

Responsibility Statements

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

The Adviser and Managing Underwriter acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the public offering, and are satisfied that the profit forecast (for which the directors are fully responsible) prepared for inclusion in the Prospectus have been stated by the Directors of APPI after due and careful enquiry and reviewed by Messrs J.S. Soo & Co, the Reporting Accountants.

The Securities Commission has approved the issue, offer or invitation in respect of the public offering and that the approval shall not be taken to indicate that the Commission recommends the public offering.

The Securities Commission shall not be liable for any non-disclosure on the part of APPI and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. “INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.”

The valuation approved or accepted by the Securities Commission shall only be utilised for the purpose of the corporate proposals submitted to and approved by the Securities Commission, and shall not be construed as an endorsement by the Securities Commission on the value of the subject assets for any other purposes.

The Kuala Lumpur Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of APPI or of its securities.

A copy of this Prospectus has been registered by the Securities Commission and lodged with the Companies Commission of Malaysia, who takes no responsibility for its contents.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire issued and paid-up share capital of RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each in APPI on the Second Board of the Kuala Lumpur Stock Exchange is set out below:-

<u>Indicative Date</u>	<u>Event</u>
27 June 2003	<input type="checkbox"/> Issue of Prospectus/Opening date of the Issue
10 July 2003	<input type="checkbox"/> Closing date of the Issue
14 July 2003	<input type="checkbox"/> Balloting of Applications
06 August 2003	<input type="checkbox"/> Listing on the KLSE

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THIS APPLICATION PERIOD WILL REMAIN OPEN UNTIL 8.00 P.M. ON 10 JULY 2003 OR OR SUCH LATER DATE AS THE DIRECTORS AND/OR PROMOTERS OF APPI TOGETHER WITH THE MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE. SHOULD THERE BE AN EXTENSION OF THE CLOSING DATE, THE DATE OF LISTING WILL BE EXTENDED.

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DEFINITIONS

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

Acquisitions of APP, AE, APM, APC and OW

— Acquisitions by APP Industries Berhad of the following:-

- the entire issued and paid up share capital of Asian Pottery (Penang) Sdn Bhd based on its adjusted consolidated net tangible assets value as at 31 December 2001 after incorporated the revaluation surplus of the landed properties for a purchase consideration of RM37,027,734 satisfied by the issuance of 54,855,902 new ordinary shares of RM0.50 each in APP Industries Berhad at an issue price of about RM0.675 per share
- the remaining 28% of Asian Earthenware Sdn Bhd based on its adjusted net tangible assets value as at 31 December 2001 for a purchase consideration of RM545,929 satisfied by the issuance of 808,784 new ordinary shares of RM0.50 each in APP Industries Berhad at an issue price of about RM0.675 per share
- the remaining 42.5% of Asian Pottery Manufacturers Sdn Bhd based on its adjusted net tangible assets value as at 31 December 2001 after incorporated revaluation surplus of landed properties for a purchase consideration of RM1,141,594 satisfied by the issuance of 1,691,251 new ordinary shares of RM0.50 each in APP Industries Berhad at an issue price of about RM0.675 per share
- the remaining 80% of Asian Porcelain Sdn Bhd based on its adjusted net tangible assets value as at 31 December 2001 after incorporated revaluation surplus of landed properties for a purchase consideration of RM5,915,701 satisfied by the issuance of 8,764,001 new ordinary shares of RM0.50 each in APP Industries Berhad at an issue price of about RM0.675 per share
- the entire issued and paid up share capital of Oriwina Sdn Bhd based on its adjusted consolidated net tangible assets value as at 31 December 2001 after incorporated the revaluation surplus of the landed properties for a purchase consideration of RM3,833,398 satisfied by the issuance of 5,679,108 new ordinary shares of RM0.50 each in APP Industries Berhad at an issue price of about RM0.675 per share

