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**VII. INFORMATION ON THE DEB GROUP**


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**1. Incorporation**

DEB was incorporated in Malaysia on 19 July 1991 under the Act as a private limited company under the name of Dominant Enterprise Sdn Bhd. The Company was subsequently converted into a public limited company on 7 August 2002 and adopted its present name. The authorised share capital of the Company is RM100,000,000 comprising 200,000,000 DEB Shares. The existing issued and paid-up share capital of the Company is RM38,700,000 comprising 77,400,000 DEB Shares. The principal activity of DEB is that of investment holding whilst its subsidiaries are principally involved in the following activities:

<b>Company</b>	<b>Principal Activities</b>
PWSB	Manufacturing of primed MDF mouldings, wrapped mouldings and furniture components
BISB	Manufacturing of laminated wood panel products
AIPL	Importer, distributor and exporter of all types of wood products
CTSB	Distribution of wood products
ISB	Distribution of wood products
JSB	Distribution of wood products

**2. Restructuring and Listing Scheme**

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of DEB on the Second Board of KLSE, the Company undertook a restructuring exercise, which was approved by the FIC on 18 November 2002 and 30 August 2003, SC on 11 March 2003, 25 August 2003 and 11 September 2003 as well as MITI on 12 March 2003, 23 June 2003 and 28 July 2003, involving the following:

**(i) Share Split**

DEB implemented a share split on 27 March 2003 which involved the division of its ordinary shares of RM1.00 each into ordinary shares of RM0.50 each. Pursuant thereto, the issued and paid-up share capital of the Company as at 31 March 2003 has been revised from RM5,113,626 comprising 5,113,626 ordinary shares of RM1.00 each to RM5,113,626 comprising 10,227,252 DEB Shares. Similarly, the authorised share capital of the Company has been revised from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 200,000,000 DEB Shares.

**(ii) Surplus Incorporation**

On 31 March 2003, DEB incorporated into its accounts the revaluation surplus arising from the revaluation of its investments in subsidiaries amounting to RM36,891,298 after taking into consideration the revaluation of the landed properties of the DEB Group.

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The breakdown of the total revaluation surplus arising from the revaluation of the investments in subsidiaries is set out as follows:

Subsidiaries	A Audited NTA as at 31 March 2002 RM	B * Revaluation surplus arising from the revaluation of the landed properties of DEB Group RM	C = A + B Adjusted NTA RM	D Audited cost of investment RM	C - D Revaluation surplus RM
PWSB	15,341,086	594,850	15,935,936	2,498,885	13,437,051
BISB	1,242,356	632,091	1,874,447	485,983	1,388,464
AIPL	5,611,085	873,726	6,484,811	1,482,000	5,002,811
CTSB	7,040,965	819,693	7,860,658	884,000	6,976,658
ISB	9,950,193	1,410,562	11,360,755	1,358,500	10,002,255
JSB	184,059	-	184,059	100,000	84,059
	39,369,744	4,330,922	43,700,666	6,809,368	36,891,298

**Note:**

\* The computation for the revaluation surplus arising from the revaluation of the landed properties of DEB Group is set out as follows:

Landed properties held by	Location	Audited NBV as at 31 March 2002 RM	Open Market Value RM	Revaluation Surplus RM
PWSB	H.S.(D) 11272 Lot MLO 5502 Mukim Senai-Kulai, Daerah Johor Bahru	4,405,150	5,000,000	594,850
BISB	H.S.(D) 21332 P.T.D 1508 Mukim Sungai Terap Daerah Muar, Johor	617,909	1,250,000	632,091
AIPL	No.22, Tuas View Square, Singapore 637603	4,894,274	5,768,000	873,726
CTSB	H.S.(D) 218324 P.T.D 65854 Mukim Tebrau Daerah Johor Bahru	1,530,307	2,350,000	819,693
ISB	H.S.(D) 128747 P.T.43314 Mukim Petaling Daerah Petaling, Selangor	2,859,114	3,450,000	590,886
ISB	H.S.(D) 1884 P.T.348 Mukim 13 Daerah Seberang Perai Tengah Negeri Pulau Pinang	1,580,324	2,400,000	819,676
		15,887,078	20,218,000	4,330,922

The total revaluation surplus of RM4,330,922 arising from the revaluation of the landed properties has been incorporated into the respective accounts of the subsidiaries of DEB in the financial year ended 31 March 2003.

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**(iii) Renounceable Bonus Issue**

Upon completion of the Share Split and Surplus Incorporation, DEB implemented a renounceable bonus issue involving the issuance of 67,172,748 new DEB Shares on the basis of approximately 6,568 new DEB Shares for every 1,000 existing DEB Shares held at 31 March 2003. The Renounceable Bonus Issue was effected by way of capitalisation of RM1,025,998 and RM32,560,376 out of the share premium account and revaluation reserve account of DEB respectively.

The Offerors renounced their respective entitlements under the Renounceable Bonus Issue on a proportionate basis up to a total of 43,860,000 DEB Shares to NSPSB, representing 51.0% of the enlarged share capital of DEB after the Renounceable Bonus Issue.

**(iv) Pre-listing Dividend**

Subsequent to the financial year ended 31 March 2003, DEB declared a tax-exempt dividend amounting to RM1,935,000 with respect to the financial year ended 31 March 2003 to the shareholders who were registered as members of DEB as at 31 March 2003. The dividend was paid on 9 September 2003.

**(v) Public Issue and Offer**

In conjunction with the flotation of DEB on the Second Board of the KLSE, the following will be undertaken:

- (a) A public issue of 8,600,000 Issue Shares by the Company at the Issue Price of RM0.65 per DEB Share. Specifically, of the 8,600,000 Issue Shares to be issued pursuant to the Public Issue at the Issue Price of RM0.65 per Issue Share, 600,000 Issue Shares will be issued to Malaysian citizens, companies, co-operatives, societies and institutions, 4,000,000 Issue Shares have been reserved for private placement to identified investors and 4,000,000 Issue Shares will be issued to eligible employees of the DEB Group; and
- (b) An offer for sale of 17,200,000 Offer Shares by the Offerors at the Offer Price of RM0.65 per DEB Share. Specifically, of the 17,200,000 Offer Shares, 12,900,000 Offer Shares will be sold to Bumiputera investors approved by the MITI and the balance of 4,300,000 Offer Shares have been reserved for private placement to identified investors.

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Details of the Offerors are as follows:

<b>Name</b>	<b>No. of DEB Shares offered</b>	<b>% of enlarged share capital upon completion of the Public Issue</b>
Cha Aku Wai @ Sia Ah Kow	2,690,662	3.13
Low Chwec Tian	2,220,378	2.58
Teo Chiew Peng	1,817,259	2.11
Teo Ah Tec @ Teo Chuan How	1,751,185	2.04
Teo Ah Bah @ Teo Chuang Kwee	1,716,813	2.00
Teo Choon Kiat @ Teo Chuan Kit	1,676,272	1.95
Teo Chiew Luan @ Teo Chiew Ngoh	1,074,275	1.25
Teo Kee Tai	882,020	1.03
Kuah Kwai Yoke @ Kuah Boo Cheng	649,887	0.75
Ong Teng Ser	633,070	0.74
Chai Soon Too	580,315	0.67
Liaw Siang Ming	290,158	0.34
Teo Chuan Soon	290,158	0.34
Diu Dian Hong	151,047	0.17
Tan Hon Kiat @ Tan Hoon Siong	151,047	0.17
Tan Ah Sim @ Tan Siew Wah	151,047	0.17
Owee Geok Choon	100,907	0.12
Chung Ek Fong	75,525	0.09
Er Lee Keng	75,525	0.09
Sim Lai Soon	75,525	0.09
Teo Chuan Geo	75,525	0.09
Tan Ah Liang	37,764	0.04
Heng Yik Poh	33,636	0.04
	<b>17,200,000</b>	<b>20.00</b>

**(vi) Listing and Quotation**

The admission to the Official List of the KLSE and the listing of and quotation for the entire issued and paid-up share capital of DEB comprising 86,000,000 DEB Shares on the Second Board of the KLSE.

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### 3. Business Overview and Future Prospects

#### 3.1 Development of the Group

The history of the Group stemmed from its distribution operation in Singapore, AIPL, which commenced operations in 1992, mainly supplying plywood and other wood-based products to the local building contractors and furniture makers. AIPL was founded by Cha Aku Wai @ Sia Ah Kow, Ong Teng Ser, Teo Choon Kiat @ Teo Chuan Kit, Teo Ah Tee @ Teo Chuan How and Kuah Kwai Yoke @ Kuah Boo Cheng. With growing business opportunities in Malaysia buoyed by the then property market boom, the Group subsequently ventured into the Malaysian market in 1993 and set up its first operation in Kuala Lumpur with the incorporation of ISB. In the same year, CTSB was incorporated and started its operation in Johor Bahru to tap into the markets in the southern region of Peninsular Malaysia. Later in 1993, AIPL, CTSB and ISB were consolidated under DEB and became the wholly-owned subsidiaries of DEB. In the early years, the Group mainly supplied timber to the Korean and Japanese building contractors who were engaged to undertake construction projects in Malaysia.

In 1994, based on the favourable prospects of the global furniture market, the Group incorporated PWSB to undertake the manufacturing of primed MDF mouldings and wrapped mouldings. PWSB was wholly-owned by DEB.

In 1996, DEB took over a company, Kemajuan Trio Sakti Sdn Bhd ("KTSSB") which assumed its present name as BISB in 2000, involved in the manufacturing of laminated wood panel products.

At various stages throughout the 11-year duration, the DEB Group has via its subsidiaries, ISB and CTSB, expanded to other regions in the Peninsular Malaysia by setting up business stations in various strategic locations, such as Muar, Kuantan, Kota Bahru and Butterworth, to attain a better market reach. At present, the Group has established a comprehensive distribution coverage in the Peninsular Malaysia.

DEB acquired JSB in 2001, JSB is involved in the distribution of special printed plywood products and other wood panel products.

