

11. DIRECTORS' REPORT

App Industries Bhd.

(Company No. 504718-U)

17 June 2003

Registered Office

58-A, Jalan Cantoment
10250 Penang
Malaysia

The Shareholders of
APP Industries Berhad ("APPI")

Dear Sir/Madam

On behalf of the Directors of APPI, I report after due enquiry that during the period from 31 December 2002 (being the date to which the last audited accounts of APPI and its subsidiaries (the "Group") have been made up to the date hereof, being the date not earlier than fourteen days before the issue of this Prospectus, that :-

- (a) the business of the 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 accounts of the Group which have adversely affected the business and operations or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group; and
- (e) since the last audited accounts of the Group, save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheet as set out in Section 8 and Section 7.11 respectively of this Prospectus, there has been no changes in published reserve nor any unusual factors affecting the profits of the Group.

Yours faithfully
On behalf of the Board of Directors of
APP INDUSTRIES BERHAD



Ow Hang Sen
Managing Director

Head Office: Lot 906, Jalan Jalong, 31100 Sungai Siput (U), Perak, Malaysia.
Operation Office: 10-A, Jalan Masjid Negeri, 11600 Penang, Malaysia.
Tel: 604-8286669 Fax: 604-8289969
E-Mail: admin@appindustries.com

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

12.1 Share Capital

1. No shares shall be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
2. There are no founder, management or deferred shares in the Company. As at the date of this Prospectus 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.
3. Save for the Shares reserved for Directors and eligible employees of the Group as disclosed in Section 2.7 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary.
4. Save as disclosed in paragraph (3) above, as at the date of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries. Further, no option for any shares, stocks or debentures of the Company or its subsidiaries has been granted to or exercised by any Director during the last financial year.
5. Save as disclosed in Section 4.2 and Section 4.4 of this Prospectus, no ordinary shares or debentures of the Company or its subsidiaries have been issued or is proposed to be issued as partly or fully paid-up for cash or otherwise than for cash within the two(2) years immediately preceding the date of this Prospectus.

12.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association which has been approved by the KLSE.

(i) Transfer of Listed Security

The provisions in the Company's Articles of Association in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows :-

Article 33

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 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 the Listed Security.

Article 34 (1)

Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that, the Company

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

may have notice of such transfer. And in every such case, the transferee, his executors, administrators or assignee, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Article 34 (2)

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.

(ii) Remuneration of Directors

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

Article 78

The remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Provided always that:-

- (a) fees payable to non-executive Directors shall be by way of a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors shall not include a commission on or percentage of turnover;
- (c) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 87

A Director holding any such office as aforesaid shall receive such remuneration as the Directors may determine but shall not under any circumstances be remunerated by way of salary or commission or participation in profits of the Company or of any other company in which the Company is interested, or by any or all of those modes, or otherwise as may be thought expedient but shall not include a commission on or a percentage of turnover, and it may be made a term of such appointment or appointments that the appointees shall receive a pension, gratuity or other benefits on their retirement

Article 97 (b)

An alternate Director so appointed shall not in respect of such appointment be entitled to receive any remuneration from the Company, but shall otherwise be subject to the provisions of these Articles with regard to Directors. Any remuneration paid by the Company to an alternate Director shall be deducted from the remuneration of that Director so appointing him as an alternate Director.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**(iii) Voting and Borrowing Powers of Directors****Article 110**

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any party which is related to the Company (but subject always to the provisions of the Act) but not of any unrelated third party.

Article 121

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) 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 for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

(iv) Alteration of Capital or Variation of Class Rights**Article 6**

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or abrogated, if agreed to by the holders of three-fourth (3/4) of such shares at a general meeting called for the purpose. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company, or to the proceedings thereat, shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the nominal amount of the issued shares of the class. Provided that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing of holders of not less than three-fourth (3/4) of the nominal amount of the issued shares of such class if obtained within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 9

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

Article 10

All new shares shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

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

Article 11

The Company may by ordinary resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (c) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act) and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have only such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

Article 12

Subject to confirmation by the Court (as defined in the Act), the Company may by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner authorised by the Act.

12.3 Directors and Substantial Shareholders

- (i) The names, addresses and occupations of the Directors are set out in the Corporate Information Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) There are no existing or proposed service contracts between the Directors and the Company or its subsidiary companies.
- (iv) No Director, senior executive officer or person nominated to become a Director or senior executive officer 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 or is a partner or any corporation of which he was or is an executive officer;
 - (b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) 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 or engaging in any type of business practice or activity.