Act — Companies Act, 1965

ADA — Authorised Depository Agent

ADA Code — ADA (Broker) Code

DEFINITIONS

APPI or Company	— APP Industries Berhad (Company No. 504718-U)
APPI Group or Group	— APPI and its wholly owned subsidiaries namely Asian Pottery (Penang) Sdn Bhd, Asian Pottery Manufacturers Sdn Bhd, Asian Earthenware Sdn Bhd, Asian Porcelain Sdn Bhd and Oriwina Sdn Bhd
APC	— Asian Porcelain Sdn Bhd (145106-T)
APP	— Asian Pottery (Penang) Sdn Bhd (41609-V)
APM	— Asian Pottery Manufacturers Sdn Bhd (59421-P)
AE	— Asian Earthenware Sdn Bhd (197324-K)
AFTA	— ASEAN Free Trade Area
AR	— Asiarse Holdings Sdn Bhd (385684-D)
Application	— Refers to application for the IPO Shares by way of Application Forms or by way of Electronic Share Application
Application Form	— Application for initial public offering Shares by way of a printed Application Form
APCZ	— APCZ Chou Zhou, China
AmMerchant Bank	— AmMerchant Bank Berhad (23742-V)
ATM	— Automated Teller Machine
ASEAN	— Association of South East Asian Nations
B2B	— Business-to-business
B2C	— Business-to-consumer
CDS	— Central Depository System
Central Depositories Act	— The Securities Industry (Central Depositories) Act 1991 and any statutory modification, amendment or re-enactment thereof for the time being in force
CCM	— Companies Commission of Malaysia
DM	— Deutsche Marks
DIY	— Do-it-yourself
EBIDTA	— Earnings before interest, depreciation, taxation and amortisation
Electronic Share Application	— Application for IPO Shares through a Participating Financial Institution's ATM
EPS	— Earnings Per Share

DEFINITIONS

FIC	— Foreign Investment Committee
GDP	— Gross Domestic Product
IPO	— Initial public offering
KLSE	— Kuala Lumpur Stock Exchange
LC	— Leaderco Sdn Bhd (385952-T)
Listing	— Admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of APPI of RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of the KLSE
L&G	— Lawn and garden products
Listed Security	— Securities standing to the credit of a Securities Account of a Depositor subject to the provisions of the Central Depositories Act and Rules
MATRADE	— Malaysia External Trade Development Corporation
MC	— Metro Craft Sdn Bhd (383925-H)
MCD or Central Depository	— Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of KLSE
MIH or Issuing House	— Malaysian Issuing House Sdn Bhd (258345-X)
MITI	— Ministry of International Trade and Industry
NTA	— Net tangible assets
Participating Financial Institution(s)	— Refers to the participating financial institutions for electronic share application as listed in Section 11.7 of this Prospectus
OBM	— Original brand manufacturing
ODM	— Original design manufacturing
OEM	— Original equipment manufacturing
Offer For Sale	— Offer for sale by the Offerors of 8,800,000 ordinary shares of RM0.50 each in APPI at an offer price of RM0.60 per share to Bumiputra investors and to the Malaysian Public, payable in full on application subject to the terms and conditions of this Prospectus

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DEFINITIONS

Offerors	— Offerors of the Offer For Sale are as follows:-
	No. of shares offered
	Ow Hang Sen 2,365,157
	Cheah Sun Chuang 2,068,732
	Nik Abdul Aziz bin Mohamed Kamil 775,773
	Shaharudin bin Yacub 1,034,364
	Hashim bin Harun 258,591
	Leong Lai Chin 258,591
	Wong Yip Kee 258,591
	Terutake Nagae 60,966
	Oh Soon Guan & Sons Sdn Bhd 48,773
	Leong Yew Kin 205,686
	Leong Lin 101,877
	Aw Yeo Seong 63,125
	Intraco Holdings Sdn Bhd 273,014
	Tan Sri Dato Ir Talha bin Haji Mohamad Hashim 380,429
	Cheah Chee Chon 80,562
	Fadzlullah Shuhaimi bin Salleh 80,562
	Cheah Sung Chai 44,756
	Peh Poh Choo 80,562
	Mohamed Feisal bin Ibrahim 67,135
	Ong Sin Beng 34,803
	Chiew Gaik Suan 34,803
	Chang Peng Hooi 34,803
	Ramly bin Mat Zin 188,345
	8,800,000
OW	— Oriwina Sdn Bhd (384926-P)
PAT	— Profit after taxation
PBT	— Profit before taxation
PE Multiple	— Price earnings multiple
Promoters	— The major shareholders of the APPI Group, namely Mr Ow Hang Sen and Mr Cheah Sun Chuang
Placement Agent	— AmMerchant Bank Berhad (23742-V)
Public Issue	— New issue by APPI of 4,450,000 new ordinary shares of RM0.50 each in APPI at an issue price of RM0.60 per ordinary share to the Malaysian Public, payable in full on application subject to the terms and conditions of this Prospectus
Public Issue Shares	— The 4,450,000 new ordinary shares of RM0.50 each in APPI to be issued pursuant to the Public Issue
QC	— Quality control
Recurrent Related Party Transactions	— Transactions of a revenue or trading nature entered into by APPI with related parties as defined in the Listing Requirements of the Kuala Lumpur Stock Exchange