#### 3.2 Product Range

The operations of the DEB Group are principally divided into the manufacturing and distribution of wood products. The products manufactured by PWSB are primed MDF mouldings and wrapped mouldings while those manufactured by BISB comprise mainly laminated wood panels. The wood-based products distributed by AIPL, ISB, CTSB and JSB include wood panels and raw timber. The distinctive features of the individual products of the DEB Group are set out as follows:

##### (i) Manufacturing products

Products	Features
Primed MDF mouldings	These products are painted with white coating (generally known as primer) and moulded into the required design profile for interior decoration purposes or serve as various components for different types of furniture, but mainly for the doors and windows manufacturing industries. The white primed architectural mouldings that the DEB Group regularly produced include door casing, door jamb, skirting, dado rail, window reveals, base mouldings and cornices. The core materials for the primed moulding includes low, medium and high density fiberboard (L or M or HDF) which are mainly made from rubberwood and pinewood.

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PWSB uses water-based white primer which is generally considered more environmental friendly as contrast to solvent coating. The white primer provides flexibility to the end-users to apply finishing colours of their own preference on the primed MDF mouldings. MDF is the most commonly used materials for primed mouldings. The primed MDF mouldings are usually treated with anti-termite and anti-fungus chemicals to extend its durability.

**Wrapped mouldings** The wrapped products usually apply laminated veneer sandwich, laminated veneer lumber, particle board, MDF or other engineered wood products as core materials and wrapped with either wood veneer, paper foil or Polyvinylchlorid ("PVC"). The making of these products usually requires highly skilled manpower, particularly in the aspects of wrapping mouldings of complicated design profiles. The wrapped products are usually supplied to the furniture industry and for interior decoration purposes. Wrapped products generally garner premium price compared to the primed products due to its aesthetic and delicate finishing.

**Laminated wood panel products** MDF, particle board and plywood are the common core materials for the laminated wood panels. The wood panels are usually laminated with paper or PVC. The products are mainly supplied to local manufacturers of knocked-down furniture and speaker boxes.

**(ii) Distribution products**

<b>Product</b>	<b>Features</b>
Wood panel products	The wood panels distributed by the DEB Group are mainly MDF, particleboard and plywood. Rubberwood is the main raw material used for MDF and particle board while residues from tropical hardwood are also used at times.

The principal markets and end users for the products of the DEB Group are set out in the table below:

<b>Products</b>	<b>Country</b>	<b>Industry/ Sector</b>	<b>End users</b>
Primed MDF mouldings and wrapped mouldings (manufactured products)	Malaysia (LMW), Australia, Indonesia, Belgium, Italy, South Korea, New Zealand, Netherlands, Singapore and United Kingdom	Building materials and furniture	Door and window manufacturers, building materials distributors and furniture manufacturers
Laminated wood panel products (manufactured products)	Malaysia	Furniture and building materials	Furniture manufacturers and building materials distributors
MDF, plywood and particle board (distribution products)	Malaysia, Australia, Philippines, Pacific Islands, Indonesia, Mauritius, Thailand, Hong Kong, Singapore, France, Maldives and Sri Lanka	Furniture, construction and building materials	Furniture manufacturers and importers, building contractors and hardware suppliers and importers

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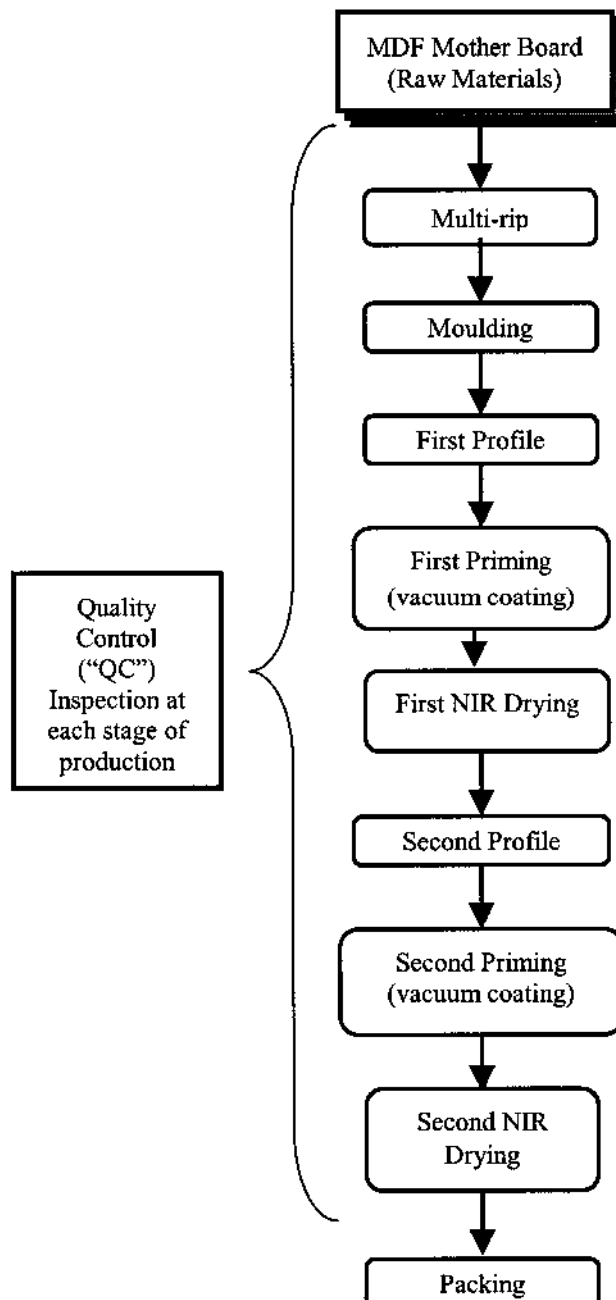
### 3.3 Production Process

Production Management Flow ("PMF") is an in-house production system and procedures developed by the Group with the objective of ensuring adherence to a standard method of manufacturing to achieve consistency in product quality. The implementation of the PMF has brought about significant improvement in production efficiency and reduction of wastage and incidence of rejects.

Descriptions of the major manufacturing processes by product group are set out below:

#### (a) Primed MDF moulding

The processing involved in the production of primed MDF mouldings is depicted and described below:



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- **Multi-rip**

This represents the process of cutting the MDF mother board (raw materials) into MDF strips at the desired measurement with a multi-bladders cutting machine. Precision is crucial for this process to ensure the outputs meet the customers' specified measurement.

- **Moulding**

This process involves the cutting of the MDF strips into the required design profile by a moulder. The moulds used in the moulding machine are designed and generated by the Tools and Design Department according to the customers' specifications.

- **Profile Sanding**

This involves the use of a 14-head profile sander to remove the protruding fibre on the surface of the MDF mouldings. The MDF mouldings will go through sanding belts and wheels to ensure all facets of the MDF mouldings are sanded thoroughly. The sanding process, which is also called the burnish process, will provide a smoothed surface of MDF mouldings for ideal coating effect.

- **Priming (Vacuum Coating)**

The coat priming process involves the applying of water-based paint on to the various facets of the MDF mouldings. The MDF mouldings are conveyed through an enclosed chamber in which the paint is applied on the surface of the MDF mouldings. This is considered a more effective coating method compared to the conventional spraying process which causes substantial wastage of paint.

- **NIR Drying**

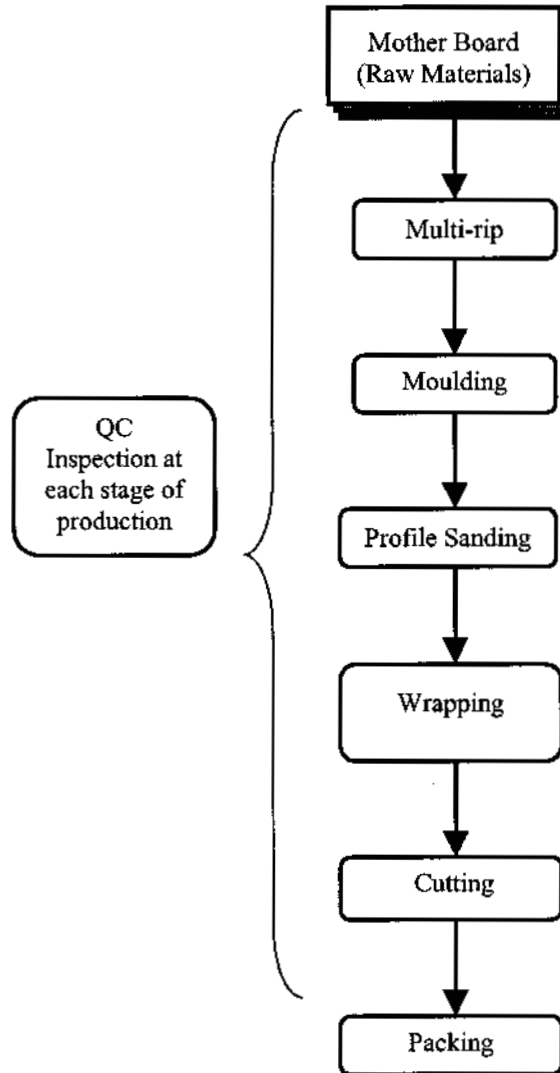
The process involves the use of NIR oven to dry the coating on the MDF mouldings. In view that the primed MDF mouldings industry is volume-driven, the speed of the drying process is a crucial factor to attain mass production efficiency. The conventional drying process using hot air and infra-red devices will require five to twelve seconds to dry the coating on a piece of wood whereas the NIR technology only requires one second.

The first layer of coating applied on the MDF mouldings will not be sufficient to ensure proper coating due to the texture of the MDF mouldings which is absorbent in nature. Therefore, for ideal coating effect, after undergoing the aforesaid processing, the MDF mouldings will go through a second round of sanding, coat priming and drying. The second round of the processing is immediately connected to the first processing line to ensure efficient transmission and reduce production lead time. After undergoing the second drying process, the MDF mouldings will be transmitted through an accelerating conveyor which will detach the adjoining MDF mouldings before being discharged from the processing line to the discharge port for packing.



