disclosed in Section 12.1 in this Prospectus, none of the Directors or substantial shareholders of CHB have any interests, direct or indirect, in the promotion of or in any assets which have been, within the two (2) preceding years from the date of this Prospectus, acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to the Group.
- (viii) Save as disclosed in Sections 6.13 in this Prospectus, none of the persons, so far as known to the corporation, who directly or indirectly, jointly or severally, exercise control over CHB and particulars of the proportion of the voting capital held by each person.

18.4 GENERAL

- (i) The nature of CHB's business has been disclosed in Section 2.1 and 9 of this Prospectus. The details of the corporations deemed to be related to CHB by virtue of Section 6 of the Act are set out in Section 9 and 10 of this Prospectus.
- (ii) Save as disclosed in Section 5.6 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by the Company or its subsidiaries within the two (2) years immediately preceding the publication of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company and its subsidiaries and in connection with the issue or sale of any capital of the Company and its subsidiaries and no Director or substantial shareholder or promoter or expert is or are entitled to receive any such payments or any other benefits.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iii) During the last financial year and the current financial year up to the date of this Prospectus, there were no:
 - (a) public take-over offers by third parties in respect of the Company's shares; and
 - (b) public take-over offers by the Company in respect of other companies' shares.
- (iv) The name and address of the Auditors and Reporting Accountants of the Company are set out in Section 1 of this Prospectus.
- (v) Other than remuneration in the normal course of employment which is disclosed in Section 10.9 of this Prospectus, no amount or benefit has been paid or given within the two (2) preceding years of the date hereof, nor is it intended to be so paid or given, to any promoter.
- (vi) The Company has not established a place of business outside Malaysia.
- (vii) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 19 of this Prospectus.
- (viii) The last date and time of the opening of the Application Lists of the Public Issue is set out in Section 19.1 of this Prospectus.
- (ix) The amount payable in full on application to the Company in respect of each Public Issue Share/Special Issue Share/Offer Share is RM0.65 per share.
- (x) The gross amount of the consideration to be received by the Company under the Public Issue and the Special Issue is RM15.98 million. The estimated expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of KLSE of RM1,500,000 will be borne by the Company.
- (xi) No property has been acquired or is proposed to be acquired by the Company or its subsidiaries in contemplation of the Public Issue and Special Issue.

18.5 MATERIAL LITIGATION/ARBITRATION

The Company and its subsidiaries are not engaged in any material litigation/arbitration, either as plaintiff or defendant and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of CHB and its subsidiaries.

18.6 MATERIAL CONTRACTS

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

- (i) A conditional Share Sale Agreement dated 26 June 2001 and a letter dated 30 September 2002 between CHB and the shareholders of CMSB for the acquisition by CHB of the 450,000 ordinary shares of RM1.00 each in CMSB for a total purchase consideration of RM34,928,065 to be satisfied by the issuance of 54,816,000 new Shares at an issue price of approximately RM0.64 per Share credited as fully paid-up.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (ii) A Placement Mandate dated 9 August 2002 between CHB and CIMB for the appointment of CIMB as the placement agent for the 12,584,000 Shares to be issued pursuant to the Proposed Special Issue and 9,388,000 Offer Shares pursuant to the Proposed Offer for Sale at an issue/offer price of RM0.65 per Share for a placement fee of between 0.625% and 2.25%.
- (iii) A conditional Share Acquisition Agreement dated 17 October 2002 between CMSB and Fong Nyok Yoon, Khor Mooi Soong, Chuah Chin Lai and Lim Pow Choo (collectively known as the "Purchasers") for CMSB to dispose of its 95%-equity interest in Chemson to the Purchasers for a cash consideration of RM83,217.
- (iv) A conditional Share Sale Agreement dated 25 April 2003 between CHB and CMSB for the Company to acquire the entire equity interest in MISB for a cash consideration of RM6,278,566.
- (v) A conditional Share Sale Agreement dated 25 April 2003 between CHB and CMSB for the Company to acquire the entire equity interest in CCSB for a cash consideration of RM20,161,473.
- (vi) A conditional Share Sale Agreement dated 25 April 2003 between CHB and CMSB for the Company to acquire the entire equity interest in RGSB for a cash consideration of RM186,382.
- (vii) An Underwriting Agreement dated 3 June 2003 between CHB and the Underwriters mentioned in Section 1 this Prospectus for the underwriting of 7,000,000 Public Issue Shares, at an issue price of RM0.65 per Share for an underwriting commission of 2.5% and a managing underwriting commission of 0.5% of the said issue price.

18.7 MATERIAL AGREEMENTS

- (i) On 19 May 2001, CMSB entered into an agreement with Linear Channel Sdn Bhd ("Linear") whereby Linear was appointed as the sole and exclusive distributor to promote and sell the Group's products through the internet.