DEFINITIONS

Rights Issue	— The rights issue of 3,750,950 new ordinary shares of RM0.50 each in APPI at an issue price of RM0.50 per share to the shareholders of APPI after the Acquisitions of APP, AE, APM, APC and OW
R&D	— Research and Development
RM and sen	— Ringgit Malaysia and sen respectively
SC	— Securities Commission
Share(s)	— Ordinary share(s) of RM0.50 each
Shareholders' Mandate	— The shareholders' mandate granted by the shareholders of APPI on 18 June 2003 permitting the APPI Group to enter into Recurrent Related Party Transactions
Securities Account	— An account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted under the Central Depositories Act and the Rules
UK	— United Kingdom
US	— United States of America
US Dollar	— United States Dollar

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1. INFORMATION SUMMARY

BOARD OF DIRECTORS

Name	Address	Occupation and Nationality
Tan Sri Dato Ir Talha Bin Haji. Mohamad Hashim <i>(Independent Non-Execurtive Group Chairman)</i>	No 1, Jalan Anggerik Oncidium 31/80C Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan	Company Director, Malaysian
Ow Hang Sen <i>(Managing Director)</i>	26 Jalan Chee Seng 8 Tanjung Bungah 11200 Penang	Company Director, Malaysian
Cheah Sun Chuang <i>(Executive Director)</i>	29, Jalan Enak Off Jalan Ramah Taman Gembira 58200 Kuala Lumpur	Company Director, Malaysian
Leong Lin <i>(Executive Director)</i>	26 Jalan Chee Seng 8 Tanjung Bungah 11200 Penang	Company Director, Malaysian
Ang Kar Boo <i>(Non-Executive Director)</i>	63, Jalan Tembaga Island Park 11600 Georgetown Penang	Finance Officer, Malaysian
Lim Jong Sun <i>(Non-Executive Director)</i>	31, Taman Tanjung Dua 11200 Tanjong Bungah Penang	Administration Officer, Malaysian
Neoh Chin Wah <i>(Independent Non-Executive Director)</i>	3-10-3 Kiara Indah Condominium Tingkat Terubong Satu 11060 Penang	Company Director, Malaysian
Sonin @ Soin Bin Haron <i>(Independent Non-Executive Director)</i>	Sri Ledang Lot 19, Jalan Merak 44000 Kuala Kubu Bharu Selangor	Company Director, Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Neoh Chin Wah	Chairman	Independent Non-Executive Director
Sonin @ Soin Bin Haron	Member	Independent Non-Executive Director
Ow Hang Sen	Member	Managing Director

- COMPANY SECRETARIES** : Ong Ai Leng
(MAICSA no: 7018192)
22, Lebuhraya Scott
10350 Penang
- Soo Joo Heng
(MIA 1437)
18, Jalan Pelata
Tanjung Bungah
11200 Penang
- REGISTERED OFFICE** : 58-A, Jalan Cantonment
10250 Penang
Tel : 04- 226 1852
Fax : 04- 226 1873
Email : jhengmm@po.jaring.my
- HEAD OFFICE** : Lot 906 and Lot 907
Jalan Jalong
31100 Sungai Siput (U)
Perak Darul Ridzuan
Tel : 605-598 5628
Fax : 605-598 5629
Email : appsb@po.jaring.my
Website: www.asian-pottery.com
- SHARE REGISTRAR** : Agriteum
Share Registration Services Sdn Bhd (578473-T)
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04- 228 2321
Fax : 04- 227 2391
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (238345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur
- PRINCIPAL BANKERS** : RHB Bank Berhad
Penang Main
44, Beach Street
10300 Penang
- Southern Bank Berhad
Penang Main
Menara BHL
Jalan Sultan Ahmad Shah
Penang