**VII. INFORMATION ON THE DEB GROUP (Cont'd)****(b) Wrapped Products**

The manufacturing processes for wrapped mouldings are depicted in the diagram below:



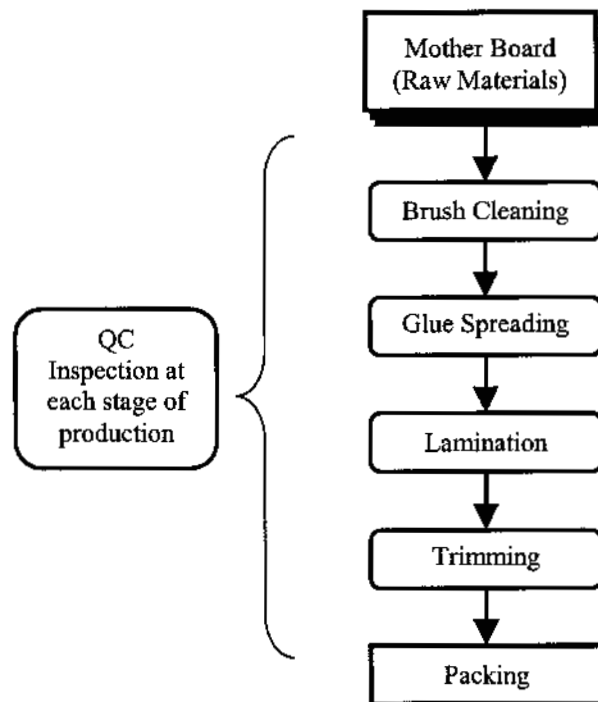
The initial processing required for wrapped mouldings, namely multi-rip, moulding and sanding, are similar to that of for primed mouldings, except that in the sanding process for wrapped mouldings a 10-head profile sander will be used. After undergoing the aforesaid processing, the MDF mouldings are conveyed to the wrapping section whereby glue will be applied thereon and wrapped either with paper foil, wood veneer or Polyvinylchlorid ("PVC"). The wrapping process involves the MDF mouldings passing through a sequence of rotating wheels, the edge of the wheels will precisely contour the profile of the MDF mouldings to ensure the right amount of pressure is applied on the right spot of the MDF mouldings so that the wrapping materials are adhered to the MDF mouldings in a perfect manner.

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Hence, the preparation for the wrapping process is usually done by highly skilled personnel. The wide profile wrapping machines currently used by the Group has the flexibility to custom-make any precise specifications for the customers within a short production lead-time. The wrapped mouldings are subsequently being cut to size before being sent for packing.

### (c) Laminated Wood Panels

The following processes are involved in the production of laminated wood panels:



- **Brush Cleaning**

The plain wood panels will be fed into the brushing machine to clean off the dust on the surface of the panels.

- **Glue Spreading**

The surface of the cleaned panels are then spread with glue in an evenly manner.

- **Lamination**

The lamination machine which consists of four rollers (two of which are hot rollers) will roll and press the paper and PVC foil onto the glued surface of the panels.

- **Trimming**

This process involves the trimming off of the protrude end of paper and PVC foil from the laminated panels.

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The standard-sized laminated wood panels will then be discharged from the production line for packaging.

**3.4 Production Capacities and Production Output**

The production capacities and production output of PWSB and BISB in the financial year ended 31 March 2003 are as follows:

	<b>Production Output</b>	<b>Production Capacity</b>
Primed MDF mouldings	600 cubic metres per month	650 cubic metres per month
Wrapped mouldings	400 cubic metres per month	420 cubic metres per month
Laminated wood panel products	350,000 foot runs per month	500,000 foot runs per month

**3.5 Distribution Operations**

The Group imports plywood, MDF, particle boards and other timber products and raw timber from East Malaysia, PRC, Indonesia, Australia, New Zealand and Europe for subsequent distribution within Peninsular Malaysia and overseas. The geographical coverage by the respective subsidiaries involved in wood products distribution is set out as follows:

<b>Subsidiaries</b>	<b>Locations of Business Stations</b>	<b>Geographical Coverage</b>
ISB	<ul style="list-style-type: none"> <li>▪ Kuala Lumpur</li> <li>▪ Butterworth</li> <li>▪ Kota Bharu</li> </ul>	<ul style="list-style-type: none"> <li>▪ Federal Territory</li> <li>▪ Penang</li> <li>▪ Kelantan</li> <li>▪ Perak</li> <li>▪ Kedah</li> <li>▪ Perlis</li> <li>▪ Negeri Sembilan</li> </ul>
CTSB	<ul style="list-style-type: none"> <li>▪ Johor Bahru</li> <li>▪ Muar</li> <li>▪ Kuantan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Johor</li> <li>▪ Malacca</li> <li>▪ Pahang</li> <li>▪ Terengganu</li> <li>▪ East Malaysia</li> </ul>
AIPL	<ul style="list-style-type: none"> <li>▪ Singapore</li> </ul>	<ul style="list-style-type: none"> <li>▪ Singapore</li> <li>▪ Hong Kong</li> <li>▪ Philippines</li> <li>▪ Indonesia</li> <li>▪ Thailand</li> <li>▪ France</li> <li>▪ Various small islands in the Pacific Ocean and Indian Ocean</li> </ul>
JSB	<ul style="list-style-type: none"> <li>▪ Kuala Lumpur</li> </ul>	<ul style="list-style-type: none"> <li>▪ East and West Malaysia</li> </ul>

At present, the Group engages contract transporters to deliver its products to the customers. This accords the Group the flexibility in its selection of transporters which provide a wide geographical coverage, at the same time the Group is also not required to incur substantial capital cost in procuring transport vehicles and the related transportation costs.

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Certain subsidiaries also act as distributors of wood products for some large overseas and local manufacturers, the details of which are set out as follows:

Subsidiaries	Suppliers	Products	Geographical coverage
AIPL	Carter Holt Harvey Limited (New Zealand)	MDF panels, particle board, sliced decorative vincer	Malaysia, Singapore, Philippines, Vietnam, Indonesia and Thailand
AIPL	Golden Hope Fibreboard Sdn Bhd	MDF	Singapore
ISB	Golden Hope Fibreboard Sdn Bhd	MDF	Malaysia
CTSB	Evergreen Fibreboard Sdn Bhd	MDF	Malaysia and Singapore
CTSB	HeveaBoard Sdn Bhd	Particle board	Malaysia

All the suppliers above have been with the Group for more than nine (9) years and the cordial business relationships with these principals are expected to be maintained and contribute positively to the performance of the Group. In the financial year ended 31 March 2003, the purchase of products from Evergreen Fibreboard Sdn Bhd, Golden Hope Fibreboard Sdn Bhd and Carter Holt Harvey Limited accounted for 4%, 3% and 1% of the total Group's purchases respectively.

### 3.6 Marketing Strategy

The DEB Group adopts different marketing strategies for its manufactured products and trading products which are export and domestic market orientated respectively. At the global front, the DEB Group either has direct contact with the customers if it is of an English speaking country or through local marketing agencies if it is otherwise. Other marketing and distribution strategies adopted by the Group in overseas markets include participation in road shows and trade fairs and distribution through wholesalers. However, the objective has always been to reduce the intermediaries to ensure cost effectiveness in the marketing of the DEB Group's products in the international markets.

The domestic market for the DEB Group's trading products encompasses the whole Peninsular Malaysia, whereby business stations are positioned at various strategic locations in Peninsular Malaysia. At present, the DEB Group has established a comprehensive distribution network in Peninsular Malaysia which enables it to extend its market reach to most of the key local market segments. For instance, CTSB has since 1994 established its presence in Muar which was subsequently developed into a furniture town at the initiative of the government and private sector.

Details of the major customers of the Group and their contribution to the total revenue of the Group for the financial year ended 31 March 2003 are set out as follows:

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<b>Customers</b>	<b>Products</b>	<b>Length of relationship (years)</b>	<b>% of total revenue</b>
Corinthian Industries (Vic) Pty Limited (Australia)	Primed MDF moulding	8	6.2
Homer Fancy Plywood (M) Sdn Bhd	MDF, plywood, particleboard	5	5.2
Dawa Timber Industry (M) Sdn Bhd	MDF, plywood, particleboard	9	3.1
Kenmark Industries Co (M) Sdn Bhd	MDF, particleboard, plywood moulding	8	1.9
Syarikat Perniagaan Perabot Pantai	MDF, plywood, particleboard and laminated wood panel products	7	1.9
Pro-Erison Sdn Bhd	MDF, plywood, particleboard	8	1.8
Hyne & Son Pty Limited	Primed MDF moulding	4	1.2
It Kang Trading	MDF, plywood, particleboard	8	0.9
Seung Kwang Corporation (Korea)	Wrapped moulding	4	0.8
SCET-6 Route Bate Des Dames	MDF, plywood, particleboard	3	0.5
			23.5

As at 31 August 2003, the DEB Group has a staff force of forty-one (41) persons in its marketing team and most of the key personnel have more than six (6) years experience in the marketing of wood products. The measures and strategies undertaken by the DEB Group to establish a cordial and enduring business relationship with its customers include the followings:

- (a) Regular visits to customers' premises to keep abreast of the customers' operating conditions and requirements, this is made possible through the marketing personnel stationed at the various business stations. For overseas customers, the DEB Group has close cooperation with the customers in terms of developing products of specifications and profiles required by the customers from time to time. The DEB Group has regular visiting schedule to the overseas customers' premises;
- (b) Due to the Group's flexibility in its purchasing policy whereby a wide range of different wood products can be sourced to cater for different market segments and also its ability to supply in volume of various quantum based on the customers' requirement, the Directors believe that the DEB Group will continue to penetrate the global niche market segments which include but not limited to the small islands in the Pacific Ocean and Indian Ocean; and
- (c) The DEB Group has always been customer-focused in its product development which enables the Group to thrive in the competitive domestic and export markets. The Group has successfully created product differentiation which makes it stands out amongst other players in the industry. This is evidenced in the Group's ability in delivering products of high international standard and meets the stringent quality requirements of its overseas customers.

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### 3.7 Locations of production facilities

PWSB currently operates at a factory located in Kulai, Johar Bahru with a total build-up area of 3,900 sq.m., of which approximately 2,500 sq.m. of the area are used to house the production lines for the primed and wrapped mouldings. The remaining area of the factory is used as warehouse storing the raw materials and finished products. In addition, PWSB also proposes to utilise part of the proceeds to be raised from the Public Issue for the purchase of a factory cum warehouse located within the same vicinity of the existing factory of PWSB.

The new factory cum warehouse has a build-up area of 37,906 sq.ft. situated on a land that covers an area of 89,526 sq.ft.. The factory cum warehouse is proposed to be used for storage of finished goods. The factory of B1SB is located at Muar. The production facilities cover an area of 868 sq.m. while the warehouse took up 350 sq.m.. All factories are situated on industrial lands which are or to be owned by the respective subsidiaries of DEB.

### 3.8 Sources of Raw Materials

One of the key determinants of the future development of the wood-based sector in Malaysia is sustainable and secure supply of raw materials. Log supplies from the natural forests are declining and will be further reduced as government upholds the National Forestry Policy for forest resources preservation. At present, MDF, particle board, plywood, white coating paint and various wrapping materials made of veneer, paper and PVC are the major materials required for the manufacturing and distribution operations of the Group. 90% of the Group wood supplies are sourced from local suppliers whilst the balance are imported from Indonesia, PRC, Australia, New Zealand and Europe. The particle board and MDF are mainly produced from rubberwood and pinewood which are mainly drawn from sustainably managed forests. Wood waste is another commonly used materials for the particle board and MDF which is generally considered an environmental friendly materials as they are discards from other production process and being reused with significant economic value.

Details of the major suppliers of the DEB Group for its different raw materials requirement, including percentage of total purchases from each supplier based on total purchases of raw materials for the financial year ended 31 March 2003, are as follows:

Suppliers	Raw materials	Length of relationship (years)	Percentage of total purchases (%)
Veracity Corporation Sdn Bhd	Plywood	3	13.2
Gau Yang Plywood Sdn Bhd	Plywood	3	10.4
Rajang Plywood Sawmill Sdn Bhd	Plywood	6	8.7
Robin Resources (M) Sdn Bhd	MDF	9	7.5
Fu Yee Corporation Sdn Bhd	Plywood	3	6.7
Jaya Tiasa Plywood Sdn Bhd	Plywood	5	6.4
Evergreen Fibreboard Sdn Bhd	MDF	9	4.1
Golden Hope Fibreboard Sdn Bhd	MDF	9	3.0
Subur Tiasa Group	Plywood and particleboard	5	2.8
Shin Yang Plywood (Bintulu) Sdn Bhd	Plywood	3	2.6
Homer Fancy Plywood (M) Sdn Bhd	Plywood	5	2.4
Jiangsu Happy Wood Industrial Co Ltd	Plywood	5	2.4
Heveaboard Sdn Bhd	Particleboard	9	1.8
Treffert Inchem (S.E.A.) Sdn Bhd	White coating paint	8	0.5
Total			<u>72.5</u>

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The purchasing for the raw materials requirement of the DEB Group is undertaken centrally by CTSB to achieve efficiency and pricing objective. Negotiation for the purchasing terms and orders are placed at CTSB of which the materials will subsequently be delivered directly to the respective factory and business stations.

Currently PWSB holds a license manufacturing warehouse ("LMW") license which entitles it to import wood materials free of duty charge. This enables PWSB to price its products competitively in the international market.

Like any other commodity products, wood supplies are subject to price fluctuation on account of the market demand and supply forces. However, there is no local central market for timber which can facilitate the controlled purchase and distribution of timber as can be found in rubber, palm oil or tin which are traded in the commodity exchange. Thus, timber prices are set individually and by mutual agreement for each transaction. Due to this, the timber market is characterised by prices that varies throughout Malaysia which are based on different species, product quality and sizes. *(Source: Dynaquest Sdn Bhd, Industrial Sector Analysis-Sawmills & Timber Processing)*

**3.9 Quality Control and Product Accreditation**

The DEB Group conducts strict quality control over its production process and products to ensure that the manufacturing outputs are of the highest standards. Each phase of the production is monitored and supervised closely by the quality control team who conduct regular on-line inspection checks. In addition, the production floor is also installed with sixteen (16) closed circuit televisions to record the production process to facilitate subsequent investigation on defective outputs. As a result of effective quality control, the DEB Group has not experienced any major rejects of its products from its customers. The Directors of the Company believe that the meticulous care given by the DEB Group to quality control provides a competitive advantage to the DEB Group. PWSB had on 20 December 2002 been awarded the accreditation of ISO9001:2000.

**3.10 R&D activities**

The Group recognises the essential need to undertake R&D in order to stay competitive within the wood-based industry and with the aim of further enhancing its products in terms of innovation and quality. R&D is an on-going activity within the Group, particularly for the products of PWSB due to the more sophisticated production process employed.

The Group's R&D resources consist of the Managing Director, engineers, key personnel from the manufacturing and marketing division. The areas of focus are on the following:

- (a) R&D research and studies;
- (b) expanding on the product design to cater for wider market;
- (c) maintenance of product quality;
- (d) improvement of the efficiency of the manufacturing process;
- (e) experimenting with alternative wood and other raw materials; and
- (f) enhancing on the moulding, drying, priming and wrapping technique.

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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Over the years, the R&D undertaken by the Group has led to improvement in the production process and the development of new product range. The amounts spent on R&D over the past three (3) financial years ended 31 March 2001, 2002 and 2003 were RM41,931, RM166,838 and RM107,690 respectively.

The NIR drying machine used by PWSB in the production of its primed MDF mouldings is the first of its kind in Malaysia where PWSB had worked closely with the suppliers of the NIR machine in order to adapt the NIR technology for the use in the manufacturing of primed MDF mouldings. The innovative use of NIR technology in the drying process has shortened the production lead time and led to lower production cost.

At present, the R&D team is also supported by the Group's sales team who keeps abreast of the market development and provide feedback to the R&D team in order to cater to the changing preference of its customers. The Group has sent the R&D team to attend external seminar and machinery fairs as well as the marketing team to overseas to keep abreast with the development of the global trend. This significantly help support the Group's R&D development.

**3.11 Competitive Advantage**

Cha Aku Wai @ Sia Ah Kow and Teo Ah Bah @ Teo Chuang Kwee are the key driving force behind the DEB Group. They have more than twenty four (24) years experience each in the wood products industries. The strength of its key management provides the Group distinctive competitive edge over its competitors in many ways. Set out below are some of the areas of strength that the DEB Group possesses which transcend the Group as a major player in the industry:

- (a) In line with the global environment preservation effort, the DEB Group has always observed a stringent self-imposed requirements to draw on natural resources and produce products in an environmental friendly manner. Amongst the efforts made by the DEB Group include sourcing its MDF from sustainable forest resources and rubberwood plantations and the use of water-based paints (instead of solvent paint) for its primed products.

The DEB Group's commitment in making its business operations and products adhere to the international law on environment protection has won support from its overseas customers particularly from Australia and other European countries. These customers recognise the DEB Group's effort and contribution to environment preservation and hence are willing to establish a long term business relationship with the DEB Group.

- (b) The wrapped products manufactured by the DEB Group require substantial skill and precision in the wrapping process. The skill acquired by the DEB Group is an accumulation of its long experience in the wood product industry and its innovative ability. It is a skill that generally requires three (3) to five (5) years to master which effectively serves as a hindrance for entry into this particular market segment by other industry players.
- (c) The innovative use of NIR technology in the drying process for the primed products has shortened the production lead time significantly and thus giving the DEB Group considerable competitive advantage in terms of meeting customers requirement in sizeable purchase quantity within a relatively short notice period. The Directors believe that the DEB Group is the pioneer in applying this German protocol technology in timber processing industry with great success in the Asia region.



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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**


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- (d) One major factor that enables the DEB Group to price its products competitively in the domestic and foreign markets is its ability to garner favourable purchasing terms from its suppliers via bulk purchasing. All purchasing for the DEB Group is made centrally which enables it to source its supplies of timber at relatively lower prices. The Group sources most of its wood supplies locally.

Nevertheless, PWSB possesses a licence issued by the Royal Malaysian Customs which allows it to import raw timber free of duty charges by virtue of it being an export-oriented manufacturer.

- (e) The DEB Group's business approach is highly customer-oriented as evidenced by the niche product or market segments that the DEB Group are able to secure and its ability to respond promptly to changes in the market dynamics:
- (i) The DEB Group's primed MDF mouldings and wrapped mouldings carry a wide range of design profiles that suit its customers' preference and requirements in various parts of Asia, Europe and North America;
  - (ii) BISB has shown great ability and flexibility in accommodating its customers' requirement of supplying finished laminated wood panels while majority of the other players in the industry are only able to provide lamination service due to cost constraint; and
  - (iii) the profitable supply of wood products to several islands in Pacific Ocean and Indian Ocean is a revelation of the DEB Group's ability in tapping into these niche market segments while other players are deterred due to cost or logistic constraints.
- (f) The Group's export market destinations cover markets in the northern and southern hemisphere countries which make the Group less susceptible to seasonal demand fluctuation due to change of weather conditions.
- (g) The DEB Group has a wide geographical distribution network in Peninsular Malaysia which not only enables it to service its customers in a more efficient manner, but also allows it to understand its customers' need better through constant interaction. The Group has dedicated marketing team which pays regular visits to customers' premises to ensure a long term viable business relationship is attained. Most of the major customers of the DEB Group have been with the Group for more than five (5) years.

### 3.12 Environmental Issues

The timber and wood processing industry have been under heavy criticism in respect of environment and forest resource preservation. In line with the local and other international requirements and expectation in environment preservation, the Group has undertaken various steps to address certain issues which are a cause for environmental concerns:

- (a) the wood panels used for the DEB Group's production are mainly made from rubberwood and pinewood which are sourced from sustainable managed forests or forest plantation programme. Other environmentally friendly materials used include wood waste and recycled materials;
- (b) the white coating paint used for primed MDF moulding is water-based which is more environmentally friendly compared to solvent-based paints that emit chemical vapour which causes damage to the atmosphere; and

## VII. INFORMATION ON THE DEB GROUP (*Cont'd*)

- (c) to ensure no air pollution in the surrounding of the factory sites, the DEB Group has invested in a dust collecting system which extracts wood dust generated from the production processes and disposes them at the government-approved dump site.

### 3.13 Management of the DEB Group

The DEB Group is led by Mr Cha Aku Wai @ Sia Ah Kow and Mr Teo Ah Bah @ Teo Chuang Kwee who have more than twenty four (24) years of experience each in wood products and related industries. Assisted by a team of experienced professionals with good ability and dedication, the management believes that it has positioned the DEB Group as one of the leading manufacturers in the primed MDF mouldings and wrapped mouldings in the domestic market and certain foreign markets such as Australia, South Korea and Europe.

The brief profiles of the Directors and senior management of the DEB Group are set out in Section VII.7 of this Prospectus. The track record of the senior management in wood-based products businesses has no doubt been proven and is evident from the track record of the DEB Group.

### 3.14 Employees

As at 31 August 2003, the DEB Group employs a total work force of 192 employees. None of the employees of the DEB Group is a member of any union. There have been no instances of strike action by the employees since the Group commenced operations.

The breakdown of employees by categories as at 31 August 2003 is as follows:

Category of employee	No. of staff	%
Management	36	18.7
Technical	18	9.4
Clerical and general workers	138	71.9
Total	<u>192</u>	<u>100.0</u>

The number of years of service of the DEB's Group employees is as set out as follows:

Years of service	No. of staff	%
Less than 1 year	48	25.0
More than 1 year but less than 5 years	102	53.1
More than 5 years but less than 10 years	33	17.2
More than 10 years	<u>9</u>	<u>4.7</u>
Total	<u>192</u>	<u>100.0</u>

The Group places high priority to ensure that there is continuity in the Group's management team so as to ensure continuity and to maintain its level of competitiveness in the industry.

## VII. INFORMATION ON THE DEB GROUP (Cont'd)

The Group has continuously provided training to its staff. Such programmes which are undertaken by the DEB Group are as follows:

### Type of programmes

Management	Marketing skill, tax planning, risk management, financing management, ISO training programme
Technical	Technical update, maintenance of machinery, quality assurance, ISO training programme
Clerical and general workers	Computer skill, costing /financial and management accounting , ISO training programme

Further information on the key management of DEB Group is set out in Section VII.7.3 of this Prospectus.

### 3.15 Prospects and Future Plans

The Directors of DEB are of the view that the long term prospects of the DEB Group is promising and the following factors place the DEB Group's future in good stead:

#### (a) Expanding production of manufactured products

The Group plans to further develop its manufactured products such as the primed MDF mouldings and wrapped mouldings which command higher profit margins compared to the trading of wood-based products. For illustration purposes, in the financial year ended 31 March 2003, the manufacturing division and distribution division accounted for approximately 23% and 77% of the Group's revenue respectively. In spite of the lower revenue generated, the manufacturing division contributed approximately 58% of the Group's PBT. Going forward, emphasis will be placed on promoting the manufactured products. The Group targets to shift the sales mix between the manufactured and trading products to the ratio of 26:74 by the financial year ending 31 March 2005. In the future years to come, the manufacturing division is expected to contribute not less than 40% of the total revenue of the DEB Group. In this regard, the Group plans to further extend its sales network to cover the US and PRC within the next one (1) to two (2) years.

#### (b) Upgrading of plant and machinery

In a move to increase the production of higher profit margin yielding manufactured products, the Group plans to expand its production capacity for the primed MDF moulding and wrapped moulding by purchasing new moulding and wrapping machinery. The new machinery are scheduled to be fully installed by March 2004 and are expected to provide an additional annual production capacity of 1,800 cubic metres, thus increasing the Group's total production capacity to 14,000 cubic metres per annum. Besides expanding its production capacities, the Group also plans to acquire a factory cum warehouse in Kulai, Johor to accommodate the increase in production activities. The Group will see the extension of its current manufacturing facilities from a build-up area of 4,768 sq.m. to 8,290 sq.m. In this regard, the Group has allocated RM1.5 million and RM4.0 million as capital expenditure for new machinery and factory cum warehouse respectively which will be partly financed through the proceeds to be raised from the Public Issue and partly by way of internally-generated funds and/or bank borrowings.

**VII. INFORMATION ON THE DEB GROUP (Cont'd)****(c) Establishing representative offices overseas**

On the drawing boards are plans to make in roads into PRC and the US. The Group plans to set up representative offices in these countries to serve as marketing and service centres for its manufactured products. The offices are expected to be operational by the first quarter of 2004 and the cost involved in setting up the offices are estimated at RM0.38 million.

By having representative offices in PRC and the US, the Group could market its product more efficiently and keep a closer watch over the change in trend as well as the competitiveness of its products. Moreover, the representative office in PRC will provide the Group an avenue to source for cheaper materials. For a start, the office will constitute a Chief Representative who is in charge of business and marketing development and to report the day-to-day activities to the Head Office in Malaysia, a Marketing Executive to be in charge of marketing and an Office Executive to take care of the administration works. The senior management of PWSB and BISB will be actively involved in the marketing and business development via regular visits to these offices. The Group plans to distribute its products through importers and wholesalers which the Group could capitalise on their established and extensive distribution network. In the meantime, the Group will participate more frequently in trade fairs and exhibitions in order to enhance its distribution networks.

**(d) Venturing into electronic commerce**

The Group intends to establish an e-procurement system to facilitate its marketing and selling processes. This will allow its customers from over the world to place orders with the head office directly and this will lead to improve efficiency and time as well as savings in cost.

**4. Share Capital**

The present authorised share capital of DEB is RM100,000,000 comprising 200,000,000 DEB Shares. The existing issued and paid-up share capital of the Company is RM38,700,000 comprising 77,400,000 DEB Shares.

The changes in the issued and paid-up share capital of DEB since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
19.07.1991	2	1.00	Cash	2
16.12.1993	63,998	1.00	Cash	64,000
17.12.1993	3,724,500	1.00	Acquisition of shares of CTSB, ISB and AIPL	3,788,500
15.08.1994	1,022,898	1.00	Rights Issue	4,811,398
15.10.1997	40,000	1.00	Cash	4,851,398
08.07.2000	262,228	1.00	Acquisition of shares of PWSB	5,113,626
27.03.2003	10,227,252	0.50	Share Split	5,113,626
31.03.2003	67,172,748	0.50	Bonus Issue	38,700,000

**VII. INFORMATION ON THE DEB GROUP (Cont'd)****5. Subsidiaries**

Details of DEB's subsidiaries are as follows:

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
PWSB	14.02.1992; Malaysia	2,350,000	100	Manufacturing of primed MDF mouldings, wrapped mouldings and furniture components
BISB	10.04.1993; Malaysia	500,000	100	Manufacturing of laminated wood panel products
AIPL	21.11.1992; Singapore	S\$1,000,000	100	Importer, distributor and exporter of all types of wood products
ISB	17.01.1985; Malaysia	2,000,000	100	Distribution of wood products
CTSB	04.05.1992; Malaysia	1,500,000	100	Distribution of wood products
JSB	23.06.2000; Malaysia	100,000	100	Distribution of wood products

As at the date hereof, the Company does not have any associated company.

**(i) PWSB****(a) History and Business**

PWSB was incorporated on 14 February 1992 in Malaysia under the Act as a private limited company.

PWSB is principally involved in manufacturing of primed MDF mouldings, wrapped mouldings and furniture components.

Other than its four (4) directors, PWSB currently has one hundred and twenty four (124) employees as at 31 August 2003.

**(b) Share Capital**

The present authorised share capital of PWSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PWSB is RM2,350,000 comprising 2,350,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of PWSB since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
14.02.1992	2	1.00	Cash	2.00
25.08.1994	999,998	1.00	Cash	1,000,000
31.12.1998	1,000,000	1.00	Bonus issue	2,000,000
08.01.1999	150,000	1.00	Cash	2,150,000
03.07.2000	200,000	1.00	Cash	2,350,000

**VII. INFORMATION ON THE DEB GROUP (Cont'd)****(c) Substantial Shareholder**

As at the date hereof, PWSB is a wholly-owned subsidiary of DEB.

**(d) Subsidiaries and Associated Companies**

As at the date hereof, PWSB does not have any subsidiary or associated company.

**(ii) BISB****(a) History and Business**

BISB was incorporated as a private limited company in Malaysia under the Act on 10 April 1993.

BISB is principally involved in the manufacturing of laminated wood panel products.

Other than its four (4) directors, BISB currently has seven (7) employees as at 31 August 2003.

**(b) Share Capital**

The present authorised share capital of BISB is RM1,000,000 comprising 1,000,000 shares of RM1.00 each. The issued and paid-up share capital of BISB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of BISB since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
10.04.1993	2	1.00	Cash	2
23.12.1993	99,998	1.00	Cash	100,000
01.07.2000	400,000	1.00	Cash	500,000

**(c) Substantial Shareholder**

As at the date hereof, BISB is a wholly-owned subsidiary of DEB.

**(d) Subsidiaries and Associated Companies**

As at the date hereof, BISB does not have any subsidiary or associated company.

**(iii) AIPL****(a) History and Business**

AIPL was incorporated as a private limited company in Singapore on 21 November 1992.

AIPL is principally an importer, distributor and exporter of all types of wood products.

Other than its five (5) directors, AIPL currently has seven (7) employees as at 31 August 2003.

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**


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**(b) Share Capital**

The present authorised share capital of AIPL is S\$1,000,000 comprising 1,000,000 ordinary shares of S\$1.00 each. The issued and paid-up share capital of AIPL is S\$1,000,000 comprising 1,000,000 ordinary shares of S\$1.00 each.

The changes in the issued and paid-up share capital of AIPL since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value S\$</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital S\$</b>
21.11.1992	2	1.00	Cash	2
15.12.1992	499,998	1.00	Cash	500,000
01.08.2001	500,000	1.00	Bonus issue	1,000,000

**(c) Substantial Shareholder**

As at the date hereof, AIPL is a wholly-owned subsidiary of DEB.

**(d) Subsidiaries and Associated Companies**

As at the date hereof, AIPL does not have any subsidiary or associated company.

**(iv) ISB****(a) History and Business**

ISB was incorporated on 17 January 1985 in Malaysia under the Act as a private limited company.

ISB is principally involved in distributing of wood products.

Other than its four (4) directors, ISB currently has twenty nine (29) employees as at 31 August 2003.

**(b) Share Capital**

The present authorised share capital of ISB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of ISB is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of ISB since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
17.01.1985	2	1.00	Cash	2
14.08.1991	499,998	1.00	Cash	500,000
14.05.1996	1,500,000	1.00	Bonus issue	2,000,000

**VII. INFORMATION ON THE DEB GROUP (Cont'd)****(c) Substantial Shareholder**

As at the date hereof, ISB is a wholly-owned subsidiary of DEB.

**(d) Subsidiaries and Associated Companies**

As at the date hereof, ISB does not have any subsidiary or associated company.

**(v) CTSB****(a) History and Business**

CTSB was incorporated on 4 May 1992 in Malaysia under the Act as a private limited company.

CTSB is principally involved in distributing of wood products.

Other than its four (4) directors, CTSB currently has twenty four (24) employees as at 31 August 2003.

**(b) Share Capital**

The present authorised share capital of CTSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of CTSB is RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of CTSB since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
04.05.1992	2	1.00	Cash	2
11.05.1993	499,998	1.00	Cash	500,000
28.07.1997	1,000,000	1.00	Bonus issue	1,500,000

**(c) Substantial Shareholder**

As at the date hereof, CTSB is a wholly-owned subsidiary of DEB.

**(d) Subsidiaries and Associated Companies**

As at the date hereof, CTSB does not have any no subsidiary or associated company.

**(vi) JSB****(a) History and Business**

JSB was incorporated on 23 June 2000 in Malaysia under the Act as a private limited company.

JSB is principally involved in the distribution of wood products.

Other than its four (4) directors, JSB currently has one (1) employee as at 31 August 2003.



**VII. INFORMATION ON THE DEB GROUP (Cont'd)****(b) Share Capital**

The authorised share capital of JSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of JSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of JSB since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
23.06.2000	2	1.00	Cash	2
26.06.2001	99,998	1.00	Cash	100,000

**(c) Substantial Shareholder**

As at the date hereof, JSB is a wholly-owned subsidiary of DEB.

**(d) Subsidiaries and Associated Companies**

As at the date hereof, JSB does not have any subsidiary or associated company.

**6. Substantial Shareholders and Promoters****(i) Substantial Shareholders**

The Substantial Shareholders of DEB and their respective shareholdings in DEB before and after the Public Issue and Offer are as follows:

Name	← Before the Public Issue and Offer →				← After the Public Issue and Offer →			
	← Direct →		← Indirect →		← Direct →		← Indirect →	
	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%
NSPSB	43,860,000	56.67	-	-	43,860,000	51.00	-	-
Cha Aku Wai @ Sia Ah Kow	3,228,794	4.17	46,040,715	59.48	538,132	0.62	<sup>(1)</sup> 44,223,456	51.42
Teo Chiew Peng	2,180,715	2.82	47,088,794	60.84	363,456	0.42	<sup>(2)</sup> 44,398,132	51.62

**Notes:**

(1) Deemed interest by virtue of his interest in NSPSB and through his spouse, Teo Chiew Peng.

(2) Deemed interest through her spouse, Cha Aku Wai @ Sia Ah Kow.

The shareholdings disclosed above do not include allocations of the Issue Shares reserved for eligible employees of the DEB Group pursuant to the Public Issue.

## VII. INFORMATION ON THE DEB GROUP (Cont'd)

## Changes in Substantial Shareholders of the Company since its incorporation

The shareholdings of substantial shareholders of DEB for the past three (3) years are set out as follows:

Name	As at 31.03.01			As at 31.03.02			As at 31.03.03			After the Public Issue and Offer		
	No. of ordinary shares of RMI.00 each held	%	Indirect	No. of ordinary shares of RMI.00 each held	%	Indirect	No. of DEB Shares each held	%	Indirect	No. of DEB Shares held	%	Indirect
NSPSB	-	-	-	-	-	-	43,860,000	56.67	-	43,860,000	51.00	-
Teo Ah Bah @ Teo Chuang Kwee	510,415	9.98	(1) 22,454	510,415	9.98	(1) 22,454	2,060,178	2.66	(1) 90,635	343,365	0.40	(1) 15,110
Cha Aku Wai @ Sia Ah Kow	799,944	15.64	(2) 540,278	799,944	15.64	(2) 540,278	3,228,794	4.17	(2) 46,040,715	538,132	0.62	(2) 44,223,456
Teo Kee Tai	262,228	5.13	-	262,228	5.13	-	1,058,419	1.37	-	176,399	0.21	-
Teo Choon Kiat @ Teo Chuan Kit	498,362	9.75	(3) 44,907	498,362	9.75	(3) 44,907	2,011,531	2.60	(3) 181,250	335,259	0.38	(3) 30,203
Teo Ah Tee @ Teo Chuan How	520,634	10.18	(4) 44,907	520,634	10.18	(4) 44,907	2,101,427	2.72	(4) 181,250	350,242	0.41	(4) 30,203
Teo Chiew Peng	540,278	10.57	(5) 799,944	540,278	10.57	(5) 799,944	2,180,715	2.82	(5) 47,088,794	363,456	0.42	(5) 44,398,132
Low Chwee Tian	660,127	12.91	-	660,127	12.91	-	2,664,456	3.44	-	444,078	0.51	-
Teo Chiew Luan @ Teo Chiew Ngoh	319,386	6.25	-	319,386	6.25	-	1,289,129	1.67	-	214,854	0.25	-

## Notes:

- (1) Deemed interest through his spouse, Chung Ek Fong.  
(2) Deemed interest by virtue of his interest in NSPSB and through his spouse, Teo Chiew Peng.  
(3) Deemed interest through his spouse, Din Dian Hong.  
(4) Deemed interest through his spouse, Tan Ah Sim @ Tan Siew Wah.  
(5) Deemed interest through her spouse, Cha Aku Wai @ Sia Ah Kow.

**VII. INFORMATION ON THE DEB GROUP (Cont'd)****(ii) Promoters**

The promoters of DEB are Cha Aku Wai @ Sia Ah Kow and Teo Ah Bah @ Teo Chuang Kwee.

**Particulars and Shareholdings**

The shareholdings of the Promoters in DEB before and after the Public Issue and Offer are as follows:

Name	Nationality	<---Before the Public Issue and Offer--->				<---After the Public Issue and Offer --->			
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
		No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%
Teo Ah Bah @ Teo Chuang Kwee	Malaysian	2,060,178	2.66	<sup>(1)</sup> 90,635	0.12	343,365	0.40	<sup>(1)</sup> 15,110	0.02
Cha Aku Wai @ Sia Ah Kow	Malaysian	3,228,794	4.17	<sup>(2)</sup> 46,040,715	59.48	538,132	0.62	<sup>(2)</sup> 44,223,456	51.42

**Notes:**

<sup>(1)</sup> Deemed interest through his spouse, Chung Ek Fong.

<sup>(2)</sup> Deemed interest by virtue of his interest in NSPSB and through his spouse, Teo Chiew Peng.

**(iii) Profile of Promoters**

The profile of Cha Aku Wai @ Sia Ah Kow and Teo Ah Bah @ Teo Chuang Kwee are detailed in Section VII.7.1.

None of the Substantial Shareholders and Promoters of DEB hold other directorships and have substantial shareholding in other public companies incorporated in Malaysia and overseas (other than DEB) for the past two (2) years.

**7. Directors, Management Team and Employees****7.1 Directors****(a) Directors' shareholdings in the Company**

The shareholdings of the Directors of the Company in DEB before and after the Public Issue and Offer are as follows:

Name	<---Before the Public Issue and Offer--->				<---After the Public Issue and Offer --->			
	<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%
Teo Ah Bah @ Teo Chuang Kwee	2,060,178	2.66	<sup>(1)</sup> 90,635	0.12	343,365	0.40	<sup>(1)</sup> 15,110	0.02
Cha Aku Wai @ Sia Ah Kow	3,228,794	4.17	<sup>(2)</sup> 46,040,715	59.48	538,132	0.62	<sup>(2)</sup> 44,223,456	51.42
Kuah Kwai Yoke @ Kuah Boo Cheng	779,870	1.01	-	-	129,983	0.15	-	-
Teo Kee Tai	1,058,419	1.37	-	-	176,399	0.21	-	-
Chai Soon Too	696,379	0.90	-	-	116,064	0.13	-	-
Owee Gook Choon	121,088	0.16	-	-	20,181	0.02	-	-
Tan Meng Poo	-	-	-	-	-	-	-	-
Mohd Khalid Bin Idris	2,408,006	3.11	-	-	2,408,006	2.80	-	-
Tan Chia Hon	-	-	-	-	-	-	-	-

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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*Notes:*

- (1) *Deemed interest through his spouse, Chung Ek Fong.*
- (2) *Deemed interest by virtue of his interest in NSPSB and through his spouse, Teo Chiew Peng*

**(b) Other Directorships and Substantial Shareholdings**

None of the Directors of DEB hold other directorships and have substantial shareholding in other public companies incorporated in Malaysia and overseas (other than DEB) for the past two (2) years.

**(c) Profile**

The profile of the Directors of DEB are as follows:

**Teo Ah Bah @ Teo Chuang Kwee**, aged 55, is one of the founders of the DEB Group and was appointed as the Executive Chairman of DEB on 17 December 1993. He graduated with a Bachelor of Science degree in Applied Chemistry from the University of Singapore in 1974. He has successfully set up many start-up companies including property development and construction companies. Upon graduation, he joined his family company, Ayer Hitam Sawmill Co Sdn Bhd which is involved in timber logging, sawmilling and distribution to both the domestic and export markets. From 1981 to 2000, he served as the Managing Director of Pek Lim Sdn Bhd, a housing development company. Together with his brothers, Teo Ah Tee and Teo Choon Kit, they have successfully developed several estates such as Desa Kulai Industrial Park in Kulai, Taman Rekamas in Kluang District and Taman Serom Utama in Muar. With twenty-nine (29) years of hands-on working experience in wood-based industry, sawmilling and property development, his experience and well established networking, his forte lies in management of the overall operations, business development and strategic direction of the DEB Group. In the meantime, he is a Director of several private companies which involved in wide range of business from sawmilling, plantation, property development to construction.

**Cha Aku Wai @ Sia Ah Kow**, aged 52, is one of the founders of the DEB Group and was appointed as the Managing Director of DEB on 17 December 1993. He graduated with a Bachelor of Commerce majoring in Accounting from Nanyang University Singapore in 1974. He was admitted as a registered accountant of the Singapore Society of Accountants in 1978. He gained exposure to the accounting and finance matters during his employment with C&E Tour Pte Ltd ("C&E") from 1974 to 1979. He left C&E as the Finance Manager in 1979 to start his own trading and distribution of wood-based products company in Singapore, Akati Pte Ltd. His entrepreneurial skills has steered the Group from a small establishment as a distributor of wood-based products to vertically expansion into manufacturing operations and production of wood-based products. The trading business grew rapidly and prompted him to set up ISB in Kuala Lumpur to capture the northern and central parts of Peninsular Malaysia. He further expanded its coverage to capture the southern part of Peninsular Malaysia which led to the establishment of CTSB in 1993. With his entrepreneurship and long term strategic view, he had successfully established the manufacturing operation together with Teo Ah Bah @ Teo Chuang Kwee in 1994, this led to the incorporation of PWSB.

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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With twenty four (24) years of hands-on experience in wood-based industry, he is well versed with the intricacies of the business and has groomed the Group to the present stage. He is the main driving force behind the DEB Group and is actively involved in the management of the overall operations and corporate planning of the Group. He is responsible for business development and strategic business direction of the DEB Group.

**Kuah Kwai Yoke @ Kuah Boo Cheng**, aged 49, was appointed Director of DEB on 18 April 2003. He is also a Director and General Manager of AIPL. He obtained a Diploma in Business Management from Singapore Institute of Management in 1995. He worked as a Deputy Site Representative and Building Supervisor cum Technician in companies in the building and construction industries in Singapore. After accumulated fifteen (15) years of working experience in the building and construction industry, he left to join AIPL as a Director in 1992. His well established network of business contacts and relationship with the property developers and construction companies in Singapore has proven invaluable to the AIPL in securing orders for the supply of wood-based products to several major building construction projects in Singapore, the notable one is Republic Plaza. With his fifteen (15) years of hands-on experience in the wood panel industry, he is instrumental in the sourcing of and negotiation for the supply of plywood and other wood-based materials of the DEB Group as well as developing close relationship with the plywood suppliers. He is the main driving force of AIPL as he is in charge of the day-to-day operation, the development and implementation of AIPL business and marketing strategies.

**Teo Kee Tai**, aged 41, was appointed Director of DEB on 18 April 2003. He is also the Director and General Manager of PWSB. He graduated with a Bachelor of Science from New York University, the US in 1985. Upon graduation, he joined Toyota Kohki Co Ltd ("TKCL") in Japan, a company involved in fabrication of steel mould for cement concrete in building industry as a management trainee for a year. Thereafter, he joined PT Amcoc Graha Electronic Industries Pte Ltd in Indonesia as the Finance Director from 1988 to 1989. In 1989, he joined PT Bogamuka Nagadi, company in Indonesia involved in food and beverage products manufacturing as Technical Advisor. Subsequently, he joined PWSB in 1995 as Director and General Manager. He has been actively involved in the development of the Group's export market business and expansion plans. His proficiency in Japanese language and experience in factory management gained from working with TKCL has benefited him in dealing with the Japanese customers operating licensed manufacturing warehouses locally. He oversees the operations of the entire factory in Kulai and also responsible for the corporate planing of PWSB.

**Chai Soon Too**, aged 42, was appointed Director of DEB on 18 April 2003. He is also the Director and General Manager of ISB and JSB. He is the co-founder of JSB and was instrumental in setting up the ISB's offices in Butterworth and Kota Bahru. He graduated with a Bachelor of Business Administration from National Chung-Hsing University, Taiwan in 1985. He worked as a timber grader in B&O Woodworks Ptd Ltd ("B&O"), a company involved in processing and trading of log and timber in Singapore from 1986 to 1989. During his tenure with B&O, he was exposed to purchasing and grading of log and timber. In 1993, he joined ISB as Director. He is responsible for overseeing the day-to-day operation of ISB in Kuala Lumpur, the supervision of the operation of ISB in Kota Bahru and JSB's offices. He is also in charge of planning for business development and establishment of new distribution networks of ISB and JSB.

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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**Owee Geok Choon**, aged 32, was appointed Director of DEB on 18 April 2003. He is also the Director and General Manager of CTSB and BISB. He is the co-founder of BISB and was instrumental in setting up the Kuantan office. He graduated with a Bachelor of Commerce majoring in Accounting from Monash University, Australia in 1993. He started his career with AIPL as an Export Marketing Executive. With his dedication and ability, he was later offered the position of General Manager in CTSB in 1996.

Subsequently, he was appointed to the Board of Directors of CTSB a year later. Apart from overseeing the day-to-day operation of CTSB in Johor Bahru, he is also responsible for the supervision of in Muar and Kuantan offices of CTSB and BISB's business and operations as well as planning for business development and implementation of marketing strategies.

**Tan Meng Poo**, aged 42, was appointed Director of DEB on 18 April 2003. He graduated with a Bachelor of Law (Honours) from University of Malaya in 1985 and was admitted as an advocate and solicitor in 1986. After his graduation, he joined Liew & Co as a legal assistant for a year, and later Abdul Raman Saad & Associates. He subsequently became a partner of the firm. He joined Allen & Gledhill as a partner in their Johor Bahru office in 1994. He has gained vast experience through his profession during his seven (7) years working experience in Allen & Gledhill. He later joined Law & Partner as a partner of the firm in 2001 till now.

**Mohd Khalid Bin Idris**, aged 59, was appointed Director of DEB on 18 April 2003. He is a member of Institute of Company Secretaries Malaysia and Malaysia Institute of Taxation. He started his career as a Tax Examiner in Inland Revenue Department from 1969 to 1975. After all the experience gained in the Inland Revenue Department, he joined OH & Associate in 1975 as a Tax Manager. After gaining ten (10) years of working experience, he started his own management consultancy firm, Khalid & Associate Sdn Bhd in 1986. He is the director of the firm since then.

**Tan Chia Hon**, aged 28, was appointed Non-Executive Director of DEB on 30 August 2002. She graduated with a Bachelor of Commerce majoring in Accounting and Finance from Monash University, Australia in December 1997. She started her career with Deloitte KassimChan, Johor Bahru as an audit assistant in Audit Division in March 1998 and was later transferred to Tax Division in September 1998. After accumulated four years of experience, she left as an Assistant Tax Manager to take on her role as the Accountant in her family business. She is a member of Australian Society of Certified Practising Accountant and Malaysia Institute of Accountants. She is also the Group Accountant for several private companies.

**(d) Directors' Remuneration and Benefits**

The aggregate remuneration and fees paid to the Directors for services rendered in all capacities to the Company and its subsidiaries for the financial year ended 31 March 2003 was RM192,000 and for the financial year ending 31 March 2004 is estimated at RM1,259,000.

**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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

	<-----Aggregate Remuneration----->					
	<-----Audited----->			<-----Estimate----->		
	<-Year ended 31 March 2003->			<-Year ending 31 March 2004->		
	Non-Executive Director	Executive Director	Total	Non-Executive Director	Executive Director	Total
Between RM1,000 and RM50,000	-	-	-	-	3	3
Between RM51,000 and RM150,000	-	-	-	1	-	1
Between RM151,000 and RM250,000	1	-	1	5	-	5
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>9</b>

Apart from the aforesaid remuneration, all the Directors do not receive any other form of benefits from the DEB Group.

**(e) Involvement in other business and/or corporations with similar business as the DEB Group.**

None of the Directors are involved in other business and/or corporations with similar business as the DEB Group.

**7.2 Audit Committee**

Name	Designation	Directorship
Mohd Khalid Bin Idris	Chairman of the Committee	Independent Non-Executive Director
Cha Aku Wai @ Sia Ah Kow	Member of the Committee	Non-Independent Executive Director
Tan Chia Hon	Member of the Committee	Independent Non-Executive Director

The main functions of the Audit Committee include the review of audit plans and audit reports with the auditors, the review of the auditors' evaluation of internal accounting controls, the review of the scope of internal audit procedures, the review of balance sheet and profit and loss accounts and the nomination of auditors.

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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**7.3 Management Team****(a) Profile**

The profile of the senior management of DEB and its subsidiaries are as follows:

**Teo Choon Kiat @ Teo Chuan Kit**, aged 59, was appointed as a Director of AIPL in 1992. He has extensive experience in the fields of wood-based, sawmilling and property development. He has been involved in the wood-based business for over thirty (30) years since the start up of his family company, Ayer Hitam Sawmill Co Sdn Bhd which involved in timber logging, sawmilling and distribution to both the domestic and export markets as the Executive Director. Together with his brothers, Teo Ah Bah @ Teo Chuang Kwee and Teo Ah Tee @ Teo Chuan How, they have successfully set up many business entities including property development and construction companies. With vast experience in the wood-based industry, he is responsible for overseeing the overall operations and business development of AIPL. He also sits on the Boards of several private companies which involve in sawmilling, plantation, property development, construction, manufacturing of food.

**Teo Ah Tee @ Teo Chuan How**, aged 56, is one of the founders of the DEB Group and has been appointed as Directors of all the existing subsidiaries of DEB. He has extensive experience in the fields of wood-based, sawmilling and property development. Together with his brothers, Teo Ah Bah @ Teo Chuang Kwee and Teo Choon Kiat @ Teo Chuan Kit, they have successfully set up many start-up operations including property development and construction companies. He has gathered more than twenty seven (27) years of hands-on experience in the wood-based business through involvement in his family company, Ayer Hitam Sawmill Co Sdn Bhd. He is conversant with the logging, sawmilling and distribution of wood-based products. With vast experience and well established network of business contacts, he is responsible for overseeing the overall operations and business development of the DEB Group. He also sits on the Boards of several private companies which are involved in sawmilling, plantation, property development, construction and manufacturing of food.

**Ong Teng Ser**, aged 56, was appointed as Director of AIPL in 1992. He started his career with a wood trading company in Singapore in 1964. Armed with eleven (11) years of experience, he set up his own wood trading company, Keng Hup Hin Co Pte Ltd in Singapore in 1975 exporting Malaysian timber to various countries including Middle East, Thailand and PRC. With over thirty seven (37) years of experience in the wood-based industry, he is well verse with the intricacies of wood trading. His forte lies in the trading skills and he is responsible for the management and control of the overall operations of AIPL.

**Heng Yik Poh**, aged 40, is a Director of ISB. He acquired considerable experience in the wood trading industry during his six (6) years employment with Tonah Trading Co Sdn Bhd ("Tonah") based in Butterworth. He covered the market from Pulau Pinang to the southern part of Peninsular Malaysia while he was working with Tonah. Thereafter, he left Tonah to join ISB as the Branch Manager based in Butterworth in 1993 and was promoted to a Director of ISB in 1997. He was involved in setting up offices of ISB in both Butterworth and Kota Bahru. He is in charge of overseeing the day-to-day operation of ISB in Butterworth and the supervision of the operation and business development of ISB's business in Kota Bahru.



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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

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**Er Lee Keng**, aged 39, is the Finance and Administration Manager of DEB Group. She is also a Director of CTSB, JSB and BISB. She joined CTSB in 1993 as an Accounts Executive and her work commitment has granted her a promotion to the present position in 1996. She is responsible for the finance and administration functions of the Group with nine (9) staffs under her supervision.

**Teo Chiew Peng**, aged 51, is the Account, Finance and Administration Manager of AIPL. She completed her tertiary education in Ngee Ann Technical College of Singapore with a Diploma in Business Studies. She is the spouse of Cha Aku Wai @ Sia Ah Kow and has joined AIPL since 1992 and is well verse with the administration, accounting and finance matters of the AIPL.

**Chin Ing Yen**, aged 32, is the Accounts Manager of DEB Group. Prior to joining CTSB, she worked as an Accounts Assistant with Season Confectionery Sdn Bhd for two (2) years. From 1995 to 1996, she was attached to Liang & Co (JB) as an Audit Assistant. Thereafter, she left Liang & Co (JB) in 1997 to pursue her professional studies and obtained her professional qualification with the Association of Chartered Certified Accountants ("ACCA") and was admitted as a member of ACCA in 2001 and was granted a member of Malaysia Institute of Accountants. In 1999, she joined DEB as Group Internal Auditor and was then promoted to Accounts Manager in 2000. She is in charge of the accounting function of the Group.

**Chan Han Ching**, aged 42, is the Manager of BISB and Branch Manager of CTSB's Muar office. He joined CTSB as the Manager in 2000 and was subsequently offered the Manager position in BISB in 2001. Prior to joining the DEB Group, he worked as a Sales Manager in Cheay Enterprise Sdn Bhd, a company involved in trading and distribution of wood panels and furniture hardware, from 1990 to 2000. Equipped with ten (10) years of experience in the wood trading and long established business relationship with customers, he is instrumental in strengthening the Group's position in the furniture market in Muar. He is responsible for the day-to-day operations of BISB and market development and sales performance of CTSB in Muar.

**Chin King Fook**, aged 34, is the Production Manager of PWSB. He graduated with a Bachelor of Science (Honours) from University of Malaya in 1994. Prior to joining PWSB, he worked as Process Engineer, R&D Engineer, Plan Engineer and Senior Production Supervisor in several local manufacturing companies. He has gained valuable experience in process control and quality management during his employment with NEMIC LAMBDA Sdn Bhd from 1995 to 1996 and manpower and cost control management during his four (4) years with Foo Ngan Marine Sdn Bhd. In 2001, he joined PWSB as Assistant Production Manager and was promoted to Production Manager in 2002. Equipped with extensive experience in the manufacturing sector, he was instrumental in setting up the inventory system of the Group, reorganisation of the wrapping process setting to lower paper wastage and reject rates and the improvement of the productivity of the factory's priming line. Currently, he has eighty one (81) workers under his supervision and is primary in charge of the production activities including production planning and control as well as resource planning and control.

## VII. INFORMATION ON THE DEB GROUP (Cont'd)

**A. Manan Bin Abdullah @ Abdul Hamid**, aged 31, is the Quality Assurance, Research and Development and Production Process Executive of PWSB. After completion of the diploma course at Wood Technology in Mara Institute of Technology, he worked as Technical Assistant in the Industrial Engineering Department of HKT (M) Sdn Bhd, a multinational furniture manufacturing company from 1994 to 1996. In 1996, he joined Casco Adhesives Sdn Bhd, a well known wood adhesives company as Technician for two (2) years. In 1998, he pursued his degree at University of Maine, the US and graduated with a Bachelor of Wood Science and Technology. After his graduation, he worked as a Production Planner in Finewood Forest Products Sdn Bhd, a company involved in solid wood moulding, for a year. In 2001, he joined PWSB as his current position. He is responsible for the efficiency of the production process flow and the quality control for raw materials and finished products to ensure compliance with the Group's products quality requirement. He is also responsible for the research in new product development and improvement of the quality of the existing products.

**Ahmad Faris Bin Mohamed**, aged 37, is the Head of Human Resource and General Affairs Department of PWSB. He started his career as a designer with Juru Bena Bertiga International Sdn Bhd from 1984 to 1986. In 1987, he joined Skellerup Industries (M) Sdn Bhd ("SISB") as Production Supervisor and was promoted to Production Superintendent a year later. In 1991, he was transferred to SISB as Human Resource Executive and he served in the capacity for four (4) years. From 1996 to 2000, he worked as Senior Human Resource Executive in Sapura Research Sdn Bhd ("SRSB"). In 2000, he left SRSB to join PWSB.

### (b) Management team's shareholdings in the Company

Save as disclosed below, none of the members of the management team of the DEB Group has any shareholding in the Company.

Name	←Before the Public Issue and Offer→				←After the Public Issue and Offer→			
	←Direct→		←Indirect→		←Direct→		←Indirect→	
	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%	No. of DEB Shares held	%
Teo Chiew Peng	2,180,715	2.82	<sup>(1)</sup> 47,088,794	60.84	363,456	0.42	<sup>(1)</sup> 44,398,132	51.62
Er Lee Keng	90,635	0.12	-	-	15,110	0.02	-	-
Heng Yik Poh	40,358	0.05	-	-	6,722	0.01	-	-
Ong Teng Ser	759,684	0.98	-	-	126,614	0.15	-	-
Teo Choon Kiat @ Teo Chuan Kit	2,011,531	2.60	<sup>(2)</sup> 181,250	0.23	335,259	0.38	<sup>(2)</sup> 30,203	0.04
Teo Ah Tee @ Teo Chuan How	2,101,427	2.72	<sup>(3)</sup> 181,250	0.23	350,242	0.41	<sup>(3)</sup> 30,203	0.04
Chin Ing Yen	-	-	-	-	* 25,000	0.03	-	-
Chan Han Ching	-	-	-	-	* 25,000	0.03	-	-
Chin King Fook	-	-	-	-	* 25,000	0.03	-	-
A. Manan bin Abdullah @ Abdul Hamid	-	-	-	-	* 25,000	0.03	-	-
Ahmad Faris Bin Mohamed	-	-	-	-	-	-	-	-

#### Notes:

\* Assuming full subscription of their respective allocation of shares to eligible employees pursuant to the Public Issue.

<sup>(1)</sup> Deemed interest through her spouse, Cha Aku Wai @ Sia Ah Kow.

<sup>(2)</sup> Deemed interest through his spouse, Diu Dian Hong.

<sup>(3)</sup> Deemed interest through his spouse, Tan Ah Sim @ Tan Siew Wah.

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**VII. INFORMATION ON THE DEB GROUP (Cont'd)**


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**(c) Involvement in other business and/or corporations with similar business as the DEB Group.**

None of the key management or key technicians are involved in other business and/or corporations with similar business as the DEB Group.

**7.4 Management Succession Plan**

The Directors of DEB recognise the importance of the Group's ability to attract and retain skilled personnel and have in place a human resource strategy which includes suitable compensation packages and a well-structured succession plan. With a view to retain its skilled personnel, the Company has promoted four (4) of its senior management personnel, who have been with the Group for more than nine (9) years, to the DEB Board and has allocated 46.5% of the DEB Shares under the Public Issue or 4.0 million new DEB Shares to its employees and person who have contributed to the success of the Company in conjunction with the listing of DEB.

The Group has been providing on-going external and in-house training programs to increase the competency of its existing employees as well as to groom the lower and middle management staff to gradually assume the responsibilities of the senior management as part of its employee career advancement programme and to ensure a smooth transition in the management team should any changes occur. Furthermore, there has been continuous efforts by the Group to search for young professionals as well as the skilled and technical personnel for future growth.

At present, the key management team is supported by the middle management team, who manages the daily operational matters of the Group. The Group constantly grooms suitable junior management by encouraging participation in senior management discussions. In addition, the middle management are given the responsibility in various aspects of the related business activities in order to ensure that they have a full understanding of the responsibilities and decision making process and be equipped with the knowledge necessary for them to succeed senior management positions. The senior management meets with the middle management on a regular basis for brainstorming sessions and to discuss issues faced by the middle management and to allow the middle management to participate in decision making.

**8. Family Relationships and Associations**

Save as disclosed below, none of the Substantial Shareholders, Promoters and Directors of DEB and senior management of the DEB Group are related to each other.

- (i) Cha Aku Wai @ Sia Ah Kow is the husband of Teo Chiew Peng. He is the son-in-law of Low Chwee Tian and brother-in-law of Teo Choon Kiat @ Teo Chuan Kit, Teo Ah Tee @ Teo Chuan How, Teo Ah Bah @ Teo Chuang Kwee and Teo Chiew Luan @ Teo Chiew Ngoh.
- (ii) Teo Ah Bah @ Teo Chuang Kwee is the son of Low Chwee Tian. He is the brother of Teo Chiew Luan @ Teo Chiew Ngoh, Teo Chiew Peng, Teo Ah Tee @ Teo Chuan How and Teo Choon Kiat @ Teo Chuan Kit as well as brother-in-law of Cha Aku Wai @ Sia Ah Kow.
- (iii) Low Chwee Tian is the mother of Teo Chiew Peng, Teo Ah Tee @ Teo Chuan How, Teo Ah Bah @ Teo Chuang Kwee, Teo Choon Kiat @ Teo Chuan Kit and Teo Chiew Luan @ Teo Chiew Ngoh. She is the mother-in-law of Cha Aku Wai @ Sia Ah Kow.

**VII. INFORMATION ON THE DEB GROUP (Cont'd)**

- (iv) Teo Chiew Peng is the wife of Cha Aku Wai @ Sia Ah Kow. She is the daughter of Low Chwee Tian, sister of Teo Ah Bah @ Teo Chuang Kwee, Teo Ah Tee @ Teo Chuan How, Teo Choon Kiat @ Teo Chuan Kit and Teo Chiew Luan @ Teo Chiew Ngoh.
- (v) Teo Choon Kiat @ Teo Chuan Kit is the son of Low Chwee Tian. He is the brother of Teo Chiew Peng, Teo Ah Tee @ Teo Chuan How, Teo Ah Bah @ Teo Chuang Kwee and Teo Chiew Luan @ Teo Chiew Ngoh as well as the uncle of Teo Kee Tai.
- (vi) Teo Chiew Luan @ Teo Chiew Ngoh is the daughter of Low Chwee Tian. She is the sister of Teo Chiew Peng, Teo Ah Tee @ Teo Chuan How, Teo Ah Bah @ Teo Chuang Kwee and Teo Choon Kiat @ Teo Chuan Kit, sister in law of Cha Aku Wai @ Sia Ah Kow.

**9. Declaration from the Directors and the Key Management**

No Director or any of the key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (a) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) A conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) Being the subject of any order, judgement or ruling of any court of competent jurisdiction, temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

**10. Service Contracts**

None of the Directors and key management of the Company have any existing or proposed service contracts with the Company or its subsidiaries.

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