The commission rate payable to Linear is as follows:

	Type of sale	Commission rate
(a)	Retail	30% of retail price
(b)	Distributor	The first RM20,000 per calendar month at 3% of distributor price; the RM20,000 thereafter at 1.8% of distributor price

- (ii) CMSB has entered into various stockist agreements with its stockists to establish and promote the products sold by CMSB. CMSB reserves the right at any time by giving notice in writing to the stockist to terminate the agreement and the stockist is entitled to terminate the agreement by giving CMSB thirty (30) days notice in writing. All the product categories are on cash terms except for Distributor Receipt ("DR"), which gives the stockist the option to choose its payment terms whether on consignment or cash term basis. If the stockist opts for consignment basis, the stockist shall pay a security deposit to CMSB, the amount of which will be determined by CMSB. Upon payment, the stockist shall enjoy a DR stock credit limit of two and a half times (2 ½) of the security deposit. If the stockist opts for cash term basis, the newly appointed stockist shall make an initial minimum payment of RM10,000.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iii) The Group has entered into hire purchase agreements with AmFinance Berhad (then known as MBF Finance Berhad), EON Finance Berhad and Public Finance Berhad for a total sum of RM0.457 million to finance the purchase of the CMSB, CCSB and MISB's motor vehicles.
- (iv) CMSB has entered into an arrangement with Huang Jianlai and Azapac Construction Sdn Bhd on 13 December 2002 whereby Huang Jianlai is referred to as the "Vendor", Azapac Construction Sdn Bhd is referred to as the "Purchaser" and Kee Siang Kok and Lam Sup Khong are collectively referred to as the "Guarantors". The above parties have agreed that the repayment of a debt of RM750,000 owed by the Vendor to CMSB will be assumed by the Purchaser and guaranteed by the Guarantors and the mode of repayment of such debt, as assumed by the Purchaser, will be a combination of cash instalments and the transfer of a piece of land from the Vendor to CMSB. The land is currently charged to a third party and the Vendor is responsible to redeem the charge on the land prior to the transfer.
- (v) CMSB, MISB and CCSB have purchased insurance policies from Overseas Assurance Corporation (Malaysia) Berhad which include the following:

Insurance items	Insurance Coverage RM'000	Period Insured
Fire insurance, fire consequential loss insurance, all risk insurance, burglary insurance, money insurance and goods-in-transit insurance	126,153	01.06.03 - 31.05.04
Fire insurance	170	01.03.03 - 31.03.04
Group personal accident (excluding foreign workers)	22,400	Varies between individual policies for a term of one (1) year
Group personal accident for sales agents	4,185	01.06.03 - 31.05.04
Personal accident for sales agents	450	Varies between individual policies for a term of one (1) year
Group term life insurance	4,500	01.05.03 - 30.04.04
Motor insurance	1,246	Varies between individual policies for a term of one (1) year
	159,104	

18.8 CONSENTS

- (i) The written consents of the Principal Bankers, Solicitors, Company Secretary, Share Registrar, Issuing House, Industry Experts, Adviser, Placement Agent and Managing Underwriter, and Underwriters to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and Letters relating to the consolidated profit forecast for the financial year ending 31 December 2003 and proforma consolidated balance sheet as at 31 December 2002 in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

18. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iii) The written consent of the Valuers to the inclusion of their names and valuation certificates in the form and context in which they are contained in the Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

18.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of CHB during office hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of CHB and its subsidiaries;
- (ii) The Reporting Accountants' letters relating to the consolidated profit forecast of CHB for the financial year ending 31 December 2003 and proforma consolidated balance sheet as at 31 December 2002 as included in Section 14 of this Prospectus;
- (iii) The Accountants' Report and Directors' Report as included in Sections 15 and 17 respectively of this Prospectus;
- (iv) The valuation certificate as included in Section 16 of this Prospectus;
- (v) The material contracts and material agreements referred to in Section 18.6 and 18.7 above;
- (vi) The letters of consent referred to in Section 18.8 above;
- (vii) Audited financial statements of CHB for the five (5) financial years ended 31 December 2002;
- (viii) Audited financial statements of CMSB for the five (5) financial years ended 31 December 2002;
- (ix) Audited financial statements of MISB for the five (5) financial years ended 31 December 2002;
- (x) Audited financial statements of CCSB for the five (5) financial years ended 31 December 2002;
- (xi) Audited financial statements of RGSB for the five (5) financial years ended 31 December 2002; and
- (xii) The industry expert's report.

18.10 RESPONSIBILITY STATEMENT

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

CIMB acknowledges that to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Public Issue, Restricted Offer for Sale and Special Issue, and the Company and its subsidiaries are satisfied that the consolidated profit forecast (for which the Directors are solely responsible) has been stated by the Directors after due and careful inquiry.