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

- (v) For the financial years ended 31 December 2001 and 2002, the remuneration paid to the Directors of APPI Group for services rendered in all capacities in the Company and its subsidiaries amounted to RM402,110 and RM425,510 respectively.
- (vi) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies and which is not quoted on a recognised stock exchange
- (vii) According to the Register of Substantial Shareholders of APPI as at 20 June 2003 (being the last practicable date prior to the printing of the Prospectus), the substantial shareholders of APPI and their respective direct and indirect interest in the shares of the Company before and after the Offer For Sale and Public Issue are as follows:-

Substantial shareholders	Before the Offer For Sale and Public Issue				After the Offer For Sale and Public Issue			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Ow Hang Sen	20,305,417	26.88	1,416,574 *	1.87	17,940,260	22.43	1,251,573 *	1.57
Cheah Sun Chuang	17,760,546	23.51	2,181,761 **	2.89	15,691,813	19.61	2,137,005**	2.67
Shaharudin bin Yacub	8,880,248	11.75	-	-	7,845,885	9.81	-	-
Dato' Nik Abdul Aziz bin Mohamed Kamil	6,660,186	8.82	-	-	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

- (viii) Based on the Register of Directors' Shareholdings as at 20 June 2003 (being the last practicable date prior to the printing of this Prospectus), the Directors of APPI and their respective direct and indirect interests in the shares of the Company before and after the Offer For Sale and Public Issue are as follows:-

Directors	Before the Offer For Sale and Public Issue				After the Offer For Sale and Public Issue			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Tan Sri Dato Ir Talha Bin Haji Mohamad Hashim	3,266,073	4.32	-	-	2,885,643	3.61	-	-
Ow Hang Sen	20,305,417	26.88	1,416,574 *	1.87	17,940,260	22.43	1,251,573 *	1.57
Cheah Sun Chuang	17,760,546	23.51	2,181,761 **	2.89	15,691,813	19.61	2,137,005 **	2.67
Leong Lin	874,634	1.16	24,291,342 ***	32.15	772,758	1.02	21,461,907 ***	26.83
Ang Kar Boo	2	+	-	-	58,002	0.07	-	-
Lim Jong Sun	2	+	-	-	82,002	0.10	-	-
Neoh Chin Wah	-	-	-	-	60,000	0.07	-	-
Sonin @ Soin Bin Haron	-	-	-	-	-	-	-	-

+ negligible

* 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

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

- (ix) Save as disclosed below, none of the Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any assets which have, within the two (2) years immediately preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or its subsidiaries or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

On date 27 May 2003, APPI Group completed the following acquisitions:-

The interests of the Directors and substantial shareholders of the Company in the aforesaid transaction are as follows: -

- a) Acquisition by APPI of the entire and paid up share capital of APP based on its adjusted consolidated NTA 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 APPI at an issue price of RM0.675 per share;
- b) Acquisition by APPI of the remaining 42.5% of APM based on its adjusted NTA 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 APPI at an issue price of RM0.675 per share;
- c) Acquisition by APPI of the remaining 28% of AE based on its adjusted NTA 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 APPI at an issue price of RM0.675 per share;
- d) Acquisition by APPI of the remaining 80% of APC based on its adjusted NTA 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 in APPI at an issue price of RM0.675 per share;
- e) Acquisition by APPI of the entire issued and paid up share capital of OW based on its adjusted NTA 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 APPI at an issue price of RM0.675 per share; and
- f) Acquisition by APPI from APP, APP's 72% shareholding in AE, 57.5% shareholding in APM and 20% shareholding in APC for a cash consideration of RM1,093,050

The interests of the Directors and substantial shareholders of the Company in the aforesaid transactions are as follows:-

Name	Nature of Interest
Ow Hang Sen	Director of APP, APC, APM, AE, OW and APPI. He is the vendor of APP
Cheah Sun Chuang	Director of APP, APC, AE, APM and APPI. He is the vendor of APP
Leong Lin	Director and vendor of APM
Dato' Nik Abdul Aziz bin Mohamed Kamil	He is the vendor of APP
Shaharudin bin Yacub	He is the vendor of APP