- AUDITORS** : J.S. Soo & Co
Chartered Accountants
58A-1 Jalan Cantonment
10250 Penang
- Sia & Co
Chartered Accountants
No. 55, 2nd Floor
Jalan 15/4, Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan
- REPORTING ACCOUNTANTS** : J.S. Soo & Co
Chartered Accountants
58A-1 Jalan Cantonment
10250 Penang
- SOLICITORS FOR APPI GROUP** : Rastam Singa & Co
Advocates & Solicitors
Suite B-6-1 Wisma Pantai
Plaza Pantai
No 5, Jalan 4/83A
Off Jalan Pantai Baru
59200 Kuala Lumpur
- SOLICITORS FOR DUE DILIGENCE** : Teh & Lee
Advocates & Solicitors
Unit 23-3, 3rd Floor
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- VALUERS** : Henry Butcher,
Lim & Long (N) Sdn. Bhd.
142-M, Jalan Burma
10050 Penang
- W.M.Malik & Kamaruzaman
Chartered Surveyors Valuers
3rd Floor, Wisma Yakin
Jalan Melayu
50100 Kuala Lumpur
- MARKETING AND RESEARCH CONSULTANT** : ACNielsen (Malaysia) Sdn Bhd
19/F Menara MPPJ
Jalan Tengah
46200 Petaling Jaya
- ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT** : AmMerchant Bank Berhad (23742-V)
21st Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

UNDERWRITERS

: AmMerchant Bank Berhad (23742-V)
21st Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

AmSecurities Sdn Bhd (92977-U)
15th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

LISTING SOUGHT

: Second Board of the Kuala Lumpur Stock Exchange

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1. INFORMATION SUMMARY**APP INDUSTRIES BERHAD**

(Company No 504718-U)
(Incorporated in Malaysia under the Companies Act, 1965)

THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT APPI GROUP, AND SHOULD BE READ AND UNDERSTOOD IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

1.1 History and Business

APPI was incorporated in Malaysia under the Companies Act, 1965 on 3 February 2000 as a public company under the name of APP Industries Berhad to facilitate the listing of APPI on the Second Board of the KLSE. APPI is an investment holding company. Its subsidiary companies are principally involved in the following activities:-

Subsidiaries	Date of incorporation	Issued and paid-up share capital (RM)	Equity Interest (%)	Principal Activities
APP	29.08.1978	1,300,002	100	Marketing and distribution of pottery and porcelain products, ceramic wares and ornaments
AE	07.05.1990	500,002	100	Trading and manufacturing of pottery and porcelain products
APM	20.06.1980	800,002	100	Manufacturing and trading of ceramic wares and ornaments
APC	23.09.1985	1,500,000	100	Manufacturer and exporter of ceramic and porcelain products
OW	23.04.1996	850,000	100	Trading and manufacturing of ceramic wares
MC *	16.04.1996	2	100	Investment in building, properties and related assets
AR **	02.05.1996	30,000	100	Investment in building, properties and related assets
LC **	04.05.1996	30,000	100	Investment in building, properties and related assets

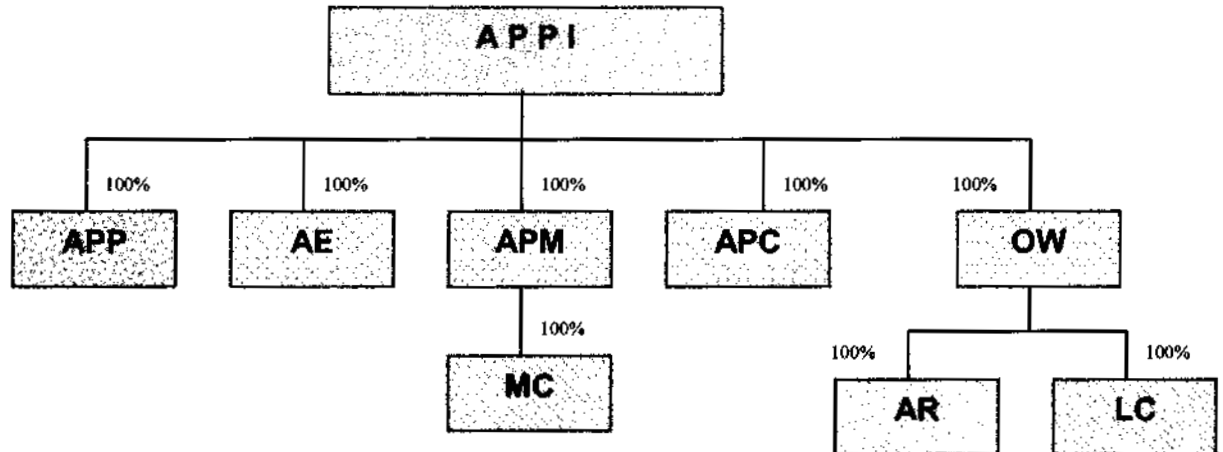
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
* 100% wholly owned subsidiary of APM


** 100% wholly owned subsidiaries of OW


1. INFORMATION SUMMARY (Cont'd)

An overview of the APPI Group's corporate structure is set out as below: -



 Marketing & distribution / export division

 Manufacturing division

 Investment holdings division

APPI Group is an integrated group, which involves in the manufacturing and distribution of ceramic pottery and porcelain wares and ornaments. The Group produces high quality flower pots, pottery products and decorative items, which are suitable for gardens, terraces and patios as well as indoor decoration. The Group also produces ceramic tableware, kitchenware, other household articles, toilet articles, statuettes, ornamental ceramics and other made-to-order products. Most of these products are individually handcrafted or mould pressed to create variety of shapes and sizes with different colours or glazes. A detailed listing of the types of products manufactured and sold by the Group are set out in Section 4.5.1 of this Prospectus.

APPI Group started its operations more than 20 years ago as a humble cottage pottery trader under the stewardship of Mr Ow Hang Sen, the founder of the APPI Group in Penang. Mr Ow is from a family who has been in the pottery business for the past three generations. He runs the operations of the Group together with a team of skilled and committed management. Through the years, the Group has expanded its business with the acquisition of several land in Sungei Siput and Kamunting in Perak Darul Ridzuan and Sekinchan in Selangor Darul Ehsan to cater for the requirement to increase production capacity and warehousing activities due to increasing demand for the Group's products. As at to date, the Group's manufacturing division has expanded from its initial small cottage factory to few large factories and warehouses with a workforce of more than 300 personnel. The Group has four (4) factories located in Perak and Selangor as follows: -

- a) One (1) single storey factory on a 5.7-acre land at Mukim Sungei Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan;
- b) Two (2) double storey factories and two (2) single storey factories built on a 4-acre land at Estate Perusahaan Kamunting, Kamunting Perak Darul Ridzuan; and
- c) One (1) single storey factory building on a 9-acre land in Sekinchan, Selangor Darul Ehsan.

1. INFORMATION SUMMARY (Cont'd)

The Group is an export-oriented group with 98% of its final products exported to overseas markets in year 2002. At present, APPI is one of the leading decorative ceramic manufacturers and exporters in Malaysia. Its' wide clientele base includes renowned and established customers in the Europe, America, Canada, Australasia sub-continent and Japan.

Detailed information on the History and Business of the Group is set out in Section 4.4 of this Prospectus.

1.2 Shareholdings of Directors, Promoters, Substantial Shareholders, Key Management and Key Technical Personnel

1.2.1 Directors

	Designation	No of ordinary shares held after Offer For Sale and Public Issue			
		Direct	%	Indirect	%
Tan Sri Dato Ir Talha Bin Haji Mohamad Hashim	Independent Non-Executive Group Chairman	2,885,643	3.61	-	-
Ow Hang Sen	Managing Director	17,940,260	22.43	1,251,573 *	1.57
Cheah Sun Chuang	Executive Director	15,691,813	19.61	2,137,005 **	2.67
Leong Lin	Executive Director	772,758	0.97	21,461,907***	26.83
Ang Kar Boo	Non Executive Director	58,002	0.07	-	-
Lim Jong Sun	Non Executive Director	82,002	0.10	-	-
Neoh Chin Wah	Independent Non-Executive Director	60,000	0.07	-	-
Sonin @ Soin Bin Haron	Independent Non-Executive Director	-	-	-	-

* Deemed interest by virtue of his spouse and brother direct shareholdings in APPI

** Deemed interest by virtue of his brother direct shareholdings in APPI and his shareholdings of more than 15% in Intraco Holdings Sdn Bhd, a body corporate holding shares in APPI

*** Deemed interest by virtue of her spouse, brother and sister direct shareholdings in APPI

1.2.2 Promoters

	Designation	No of ordinary shares held after Offer For Sale and Public Issue			
		<-----Direct-----> ('000) %		<-----Indirect--- > ('000) %	
Ow Hang Sen	Managing Director	17,940,260	22.43	1,251,573 *	1.57
Cheah Sun Chuang	Executive Director	15,691,813	19.61	2,137,005**	2.67

* Deemed interest by virtue of his spouse and brother direct shareholdings in APPI

** Deemed interest by virtue of his brother direct shareholdings in APPI and his shareholdings of more than 15% in Intraco Holdings Sdn Bhd, a body corporate holding shares in APPI

1. INFORMATION SUMMARY (Cont'd)**1.2.3 Substantial Shareholders**

	Designation	No of ordinary shares held after Offer For Sale and Public Issue			
		Direct	%	Indirect	%
Ow Hang Sen	Managing Director	17,940,260	22.43	1,251,573 *	1.57
Cheah Sun Chuang	Executive Director	15,691,813	19.61	2,137,005**	2.67
Shaharudin bin Yacub	Shareholder	7,845,885	9.81	-	-
Dato' Nik Abdul Aziz bin Mohamed Kamil	Shareholder	5,884,413	7.36	-	-

* Deemed interest by virtue of his spouse and brother direct shareholdings in APPI

** Deemed interest by virtue of his brother direct shareholdings in APPI and his shareholdings of more than 15% in Intraco Holdings Sdn Bhd, a body corporate holding shares in APPI

1.2.4 Key Management and Key Technical Personnel

	Designation	No of ordinary shares held after Offer For Sale and Public Issue			
		Direct	%	Indirect	%
Leong Yew Kin	Technical Manager, APPI	1,560,176	1.95	-	-
Aw Yeo Seong	Factory/General Manager, AE	478,815	0.60	-	-
Ow Heow Hooi	US Marketing Team Manager, APP	-	-	-	-
Chiew Gaik Suan	Accounts Manager, APP	431,987	0.54	-	-
Tang Swee Hoon, Julie	Operation Manager, APP	-	-	-	-
Ong Sin Beng	Warehouse Manager, APP	404,987	0.51	-	-
Ang Hong New, Alex	R&D Chief / Product Development Manager, APP	45,000	0.06	-	-

Further details on the directors, promoters, substantial shareholders, key management and key technical personnel are set out in Section 5 of this Prospectus.

1.3 Financial Statistics for the Past Five(5) Financial Years

The following table has been extracted from the Accountants' Report in Section 8 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

A summary of the proforma consolidated audited results of the APPI Group for the five(5) financial years ended 31 December 1998 to 2002 has been prepared for illustrative purposes only based on the audited accounts of the APPI Group and the assumption that the current structure of the Group has been in existence throughout the period under review:-

1. INFORMATION SUMMARY (Cont'd)

	Financial Year Ended				
	31.12.1998 RM'000	31.12.1999 RM'000	31.12.2000 RM'000	31.12.2001 RM'000	31.12.2002 RM'000
Revenue	26,002	29,952	42,519	43,783	50,137
EBIDTA	4,817	8,059	8,734	8,062	10,869
Less: Interest expense	438	371	330	290	302
Depreciation & amortisation	919	996	1,318	1,518	1,658
Profit before exceptional items	3,460	6,692	7,086	6,254	8,909
Exceptional items	-	-	-	-	-
Share of profits and losses of associated corporations and joint ventures	-	-	-	-	-
PBT	3,460	6,692	7,086	6,254	8,909
Less: Taxation (as adjusted #)	537	86	1,991	1,415	2,109
Profit after taxation from ordinary activities	2,923	6,606	5,095	4,839	6,800
Extraordinary items	-	-	-	-	-
Minority interest	-	-	-	-	-
Net profit	2,923	6,606	5,095	4,839	6,800
No. of Shares assumed to be in issue of RM0.50 each ('000)	80,000	80,000	80,000	80,000	80,000
Gross EPS (sen)	4.32	8.36	8.86	7.82	11.14
Net EPS (sen)	3.65	8.26	6.37	6.05	8.50
Basic and diluted EPS (sen)	3.65	8.26	6.37	6.05	8.50
Dividend rate (%)	-	-	-	-	6.25

Adjustments have been made for over/under provision of taxation to the respective years

Notes:-

- (i) Turnover is net of sales rebates;
- (ii) There were no extraordinary items or exceptional items in the financial years under review;
- (iii) For financial year ended 31 December 2002; the Group has proposed a final net dividend of RM5,005,007.70, which was paid on 17 March 2003;
- (iv) The gross earnings per share has been calculated based on the profit before taxation divided by the enlarged paid up share capital of the respective years; and
- (v) The net earnings per share has been calculated based on the profit after taxation divided by the enlarged paid up share capital of the respective years.

APPI and its subsidiary companies' audited accounts for the relevant periods under review have not been subjected to any auditors' qualification.

The Accountant's Report is set out in Section 8 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.4 Summary of Proforma Consolidated Balance Sheets of APPI as at 31 December 2002**

The proforma consolidated balance sheets of APPI as at 31 December 2002, based on the audited balance sheet of APPI as at 31 December 2002 and assuming that the Offer For Sale and Public Issue and the utilisation of proceeds from the Public Issue had been effected on that date is set out below:-

	APPI Audited Balance Sheet as at 31.12.2002 RM'000	(I) After the Acquisitions of APP, AE, APM, APC and APM RM'000	(II) After Proforma I and Rights Issue RM'000	(III) After Proforma II and Offer For Sale and Public Issue RM'000	(IV) After (III) and utilisation of proceeds from Rights Issue and Public Issue RM'000
PROPERTY, PLANT AND EQUIPMENT	0	44,241	44,241	44,241	46,344
CURRENT ASSETS					
Inventories	0	8,339	8,339	8,339	8,339
Debtors	380	12,754	12,754	12,754	12,754
Cash and bank balances	*	3,123	4,998	7,668	3,488
	380	24,216	26,091	28,761	24,581
CURRENT LIABILITIES					
Creditors	389	7,536	7,536	7,536	7,536
Taxation	0	343	343	343	343
Bank borrowings	0	3,757	3,757	3,757	3,599
Proposed dividends	0	5,005	5,005	5,005	5,005
	389	16,641	16,641	16,641	16,483
NET CURRENT ASSETS / (LIABILITIES)	(9)	7,575	9,450	12,120	8,098
TERM LOANS	0	(119)	(119)	(119)	0
HIRE PURCHASE CREDITORS	0	(271)	(271)	(271)	(271)
DEFERRED TAXATION	0	(1,111)	(1,111)	(1,111)	(1,111)
	(9)	50,315	52,190	54,860	53,060
FINANCED BY:					
Share capital	*	35,900	37,775	40,000	40,000
Reserve	(9)	14,415	14,415	14,860	13,060
Shareholders' Fund	(9)	50,315	52,190	54,860	53,060
Net Tangible Asset per share (RM)	(2,375)	0.70	0.69	0.69	0.66

* RM2.00

The Proforma Consolidated Balance Sheets as at 31 December 2002 together with the Reporting Accountants' Letter thereon are set out in Section 7.11 and Section 7.12 of this Prospectus.

1.5 The Risk Factors

The following are a list of some of the main risk factors (which may not be exhaustive) as extracted from Section 3 of this Prospectus which applicants for the Offer For Sale and Public Issue should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Offer For Sale and Public Issue:-

- (i) No Prior Market for APPI's Shares;
- (ii) Competitive Conditions;
- (iii) Business Risks;

1. INFORMATION SUMMARY (Cont'd)

- (iv) Innovation, Product Differentiation and Quality
- (v) Control by Substantial Shareholders;
- (vi) Seasonality;
- (vii) Dependence on Certain Suppliers;
- (viii) Exchange Rate Risk;
- (ix) Environmental Concerns;
- (x) Dependence on Key Personnel;
- (xi) Political, Economic and Regulatory Considerations;
- (xii) Achievability of Forecast; and
- (xiii) Capital Market Risk

Details of these risk factors are set out in Section 3 of this Prospectus

1.6 Principal Statistics Relating to the Initial Public Offering

The following statistics relating to the Offer For Sale and Public Issue are derived from the full text of this Prospectus and should be read in conjunction with the text.

SHARE CAPITAL**RM****Authorised**

100,000,000 Shares	<u>50,000,000</u>
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Issued and fully paid up

Existing 75,550,000 Shares	37,775,000
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To be issued pursuant to the Public Issue

4,450,000 Shares	2,225,000
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	<u>40,000,000</u>
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To be offered pursuant to the Offer For Sale

8,800,000 Shares	4,400,000
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Public Issue/ Offer For Sale price per Share

0.60

Classes of securities and rights

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. The Offer For Sale and Public Issue Shares to be issued pursuant to this Prospectus will rank pari passu in all respect with the existing Shares of the Company including voting rights and rights to all dividends that may be declared subsequent to the date of this Prospectus.

PROFORMA CONSOLIDATED NTA AND NTA PER SHARE

Proforma Group NTA as at 31 December 2002 (RM'000) (after taking into account the Offer For Sale, Public Issue and estimated listing expenses of RM1,800,000)	53,060
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Proforma Group NTA per share (RM) (based on the enlarged issued and paid-up share capital of 80,000,000 ordinary shares of RM0.50 each)	0.66
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1. INFORMATION SUMMARY (Cont'd)**PROFIT FORECAST**

	Forecast Financial Year Ending 31.12.2003
Consolidated PBT (RM'000)	10,262
Taxation (RM'000)	2,959
Minority Interest (RM'000)	-
Consolidated PAT after MI (RM'000)	<u>7,303</u>
Gross EPS (sen) *	12.83
Net EPS (sen) *	9.13
Gross PE Multiple (times) ^	4.68
Net PE ratio (times) ^	6.57

* Based on the enlarged issued and paid-up share capital of 80,000,000 Shares

^ Based on the Public Issue/ Offer For Sale price of RM0.60 per Share

The consolidated profit forecast of APPI together with the Reporting Accountants' Letter thereon are set out in Section 7.7 and Section 7.9 of this Prospectus

DIVIDEND FORECAST

	Forecast Financial Year Ending 31.12.2003
Gross dividend per Share (sen)	3
Net dividend per Share (sen)	2.16
Gross dividend per Share (%)	6
Net dividend per Share (%)	4.32
Gross dividend yield based on Public Issue/ Offer For Sale price of RM0.60 per Share (%)	5
Net dividend yield based on Public Issue/ Offer For Sale price of RM0.60 per Share (%)	3.6
Gross dividend cover (times)	3.04
Net dividend cover (times)	4.23

Details of the dividend forecast are set out in Section 7.10 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.7 Utilisation of Proceeds from Rights Issue and Public Issue**

All proceeds of the Rights Issue and Public Issue after deducting the relevant listing expenses will accrue to APPI. The estimated total gross proceeds of the Rights Issue and Public Issue are approximately RM4.5 million. APPI will bear all other expenses incidental to the listing of and quotation for APPI Shares on the Second Board of the KLSE which include underwriting commission, brokerage, registration fee, professional fees, SC fees, advertising, listing expenses and other relevant fees, the aggregate of which is estimated to be approximately RM1.8 million. The proceeds from the Rights Issue and Public Issue will be utilised as follows:-

	Total Proceeds RM'000	Within six (6) months * RM'000	Within eighteen (18) months * RM'000
Repayment of bank borrowings	642	642	-
Capital expenditure	2,103	1,277	826
Finance estimated listing expenses	1,800	1,800	-
Total proceeds	4,545	3,719	826

* from the date of listing of APPI Shares on the KLSE

Details commentary of the abovementioned proceeds are set out in Section 2.6 of this Prospectus.

1.8 Material Litigation, Commitments and Contingent Liabilities

As at 16 June 2003, being the latest practicable date prior to the printing of the Prospectus), the Directors are not aware of any material litigation, commitment and contingent litigation which, upon becoming enforceable, may have material impact on the profit or net asset value of the Group

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