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**12.4 General**

- (i) The nature of the Group's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act 1965 are disclosed in Section 4.0 of this Prospectus.
- (ii) The time of the opening of the Application Lists is set out in Section 13.1 of this Prospectus.
- (iii) The amount payable in full on application is RM0.60 per Share.
- (iv)
 - (1) Underwriting fees are payable by the Company to the Underwriters mentioned in the Section 2.8 of this Prospectus at the rate of 2.00% of the Public Issue/ Offer For Sale price of RM0.60 per Share for 6,550,000 Shares representing the open portion of the public offering;
 - (2) Brokerage at the rate of 1% of the Public Issue/ Offer For Sale price of RM0.60 per Share is payable by the Company in respect of successful applications bearing the stamp of AmMerchant Bank, member companies of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia or MIH; and
 - (3) Expenses incidental to the listing and quotation of the entire issued and paid-up share capital of the Company on the KLSE amounting to approximately RM1,800,000 will be borne by the Company.
- (v) Save as disclosed in paragraph (iv) no commission, discounts, brokerages or other special terms have been paid, granted or are payable by the Company or its subsidiaries within the two (2) years immediately preceding the date 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 or its subsidiaries or in connection with the issue or sale of any capital of the Company or any of its subsidiaries and no Director, proposed Director, promoter or expert is or are entitled to receive any such payment.
- (vi) Other than salary and employment related benefits payable to directors, no amount or benefit has been paid or given within the two (2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any promoter.
- (vii) The APPI Group has not established a place of business outside Malaysia.
- (viii) Except as disclosed in Section 3 of this Prospectus, the Directors are not aware of any material information including trading factors or risks not mentioned elsewhere in this Prospectus which are unlikely to be known or anticipated by the general public and which would materially affect the profits of the Group.
- (ix) Except as disclosed in Section 3 of this Prospectus, the financial conditions and operations of the Group are not affected by any of the following:-
 - (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
 - (b) Material commitments for capital expenditure;
 - (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported

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

income from operations; and

- (d) Known trends or uncertainties that have had or will have a material favourable or unfavourable impact on revenues or operating income.

As far as the Directors are aware and except as disclosed in this Prospectus, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during the course of business.

- (x) As at the date of this Prospectus, the Company and its subsidiaries has not issued any convertible debt securities.
- (xi) The name and address of the Auditors and Reporting Accountants of the Company are as set out in Corporate Information Section of this Prospectus.
- (xii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 13.2 of this Prospectus.

12.5 Material Contracts

Save as disclosed hereunder, 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 within the two (2) years immediately preceding the date of this Prospectus:-

- (i) Sale and purchase agreement dated 27 May 2003 entered into between APPI and Ow Hang Sen, Cheah Sun Chuang, Nik Abdul Aziz bin Mohamed Kamil, Shaharudin bin Yacub, Hashim bin Harun, Leong Lai Chin and Wong Yip Kee for the acquisition of the APP based on its adjusted NTA 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 in APPI, credited as fully paid, at an issue price of RM0.675 per ordinary share. On 27 May 2003, APPI has completed the said acquisitions with the allotment of 54,855,902 new ordinary shares of RM0.50 each to Ow Hang Sen, Cheah Sun Chuang, Nik Abdul Aziz bin Mohamed Kamil, Shaharudin bin Yacub, Hashim bin Harun, Leong Lai Chin and Wong Yip Kee;
- (ii) Sale and purchase agreement dated 27 May 2003 entered into between APPI and Ow Hang Sen, Leong Yew Kin, Leong Lin and Aw Yeo Seong for the acquisition of the remaining 28% AE based on its adjusted NTA 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 in APPI, credited as fully paid, at an issue price of RM0.675 per ordinary share. On 27 May, APPI has completed the said acquisitions with the allotment of 808,784 new ordinary shares of RM0.50 each to Ow Hang Sen, Leong Yew Kin, Leong Lin and Aw Yeo Seong;
- (iii) Sale and purchase agreement dated 27 May 2003 entered into between APPI and Ow Hang Sen, Cheah Sun Chuang, Terutake Nagae, Leong Yew Kin, Leong Lin and Oh Soon Guan & Sons Sdn Bhd for the acquisition of the remaining 42.5% of APM based on its adjusted NTA 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 in APPI, credited as fully paid, at an issue price of RM0.675 per ordinary share. On 27 May 2003, APPI has completed the said acquisitions with the allotment of 1,691,251 new ordinary shares of RM0.50

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

- each to Ow Hang Sen, Cheah Sun Chuang, Terutake Nagae, Leong Yew Kin, Leong Lin and Oh Soon Guan & Sons Sdn Bhd;
- (iv) Sale and purchase agreement dated 27 May 2003 entered into between APPI and Ow Hang Sen, Talha bin Haji Mohamad Hashim, Cheah Chee Chon, Fadziullah Shuhaimi bin Salleh, Cheah Sung Chai, Peh Poh Choo, Mohamed Feisal bin Ibrahim and Intraco Holdings Sdn Bhd for the acquisition of the remaining 80% of APC based on its adjusted NTA 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 in APPI, credited as fully paid, at an issue price of RM0.675 per ordinary share. On 27 May 2003, APPI has completed the said acquisitions with the allotment of 8,764,001 new ordinary shares of RM0.50 each to Ow Hang Sen, Talha bin Haji Mohamad Hashim, Cheah Chee Chon, Fadziullah Shuhaimi bin Salleh, Cheah Sung Chai, Peh Poh Choo, Mohamed Feisal bin Ibrahim and Intraco Holdings Sdn Bhd;
- (v) Sale and purchase agreement dated 27 May 2003 entered into between APPI and Ow Hang Sen, Leong Yew Kin, Aw Yeo Seong, Ong Sin Beng, Chiew Gaik Suan, Chang Peng Hooi and Ramly bin Mat Zin for the acquisition of OW based on its adjusted NTA value as at 31 December 2001 after incorporated revaluation surplus of landed properties for a purchase consideration of RM3,833,398 satisfied by the issuance of 5,679,108 new ordinary shares of RM0.50 in APPI, credited as fully paid, at an issue price of RM0.675 per ordinary share. On 27 May 2003, APPI has completed the said acquisitions with the allotment of 5,679,108 new ordinary shares of RM0.50 each to Ow Hang Sen, Leong Yew Kin, Aw Yeo Seong, Ong Sin Beng, Chiew Gaik Suan, Chang Peng Hooi and Ramly bin Mat Zin;
- (vi) Sale and purchase agreement dated 27 May 2003 entered into between APPI and APP for the acquisition of APP's 72% shareholding in AE, 57.5% shareholding in APM and 20% shareholding in APC for a cash consideration of RM1,093,050; and
- (vii) An Underwriting Agreement dated 17 June 2003 between the Company, the Offerors, Managing Underwriter and the Underwriters mentioned in the Corporate Information of this Prospectus for the underwriting of 6,550,000 Shares being the open portion of the total 13,250,000 Shares offered to investors at 2% of the issue price of RM0.60 per Share.

12.6 Public Take-Overs

During the last financial year and the current financial year, there were:-

- (i) No public take-over offers by third parties in respect of the Company and its subsidiaries' shares.
- (ii) No public take-over offers by the APPI Group in respect of other companies' shares.

12.7 Material Litigation

As at the 16 June 2003, being the most practicable date prior to the printing of the Prospectus, neither the Company nor its subsidiaries has engaged in any material litigation and arbitration whether, as plaintiff or defendant, and the Board of Directors have no knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries.

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

12.8 Consents

- (i) The written consents of the Adviser and Managing Underwriter, Underwriters, Solicitors, Principal Bankers, Company Secretaries, Share Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, and their letters relating to the profit forecast for the financial year ending 31 December 2003 and proforma consolidated balance sheets as at 31 December 2002 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Valuers to the inclusion in this Prospectus of their name and reports relating to the value of the properties owned by APPI Group and in the form and context in which they appear has been given before the issue of this Prospectus and have not been subsequently withdrawn.
- (iv) The written consent of the Marketing and Research Consultant to the inclusion in this Prospectus of their name and report 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.

12.9 Documents for Inspection

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

- (i) Memorandum and Articles of Association of APPI and its subsidiary companies;
- (ii) The Directors' Report and Accountants' Report as included herein;
- (iii) The Reporting Accountants' Letters relating to the Profit Forecast for the financial year ending 31 December 2003 and Pro forma Consolidated Balance Sheets as at 31 December 2002 as included herein;
- (iv) The material contracts referred to in section 12.5 of this Prospectus;
- (v) The letters of consent referred to in section 12.8 of this Prospectus;
- (vi) Audited accounts of APPI for the financial period from 3 February 2000 (date of incorporation) to 31 December 2001 and the financial year ended 2002;
- (vii) Audited accounts of APP for the five (5) financial years ended 31 December 1998 to 2002;
- (viii) Audited accounts of APM for the five (5) financial years ended 31 December 1998 to 2002;
- (ix) Audited accounts of APC for the five (5) financial years ended 31 December 1998 to 2002;
- (x) Audited accounts of AE for the five (5) financial years ended 31 December 1998 to 2002;

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

- (xi) Audited accounts of OW for the five (5) financial years ended 31 December 1998 to 2002;
- (xii) Audited accounts of LC for the financial year ended 30 September 1998, and four (4) financial years ended 31 December 1999 to 2002;
- (xiii) Audited accounts of MC for five (5) financial years ended 31 December 1998 to 2002;
- (xiv) Audited accounts of AR for financial year ended 30 September 1998, and four (4) financial years ended 31 December 1999 to 2002;
- (xv) Valuation reports and letters from Henry Butcher, Lim & Long (N) Sdn. Bhd. and W.M. Malik & Kamaruzaman referred to in Section 9 of this Prospectus; and
- (xvi) Expert report from ACNielsen referred to in Section 10 of this Prospectus

12.10 Responsibility

- (i) AmMerchant Bank 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 about the Offer For Sale and Public Issue and the Group, and is satisfied that the consolidated profit forecast for the financial year ending 31 December 2003 (for which the Directors of the Company are solely responsible) prepared for inclusion in the Prospectus have been stated by the Directors of the Company after due and careful inquiry and have been duly reviewed by the Reporting Accountants.
- (ii) This Prospectus has been seen and approved by the Directors and Promoters of the Company and/or the Offerors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making 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 REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK