
12. INDEPENDENT MARKET RESEARCH REPORT

[Prepared for inclusion in this Prospectus]

F R O S T  S U L L I V A N

Frost & Sullivan (M) Sdn. Bhd. (522293W)
Suite E-08-15, Block E, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur
Tel: 603 6204 5800 Fax: 603 6201 7402
www.frost.com

3 June 2004

The Board of Directors
Adventa Berhad
1 Jalan 8, Pengkalan Chepa 2 Industrial Zone ,
16100 Kota Bharu
Kelantan, Malaysia.

Dear Sirs,

EXECUTIVE SUMMARY

The following is a summary of the Assessment of the Latex Glove Industry in Malaysia prepared by Frost & Sullivan for inclusion in the Prospectus of Adventa Berhad in relation to its proposed listing on the Second Board of Bursa Malaysia Securities Berhad (Formerly known as Malaysia Securities Exchange Berhad)

INDUSTRY CHALLENGES

Identification of Challenges Facing the Medical Disposable Gloves Market

The first phase of the Market Engineering system is to identify the key challenges facing the industry. An industry challenge is any issue that can affect the development of the market or the competitors in the marketplace. Challenges include customer issues, regulatory programs, economic trends, market measurement trends, competitive strategies, new technologies, sales and marketing strategies, new market opportunities, and market threats. Figure 1-1 lists the ten most challenging issues facing the disposable medical gloves industry. These challenges have been identified and ranked on the basis of the research done for this report. Each challenge varies depending on the time frame that is likely to see the highest impact on the market. This time frame analysis directly affects the market forecasts and the development of market strategies and investment timing by industry participants.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

Figure 1-1

Disposable Medical Gloves Market: Impact of Market Challenges, 2002-2008

Market Challenges	1-2 years	3-4 years	5-7 years
Latex allergy issues divert suppliers towards alternatives to natural rubber latex and lower protein gloves	High	High	High
Tighter healthcare control repels purchases of premium gloves	High	Medium-High	Medium
Industry consolidation alters competitive landscape	Medium	Medium	Medium
Potential hazards in the disposal of PVC raise concerns for end-users of synthetic gloves	Low-Medium	Medium	High
Consumers demand for higher value gloves shifts suppliers towards new polymer-coated technologies	Low	Medium	Medium

Source: Frost & Sullivan

Latex Allergy Issues Divert Suppliers Toward Alternatives to Natural Rubber Latex

The bad publicity of powder gloves and its relation to latex allergy has challenged glove manufacturers to level of proteins in gloves and work on alternatives to natural rubber latex to reduce the naturally occurring protein. Powder latex gloves have been known to possess allergy-causing proteins absorbed by the powder. When the glove snaps on a person's hand, the powder can become airborne and subsequently ingested, causing allergic reactions in certain people. A runny nose, wheezing, and difficulty in breathing related to airway edema may develop if the respiratory system is exposed to latex particles that have bound with glove powder. The type and severity of a reaction may depend on the person's level of sensitivity and the amount of allergen to which they are exposed. People most at risk for latex allergy include those who are repeatedly exposed to it, such as those who work in hospitals and other medical facilities.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

Medical polymer companies continue to work on developing innovative technologies in disposable gloves. Researchers are currently exploring a new latex material produced from a shrub in the Southwest of the United States. Guayule latex, which contains one-third the level of proteins of current latex, has been tested on hundreds of latex-sensitive people with no reactions. Guayule latex has comparable tensile strength and permeability as natural rubber latex. The key difference is that guayule latex has fewer protein particles.

Currently, the market has turned to neoprene, or polychloroprene rubber, for synthetic surgical gloves and nitrile for synthetic examination gloves. The production of neoprene surgical gloves is relatively problem free. Elasticity of the thicker film provides for ease of stripping and lower rejection rate.

Neoprene films are also compatible to selected polymers for lamination as well. This could be a thin film of polyurethane, for example, to provide better donning characteristics. Neoprene has more self-adhesion characteristics compared to nitrile. Growth in a variety of new glove applications, including polyisoprene material, will have an impact on the surgical glove market. Allegiance and Maxxim Medical are two companies currently marketing polyisoprene gloves, which are comparable to latex in terms of properties.

Tighter Healthcare Control Repels Purchases of Premium Gloves

Cutbacks in healthcare spending, due to pressure from government, health maintenance organizations and third-party payers, have impacted the pricing structure and market revenues of medical gloves. With limited funds, some healthcare facilities are restrained from purchasing higher-priced, premium medical gloves. This is one reason that powder natural rubber latex gloves are still prevalent in the U.S. and in other parts of the world. This presents a challenge for manufacturers to offer lower-priced gloves to meet the demands of hospitals and group purchasing organizations (GPOs).

Industry Consolidation Alters Competitive Landscape

In February 2000, Kimberly-Clark Corporation completed its \$800 million acquisition of Safeskin Corporation. The acquisition allows Kimberly-Clark to support its existing medical disposable products, sales force, distribution channels, and technologies. It also allows Kimberly-Clark to expand into new medical device markets in high-quality, disposable gloves for the healthcare, high-technology and scientific industries. In addition, Safeskin's state-of-the-art, low-cost manufacturing facilities in Thailand complement Kimberly-Clark's existing tissue and personal care operations in that country. In 1999, Ansell entered into an agreement to acquire the worldwide medical glove business of Johnson & Johnson Medical for \$98 million. The J&J glove business has been integrated into Ansell Perry, a division of Ansell. The acquisition also provided Ansell with ownership of J&J's manufacturing facility in Shah Alam, Malaysia. In 1997, Ansell acquired the Golden Needles Knitting & Glove Company, which produces over 6 million gloves each week.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

The potential impact of industry consolidation has a huge impact on the competitive structure and how companies manage their glove business. As larger companies get bigger, smaller-sized manufacturers are challenged to stay alive in this ever-competitive market environment. On the other hand, the larger companies are also challenged to retain market share, as competition gets keener, and the technology gap closes.

Potential Hazards in the Disposal of PVC Raise Concerns for End Users of Synthetic Gloves

There have been some concerns surrounding the disposal of polyvinyl chloride (PVC) gloves. Most of these concerns are related to the potential release of chemicals when PVC gloves are disposed. PVC produces dioxin when burned in a medical or solid waste incinerator. Dioxin is a known human carcinogen and has been linked to a host of other human health effects. Some companies have already eliminated the use of PVC in order to avoid major lawsuits. For example, in 1999 Baxter Healthcare announced it would develop an alternative to PVC medical products. Organizations such as the American Chemical Society believe that PVC should not be used in medical products and are recommending that PVC be phased out. Thus, a ban on vinyl gloves would have a huge impact on the disposable glove market.

Customers' Demand For Higher-Value Gloves Shifts Suppliers Toward New Polymer-Coated Technologies

Companies are developing new polymer coatings to help hands slip into latex gloves more easily and reduce skin-latex contact. Polymer-coated latex gloves have been around for the past several years. Polymer-coated latex gloves, which have been well accepted by end users, provide easy donning and do not discolor or give off an unpleasant odor like chlorinated latex gloves. BF Goodrich Performance Materials, a business unit of B.F. Goodrich Co., is marketing a new polymer coating called HySlip coating. The polymer in HySlip coating adheres to the glove and allows the hand to slide into the glove without any airborne particles. The coating, which is made from a polyurethane/acrylic mix, has a slippery surface with a texture or smooth feel. Many manufacturers are still using the chlorinating process to produce powder-free gloves. However, the trend has been shifting towards polymer-coated gloves, and manufacturers are challenged to develop new technologies in this area to meet customers' demand for higher quality gloves at a lower price.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SUMMARY OF MAJOR FINDINGS

The majority of the end-users in the US and Europe are aware of the latex protein allergy issue. The general perception of end-users is that natural rubber latex gloves can cause health problems such as skin irritation, rash, and itches. End-user surveys have also revealed that 'price' was the most common factor that influenced purchase decisions, followed by 'material' and 'fit' of the glove. However, 'better fit/sensitivity' is the most popular characteristic of an ideal glove, followed by 'puncture resistance' and 'low protein content/allergy-free' characteristic.

The Medical Glove Material Choices

There is currently a debate occurring regarding the most desirable material for medical gloves. This debate has many implications for the health of patients and medical staff, for hospital expenditure and for market growth. This is because the range of materials differs substantially in price and product benefits. The essential choice is between the traditional material, latex, and various non-latex alternatives. Latex is recognized as being preferable in a number of ways, including lower cost, better comfort and superior protection. The point of concern is the increasing incidence of latex allergies. This can be in the form of dermatitis-type problems, such as itching, blistering, etc. However, there can also be more serious reactions, such as swollen eyes, asthma and even anaphylaxis.

However, in addition to the 'latex versus synthetic' issue, there is a further dimension to consider. This is related to the choice between 'powdered' and 'powder-free' medical gloves. Powder is essentially used to aid 'donning' of the glove. The problem is that this can exacerbate any allergic reaction such as skin dermatitis. Furthermore, in the case of surgical gloves, foreign body reactions can occur when powder comes into contact with a surgical wound, causing post-operative wound infection.

Market Trends

Powdered medical latex gloves, which includes surgical and examination gloves, have been declining due to concerns with latex allergies. Hospitals and healthcare facilities have been switching to powder-free gloves and/or synthetic gloves in order to prevent latex allergies.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

There have been requests from healthcare organization to Governments of some states in the US and certain European countries from om healthcare organizations to ban the use of powdered latex medical gloves. Several clinical studies have shown that powdered gloves contribute to latex allergies. These studies have shown that natural latex proteins, which bind to cornstarch, are allergenic. Cornstarch is the most common dusting powder used for lubricating natural rubber latex gloves. An alternative to cornstarch powder is chlorination, which is the most common method used for powder-free gloves. However, chlorination can deteriorate some of the mechanical and physical properties of natural rubber latex.

Banning the use of powdered medical gloves would cause a market shortage. Currently, the majority of medical gloves in many parts of the world are powdered latex gloves. Although banning the use of powdered latex gloves may solve the problem of airborne allergens, healthcare costs would rise due to more expensive alternatives such as powder-free latex gloves and synthetic gloves. If powdered latex medical gloves were to be banned immediately, the increased volume of powder-free latex and synthetic gloves would be a problem.

Additionally, the process of shifting away from powdered latex gloves towards powder-free latex gloves may compromise the barrier integrity of medical gloves. A market shortage of medical gloves, which occurred during 1988-1989, would result in poor quality gloves entering the market. Numerous small glove exporters would take the opportunity to distribute low quality gloves due to a shortage of medical gloves. In addition, chlorination of gloves is not an easy process, and many powder-free latex gloves are produced with low shelf life due to poor chlorination processes.

Powdered latex medical gloves are most likely to remain in existence in the market for at least the medium term. The need for high quality medical gloves at a low cost is an important issue for manufacturers as in preventing latex allergies. Manufacturers are exploring ways to lower the protein contents of powdered gloves.to meet this demand.

Medical Examination Gloves Market

The medical examination gloves market is one of the biggest segments of hospital infection control products and was responsible for more than \$1 billion in revenues from approximately 50 billion units in 2002. The market is expected to slightly decrease in the coming years mainly because of price erosion.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

The powder-free natural rubber latex market is estimated to stand at 30 billion units, valued at approximately US\$650 million in 2002. Although unit shipments were estimated to have grown at three percent during that year, revenues dropped 0.5 percent due to falling prices. The compound annual growth rate for unit shipments is projected at 3.0 percent for the years 2002 to 2008. Cost containment pressure, market saturation, and non-latex alternatives are the key factors restraining unit growth

The powder NRL exam gloves market was estimated at 20 billion units, valued at approximately US\$350 million in 2002. The market is declining in double-digits each year, falling at 10 percent in units in 2002. Revenues are also declining at approximately 10 to 15 percent annually. The compound annual growth rate for revenues is projected to fall at 15 percent for the years 2002 to 2008 due to the shift toward powder-free and non-latex gloves.

The medical exam gloves market is very fragmented with more than 120 to 150 players worldwide, including regional glove importers/exporters. There are four tiers of competition. The first tier is made up of four leading companies: Kimberly Clark Safeskin, Allegiance, Medline, and Ansell. Combined, these companies make up more than 50 percent of the total exam glove market share, as they control almost 70 percent of the world's largest market, which is the United States. The second tier of players include Maxxim Medical, Microflex, Sempermed, and American Health Products. The third tier is made up of a number of smaller players that have both regional and local presences. The fourth tier consist of small OEM manufacturers located in various parts of South East Asia, India and China.

Surgical Gloves Market

The surgical glove market is one of the most important segments of the disposable medical glove industry. The market was estimated at more than \$650 million in 2002. .

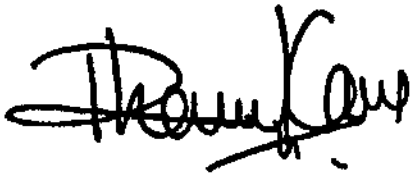
The powder-free natural rubber latex surgical gloves market totaled approximately 250 million pairs of gloves, valued at \$400 million in 2002. Although the unit growth rate is projected to decrease each year, the incremental unit growth is more than 25 million units annually. The compound annual growth rate for unit shipments is projected at 12 percent for the years 2002 through 2008. Revenue growth is however lower than unit growth due to falling prices.

The powder NRL surgical gloves market was estimated at 450 million pairs of gloves valued at US\$250 million in 2002. The powder NRL surgical gloves market has not declined as rapidly as the powder NRL exam gloves market. The key reason for this is that the price differential between powder versus powder-free is much greater in surgical gloves than in exam gloves. Thus, the conversion from powder to powder-free has been slower in the surgical glove business. However, the powder NRL surgical glove market is expected to decline in double-digits by 2008. In terms of synthetics, the new polyisoprene material is expected to help drive the growth of synthetic surgical gloves during the next several years. The compound annual growth rate for unit shipments of synthetic gloves is projected at 20 percent for the years 2002 to 2008.

12. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

Frost & Sullivan has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely



Rhenu K. Bhuller
Director of Healthcare – Asia Pacific
Frost & Sullivan

13. VALUATION CERTIFICATE

[Prepared for inclusion in this Prospectus]

C H Williams Talhar & Wong**C H Williams Talhar & Wong Sdn Bhd** (18149-U)Juruukur Berkanun
Chartered SurveyorsPerunding Harta Antarabangsa
International Property Consultants

Our Ref : WTW/KB/2668(I)/2003/WAN and WTW/KB/2740/2003/WAN

May 20, 2004

The Board of Directors
Adventa Berhad
No. 1, Jalan 8
Pengkalan Chepa 2 Industrial Zone
16100 Kota Bharu
Kelantan

Dear Sirs

VALUATION OF :

- LOT NO PT 4093 (NEW LOT NO 5052)
PENGKALAN CHEPA INDUSTRIAL AREA II
MUKIM OF PANCHOR, DISTRICT OF KOTA BHARU, KELANTAN
- LOT NOS PT 4091, PT 4092 AND PT 4094 (NEW LOT NOS 5050, 5051 AND 5053)
PENGKALAN CHEPA INDUSTRIAL AREA II
MUKIM OF PANCHOR, DISTRICT OF KOTA BHARU, KELANTAN
(collectively referred to as the "subject properties")

This certificate has been prepared for inclusion in the prospectus of Adventa Berhad ("Adventa") to be dated 9 June 2004, issued in conjunction with the listing of Adventa on the Second Board of the Kuala Lumpur Stock Exchange, which will involve the following:-

- Public Offering of 67,500,000 new ordinary shares of RM0.10 each at an offer price of RM0.135 per new ordinary share
- Placement of 122,500,000 new ordinary shares of RM0.10 each at an issue price of RM0.135 per new ordinary share ; and
- Offer for sale of 12,500,000 existing ordinary shares of RM0.10 each at an offer price of RM0.135 per new ordinary share

In accordance with your instructions, we have valued the subject properties, vide our valuation reports bearing reference WTW/KB/2740/2003/WAN and WTW/KB/2668(I)/2003/WAN dated 18 August, 2003 and 20 August, 2003 respectively.

We have prepared the valuation reports in accordance with the Guidelines on Asset Valuation issued by the Securities Commission and the requirements as set out in the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers And Estate Agents, Malaysia.

No. 1185, Level 2
Jalan Kebun Sultan
15350 Kota Bharu
Kelantan
Malaysia
Tel : 09-748 7070
Fax : 09-744 7545

E-mail: wtwkb@po.jaring.my
Website: www.wtw.com.my

Mohd Talhar A Rahman
FRICS, FISM, MSISV, APEPS

David Khoo Tiang Huat
MBA, FRICS, FISM, APEPS

Goh Tian Sui
B.Sc., FRICS, FISM, APEPS

Ping Soo Theng
B.Sc., FRICS, FISM, APEPS

Chong Pah Aung smg
B.Sc., FRICS, FISM, APEPS

Tew You Kian
B.Sc., FISM, APEPS

Md Baharuddin Mustafa
B.Sc., FISM, MAMM, APEPS

Wan Nordin Wan Salleh
Dip in Val., Dip in Est. Mgt., MISM, APEPS

Danny Yeo Soon Kee
Dip in Val. MISM, APEPS

Foo Gee Jen
B.Sc., MISM, APEPS

Tony Lee Eng Kow
B.Sc., MISM, APEPS

Ku Fuziah Ku Hamzah
B.Sc., MISM, APEPS

Aziah Mohd Yusoff
MBA, BLE, MRICS, MISM, APEPS

Heng Kiang Hai
MBA, B.Sc., MISM, APEPS

Consultants

Abdul Halim Othman
B.Sc., FRICS, FISM, APEPS

Muhammad Kamal Mohamed
B.Sc., MISM



13. VALUATION CERTIFICATE (cont'd)**C H Williams Talhar & Wong**

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/KB/2668(I)/2003/WAN and WTW/KB/2740/2003/WAN

Page 2

We certify that, in our opinion, the market value of the subject properties are as follows :-

Property	Market Value (RM)
1. Lot No PT 4093 (New Lot No 5052) Pengkalan Chepa Industrial Area II Mukim of Panchor, District of Kota Bharu, Kelantan	1,310,000/-
2. Lot Nos PT 4091, PT 4092 and PT 4094 (New Lot Nos 5050, 5051 and 5053) Pengkalan Chepa Industrial Area II Mukim of Panchor, District of Kota Bharu, Kelantan	13,917,000/-

The basis of the valuation is the market value of the subject properties. In arriving at the market value of the subject properties, we have adopted the following Method :-

Property	Method of Valuation
1. Lot No PT 4093 (New Lot No 5052) Pengkalan Chepa Industrial Area II Mukim of Panchor, District of Kota Bharu, Kelantan	Comparison Method
2. Lot Nos PT 4091, PT 4092 and PT 4094 (New Lot Nos 5050, 5051 and 5053) Pengkalan Chepa Industrial Area II Mukim of Panchor, District of Kota Bharu, Kelantan	Comparison Method and Depreciated Replacement Cost Method.

We have also relied upon the information provided to us by the client such as building plans, copy of document titles and other documents attached as appendices in the valuation reports.

We further certify that we have valued the legal interest of the subject properties after having conducted the necessary searches at the respective land office, of which are enclosed in the schedule of this letter.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

MUID KAMAL BIN MOHAMED
B. Est. Mgmt (Hons), MISM
Registered Valuer (V 428)

13. VALUATION CERTIFICATE (cont'd)

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/KB/2668(I)/2003/WAN and WTW/KB/2740/2003/WAN

Page 3

Brief description of the subject properties is as follows :-

Ref No. WTW/KB/2668(I)/2003/WAN		
Property Identification	General Description of Property	Market Value (RM)
<p><u>Title Particulars</u></p> <ul style="list-style-type: none"> - HSD 41/97 (New Title PN 3028), Lot PT 4093 (New Lot No 5052), Mukim of Panchor, District of Kota Bharu, Kelantan - Tenure : Leasehold 66 years expiring on 15.2.2063 with about 59 years 7 months unexpired as at the date of Valuation. - Title Area : 21,840 square metres - Category of Land use : Perusahaan/ Perindustrian - Registered Owner : Perbadanan Kemajuan Iktisad Negeri Kelantan - Beneficial Owner : American Healthcare (M) Sdn Bhd <p><u>Address and Location</u></p> <ul style="list-style-type: none"> - Location : Within Pengkalan Chepa 2 Industrial Zone, off Jalan Padang Tembak approximately 12.5 kilometres from Kota Bharu town centre. 	<p>The subject property is an industrial land identified as Lot No. PT 4093 (New Lot No 5052), Mukim of Panchor, District of Kota Bharu, Kelantan</p> <p><u>Description of Land</u></p> <p>The subject property is regular in shape with a titled area of 21,840 square metres (New titled area). It has a frontage of about 127 metres to a metalled service road and a depth of about 167 metres.</p> <p>The site is generally flat and lies at about the same level of the surrounding lands as well as the existing metalled road. The boundaries are demarcated with chain link fencing and installed with a metal gates at the entrance.</p> <p>At the date of inspection, erected upon the site are water storage tank, water treatment system and a detached factory and a single storey building which is under construction. We were instructed by the client to exclude the above structures and buildings in our valuation exercise.</p> <p><u>Planning details</u></p> <p>The property is designated for industrial use as stipulated in the title document.</p> <p><u>Express Condition</u></p> <p>Tapak Kilang dan bangunan yang berkaitan mengikut pelan dan jenis yang diluluskan oleh Pihak Berkuasa Tempatan</p> <p><u>Restriction In Interest</u></p> <p>Tanah yang terkandung dalam hakmilik ini tidak boleh dipindahmilik, diberi, dipajak, digadai atau dibuat sebarang urusanniaga melainkan mendapat kelulusan Pihak Berkuasa Negeri</p> <p>Tanah yang terkandung dalam hakmilik ini tidak boleh dipecah sempadan, dipecah bahagian atau dicantum semula melainkan mendapat kelulusan Pihak Berkuasa Negeri</p> <p>Tanah yang terkandung dalam hakmilik ini dikecualikan bagi gadaian kepada bank atau institusi kewangan yang disenaraikan di dalam Jadual D Enakmen Rizab Melayu Kelantan 1930 dan Jadual 26A Enakmen Tanah Kelantan 1938 bagi membolehkan tuan tanah mendapat pinjaman sendiri</p>	<ul style="list-style-type: none"> - Date of Valuation: August 19, 2003 - Date of Inspection : August 19, 2003 - Method of Valuation : Comparison Method - Source of Information : Title deed - Market Value : RM1,310,000/-

13. VALUATION CERTIFICATE (cont'd)**C H Williams Talhar & Wong**

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/KB/2668(I)/2003/WAN and WTW/KB/2740/2003/WAN

Page 4

Ref No. WTW/KB/2740/2003/WAN

Property Identification	General Description of Property	Market Value (RM)
<p><u>Title Particulars</u> - Lot Nos PT 4091, PT 4092 & PT 4094 (New Lot Nos 5050, 5051 & 5053), HS(D)KB 39/97, HS(D)KB 40/97, HS(D)KB 42/97 (New Titles PN 3030, PN 3029 & PN 3027), Mukim of Panchor, District of Kota Bharu, Kelantan</p> <p>- Tenure : Leasehold 66 years expiring on 15.2.2063 with about 59 years 7 months unexpired as at the date of Valuation.</p> <p>- Total Title Area (New Lots) : 73,470 square metres</p> <p>- Category of Land Use : Perusahaan</p> <p>- Registered Owner : Lot Nos PT 4091 & PT 4092 (New Lot Nos 5050 & 5051) - Perbadanan Kemajuan Iktisad Negeri Kelantan</p> <p>Lot PT 4094 (New Lot 5053) - Terang Nusa Sdn Bhd</p> <p>Beneficial Owner : Terang Nusa Sdn Bhd</p>	<p>The subject property comprise a rubber glove factory known as Terang Nusa Sdn Bhd, No 1, Jalan 8, Pengkalan Chepa 2 Industrial Zone, off Jalan Padang Tembak, 16100 Kota Bharu, Kelantan.</p> <p><u>Description of Land and Building</u></p> <p><u>Land</u> The sites comprise three (3) parcels of industrial lots with a total titled land area of 73,470 sq.metres.</p> <p>Lot Nos PT 4091 and PT 4092 (New Lot Nos 5050 and 5051) are corner and intermediate lots, regular in shape with a frontage onto a metalled service road.</p> <p>The land is generally flat and lies at about the same level of the frontage road. Presently, the sites are vacant.</p> <p>Lot PT 4094 (New Lot 5053) is regular in shape, near squarish in shape with a frontage onto a metalled service road. The compound is improved with tarmac.</p> <p>The land is generally flat and lies at about the same level of the frontage road</p> <p>Lot PT 4094 (New Lot 5053) is erected upon with rubber glove factory comprising main factory, office, processing unit, stores and other ancillary buildings.</p> <p>The site boundaries are demarcated with chain link fencing with the entrance secured with a metal sliding gate.</p>	<p>- Date of Valuation : July 30, 2003</p> <p>- Date of Inspection : July 30, 2003</p> <p>- Method of Valuation : Comparison Method</p> <p>- Source of Information : Title deed, Approved Building Plans and Certificate of Fitness for Occupation.</p> <p>- Market Value : RM13,917,000/-</p>

13. VALUATION CERTIFICATE (cont'd)**C H Williams Talhar & Wong**

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/KB/2668(I)/2003/WAN and WTW/KB/2740/2003/WAN

Page 5

Ref No. WTW/KB/2740/2003/WAN

Property Identification	General Description of Property	Market Value (RM)
<p><u>Address and Location</u></p> <p>- Address : No 1, Jalan 8, Pengkalan Chepa 2 Industrial Zone, Off Jalan Padang Tembak, 16100 Kota Bharu, Kelantan</p> <p>- Location : Within Pengkalan Chepa 2 Industrial Zone, off Jalan Padang Tembak approximately 12.5 kilometres from Kota Bharu town centre.</p>	<p><u>Buildings</u></p> <p>The buildings are constructed of steel column framework, concrete floors, plastered wall and metal cladding wall and a steel pitched roof covered with metal roofing sheets.</p> <p>Doors are generally of metal gates, aluminium framed glass panels, timber panels, fire rated timber type or flush timber doors. Windows are of metal framed glass panels and adjustable glass louvres.</p> <p>The floor finishes are generally of tiles, heavy duty concrete concrete and cement render.</p> <p>Ceiling is of plastered ceiling, fairface concrete and open joists.</p> <p>The building is equipped with fire protection system.</p> <p>The approximate floor areas of the building is as follows :- Main Factory building : Block A : 4,013 square metres Block C & D : 5,351.2 square metres Store -Block B : 594.5 square metres Processing unit-Block E : 3,530.3 square metres Lab/Packaging-Block F : 1,114.8 square metres Stores (2 units) : 780.3 square metres Chemical store : 111.5 square store Boiler house : 297.3 square metres Latex house : 92.9 square metres Workshop : 185.8 square metres Canteen : 149 square metres Surau : 92.9 square metres</p> <p>At the time of our inspection, the buildings were generally in the state of good condition.</p> <p><u>Description of the Existing Use</u> The property is owner occupied (used as factory for production, store and administration office).</p>	

13. VALUATION CERTIFICATE (cont'd)**C H Williams Talhar & Wong**

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/KB/2668(I)/2003/WAN and WTW/KB/2740/2003/WAN

Page 6

Ref No. WTW/KB/2740/2003/WAN

Property Identification	General Description of Property	Market Value (RM)
	<p><u>Planning details</u> The property is designated for industrial use as stipulated in the title document.</p> <p><u>Express Condition</u> Tapak Kilang dan bangunan yang berkaitan mengikut pelan dan jenis yang diluluskan oleh Pihak Berkuasa Tempatan</p> <p><u>Restriction In Interest</u> Tanah yang terkandung dalam hakmilik ini tidak boleh dipindahmilik, diberi, dipajak, digadai atau dibuat sebarang urusaniaga melainkan mendapat kelulusan Pihak Berkuasa Negeri</p> <p>Tanah yang terkandung dalam hakmilik ini tidak boleh dipecah sempadan, dipecah bahagian atau dicantum semula melainkan mendapat kelulusan Pihak Berkuasa Negeri</p> <p>Tanah yang terkandung dalam hakmilik ini dikecualikan bagi gadaian kepada bank atau institusi kewangan yang disenaraikan di dalam Jadual D Enakmen Rizab Melayu Kelantan 1930 dan Jadual 26A Enakmen Tanah Kelantan 1938 bagi membolehkan tuan tanah mendapat pinjaman sendiri.</p>	

14. DRAFT ESOS BY-LAWS**ADVENTA BERHAD****DRAFT BY-LAWS OF THE EMPLOYEE SHARE OPTION SCHEME****1. NAME OF SCHEME**

This Scheme shall be called the "Adventa Employee Share Option Scheme".

2. OBJECTIVE OF SCHEME

The objectives of the Scheme are:-

- (a) to provide an opportunity for Employees and directors to participate as shareholders of the Company;
- (b) to reward and retain Employees and directors whose services are vital to the continued growth of the Group; and
- (c) to motivate Employees and directors towards better performance through greater loyalty to the Group.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:-

- | | | |
|------------------------|---|---|
| "Board" | - | The Board of Directors of the Company |
| "Bursa Malaysia" | - | Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (635998-W) |
| "CDS" | - | Central Depository System |
| "Company" or "Adventa" | - | Adventa Berhad |
| "Date of Offer" | - | The date on which an Offer is made by the Option Committee to an Entitlee in the manner provided in By-Law 7 |
| "Date of Expiry" | - | The last day of the duration of the Scheme as defined in By-Law 19.1 |
| "Effective Date" | - | The date on which the Scheme comes into force as provided in By-Law 19.1 |
| "Employee" | - | A natural person who is employed by and on the payroll of any company in the Group and who fulfils the conditions of eligibility stipulated in By-Law 5.2. Employees include Executive Directors. |

14. DRAFT ESOS BY-LAWS (cont'd)

- "Entitlee" - A natural person who is entitled to participate in the Scheme
- "Executive Director" - A natural person who holds a directorship in a full time executive capacity in any company in the Group and is on the payroll of such company
- "Exercise Price" - The price at which the Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of By-Law 11
- "Grantee" - An Entitlee who has accepted an Offer in the manner provided in By-Law 8
- "Group" - The Company and its subsidiaries as defined in Section 5 of the Companies Act, 1965 which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired or its assets (including employees) which are acquired at any time during the duration of the Scheme but exclude the subsidiaries which have been divested in the manner provided in By-Law 17.2
- "Market Day" - Any day between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Malaysia is open for the trading of securities
- "Maximum Entitlement" - Maximum number of Options that can be offered and allotted to an Entitlee as provided under Clause 6 of the By-Laws
- "Non Executive Director" - A natural person who holds a directorship in any company in the Group but is not on the payroll of such company
- "Offer" - An offer made by the Option Committee to any Entitlee in the manner provided in By-Law 7
- "Option" - The contract constituted by acceptance by an Entitlee in the manner provided in By-Law 8 of an Offer made to such Entitlee by the Option Committee pursuant to By-Law 7. Each Option shall entitle an Entitlee to subscribe for one (1) Share upon its exercise
- "Option Committee" - A committee comprising of senior management personnel appointed by the Board to administer the Scheme
- "Option Period" - The period commencing from the Date of Offer and expiring three (3) years therefrom, subject to an extension of Scheme as provided in By-Law 19.1
- "SC" - Securities Commission

14. DRAFT ESOS BY-LAWS (cont'd)

- “Scheme” - The Scheme for the grant of Options to Entitlees to subscribe for Shares upon the terms set out herein known as the “Adventa Employee Share Option Scheme”
- “Shares” - Ordinary shares of RM0.10 each in the Company

- 3.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.

4. TOTAL NUMBER OF OPTIONS AVAILABLE UNDER SCHEME

- 4.1 The total number of Options offered under the Scheme shall not exceed 15% of the issued share capital of the Company at any point in time during the duration of the Scheme as provided in By-Law 19.1, subject to such additional number that may be permitted by the SC during the duration of the Scheme.
- 4.2 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme

5. ELIGIBILITY

- 5.1 Subject to the terms and conditions of the Scheme, Employees and Non Executive Directors shall be eligible to be an Entitlee under the Scheme.
- 5.2 Notwithstanding the above, only Employees who fulfill the following conditions shall be eligible to be an Entitlee:-
- (a) An Employee must be of at least eighteen (18) years of age on the Date of Offer;
 - (b) An Employee must fall under one of the categories of employees listed in By-Law 6.1;
 - (c) An Employee must have been employed for a continuous period of at least one (1) year in the Group and his employment must have been confirmed on the Date of Offer;
 - (d) If an Employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Company upon such acquisition, the Employee's period of employment in the said company shall be taken into account in calculating the one (1) year stipulated in paragraph (c) above;
 - (e) If an Employee is employed by a company whose assets (including the Employee) is acquired by the Group during the duration of the Scheme, the Employee's period of employment in the said company shall be taken into account in calculating the one (1) year stipulated in paragraph (c) above: and

14. DRAFT ESOS BY-LAWS (cont'd)

- (f) If an Employee is not a Malaysian citizen, he must, in addition to the preceding conditions in para (a) to (e), be serving the Group on a full time basis and he must not be under a fixed term employment contract.
- 5.2 No Entitlee shall participate at any time in more than one (1) employee share option scheme implemented by any company within the Group.

6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

- 6.1 The number of Shares that may be offered under the Options to any one Entitlee shall be at the discretion of the Option Committee after taking into consideration the performance, seniority, length of service, Employee gradings and/or potential contribution of the Entitlee provided that:
- (a) not more than fifty percent (50%) of the Shares available under the Scheme would be allocated in aggregate, to the Executive Directors, the Non Executive Directors and Senior Management of the Group; and
 - (b) not more than ten percent (10%) of the Shares available under the Scheme would be allocated to any individual Employee either singly or collectively through persons connected with the director or employee (as defined in paragraph 1.01 of the Listing Requirement) holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.
- 6.2
- (a) In the event that an Employee is moved to a higher category, his Maximum Entitlement shall be increased in accordance with the scale provided in By-Law 6.1.
 - (b) In the event that an Employee is moved to a lower category, the following provisions shall apply:-
 - (i) his Maximum Entitlement shall be reduced in accordance with the scale provided in By-Law 6.1;
 - (ii) in the event that the total number of Options which has been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Options which has been accepted by him: and
 - (iii) in the event that the total number of Options which has been accepted by him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
 - (c) In the event that an Employee's role and title changes but his grade remains the same, his Maximum Entitlement shall also remain the same in accordance with the scale provided above.

14. DRAFT ESOS BY-LAWS (cont'd)

6.3 Notwithstanding By-Law 6.1, the number of Options to be offered to each Entitlee shall, subject to each Entitlee's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance and length of service of each Entitlee. The decision of the Option Committee shall be final and binding.

6.4 The Option Committee may make more than one (1) Offer to an Entitlee provided that the aggregate number of Options offered to an Entitlee throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

7. OFFER

7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Entitlee, subject to the Entitlee's Maximum Entitlement. Each Offer shall be in a multiple of 1000 Options, the minimum being 1000 Options.

7.2 The Option Committee shall state the following particulars in the letter of Offer:-

- (a) the number of Options that are being offered to the Entitlee;
- (b) the number of Shares which the Entitlee shall be entitled to subscribe for upon the exercise of the Options being offered;
- (c) the Option Period;
- (d) the Exercise Price; and
- (e) the closing date for acceptance of the Offer.

7.3 An Offer shall be valid for a period of forty five (45) days from the Date of Offer or such longer period as may be determined by the Option Committee as its sole and absolute discretion ("Offer Period").

7.4 No Offer shall be made to any Executive Director of the Company unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.

8. ACCEPTANCE

8.1 An Offer shall be accepted by an Entitlee within the Offer Period by written notice to the Option Committee in the form prescribed by the Option committee accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.

8.2 If an Offer is not accepted within the Offer Period in the manner aforesaid, the Offer Period shall automatically lapse and shall be null and void and be of no further force and effect.

14. DRAFT ESOS BY-LAWS (cont'd)**9. NON-TRANSFERABILITY**

- 9.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 to 14.6, is exercisable only by the Grantee personally during his lifetime whilst he is in the employment/holding tenure as a director of any company in the Group.
- 9.2 An Option shall not be transferred, assigned or otherwise disposed of by the Grantee save and except in the event of the death of the Grantee as provided under Bye-Law 14.6.

10. EXERCISE OF OPTIONS

- 10.1 A Grantee shall be allowed to exercise the Options granted to him subject to the following limits:-

Number of Options Granted	Maximum Percentage of Options Exercise In Each Year Commencing from Date of Offer		
	Year 1	Year 2	Year 3
	40%	30%	30%

- 10.2 Except where it is otherwise specifically allowed under these By-Laws, the Option granted to a Grantee under the Scheme is exercisable by that Grantee only during his tenure with the Group and within the Option Period.
- 10.3 Notwithstanding By-Law 10.1, a Grantee who is not a Malaysian citizen shall not be allowed to exercise more than 20% of the Options granted to him per year.
- 10.4 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. All unexercised Options shall be exercisable in the last year of the Option Period. Any options which remain unexercised at the expiry of the Option Period shall be automatically terminated.
- 10.5 A Grantee shall exercise his Options on the first seven (7) Market Days of every calendar month by notice in writing to the Company stating the number of Options exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 10.6 Within twenty (20) Market Days of receipt of such notice and payment and subject to the Articles of Association of the Company, the Company shall allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the CDS account of the Grantee or his financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued.
- 10.7 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in procuring Bursa Malaysia to list the Shares subscribed for by a Grantee.

14. DRAFT ESOS BY-LAWS (cont'd)**11. EXERCISE PRICE**

The Exercise Price shall be set at the weighted average market price of the Company's shares as shown in the Daily Official list of Bursa Malaysia for the five (5) consecutive market days immediately preceeding the Date of Offer with an allowance for a discount of not more than ten percent (10%) therefrom, at the Option committee's discretion (or such mechanisms as may be permitted by Bursa Malaysia or any other relevant authorities, from time to time) provided that the Exercise Price shall in no event be less than the par value of the Company's Shares.

12. RIGHTS ATTACHING TO SHARES

The new Shares to be issued pursuant to the Proposed ESOS shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company except that they will not be entitled to participate in any rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the said Shares and will be subject to the provisions of the Articles of Association of the Company.

13. HOLDING OF SHARES

- 13.1 The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his financier as the case may be, may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS account.
- 13.2 Notwithstanding the above, a Non Executive Director must not sell, transfer or assign shares obtained through the exercise of Options within 1 year from the Date of Offer of the Options.

14. TERMINATION OF EMPLOYMENT/CESSATION OF DIRECTORSHIP

- 14.1 Subject to By-Laws 14.2 to 14.5 an Option which has not been exercised by the Grantee shall be automatically terminated in the following circumstances:-
- (a) termination of employment or the cessation of directorship of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee notifies his employer of his resignation or on the day the Grantee ceases to be a Director (where relevant); and
 - (b) bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction.
- 14.2 A Grantee may apply in writing to the Option Committee to be allowed to continue to hold and to exercise any Options held by him upon termination of employment or cessation of directorship with the Group in the following circumstances:
- (a) retirement; or
 - (b) retirement before the mandatory retirement age with the consent of the Company; or
 - (c) ill health, injury or disability; or

14. DRAFT ESOS BY-LAWS (cont'd)

- (d) retrenchment; or
- (e) transfer to any company outside the Group at the direction of the Company; or
- (f) any other circumstances as may be determined by the Option Committee from time to time.

14.3 Applications under By-Law 14.2 shall be made:-

- (a) in a case where paragraph 14.2(a), (b) or (f) is applicable, before the Grantee's last day of employment/tenure of directorship. The Grantee may exercise Options at any time before his last day of employment/tenure of directorship, or such other period as stipulated by the Option Committee, subject to the provisions of By-Law 10. In the event that no application is received by the Option Committee before the Grantee's last day of employment/tenure of directorship, any Options held by the Grantee on his last day of employment/tenure of directorship shall be automatically terminated;
- (b) in a case where paragraph 14.2(c) is applicable, within one (1) month after the Grantee notifies his employer of his resignation (or notifies the relevant company of his resignation of his directorship where relevant) due to ill health, injury or disability. The Grantee may exercise Options within the said period of one (1) month, or such other period as stipulated by the Option Committee, subject to the provisions of By-Law 10. In the event that no application is received by the Option Committee within the said period, any Options held by the Grantee at the expiry of the said period shall be automatically terminated;
- (c) in a case where paragraph 14.2(d) is applicable, within one (1) month after the Grantee is notified that he will be retrenched or, where he is given an offer by his employer as to whether he wishes to accept retrenchment upon certain terms, within one (1) month after he accepts such offer. The Grantee may exercise Options within the said period of one (1) month, or such other period as stipulated by the Option Committee, subject to the provisions of By-Law 10. In the event that no application is received by the Option Committee within the said period, any Options held by the Grantee at the expiry of the said period shall be automatically terminated; and
- (d) in a case where paragraph 14.2(e) is applicable, within one (1) month after the Grantee is notified that he will be transferred to a company outside the Group. The Grantee may exercise Options within the said period of one (1) month subject to the provisions of By-Law 10. In the event that no application is received by the Option Committee within the said period, or such other period as stipulated by the Option Committee any Options held by the Grantee at the expiry of the said period shall be automatically terminated.

14.3 The Option Committee shall consider applications under By-Law 14.2 on a case-by-case basis and may in its discretion approve or reject any application in whole or in part without giving any reasons therefor and may impose any terms and conditions in granting an approval. The decision of the Option Committee shall be final and binding. In the event that the Option Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the relevant Option Period and subject to the provisions of By-Law 10. Any Options in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 14.3 or on the date of the Option Committee's decision, whichever is the later.

14. DRAFT ESOS BY-LAWS (cont'd)

- 14.4 The Option Committee shall have the discretion and power to consider any applications under By-Law 14.2 which are made after the expiration of the relevant periods under By-Law 14.3, and in exercising its discretion, the Option Committee may take into account the reasons given by the Grantee for the delay in making the application. In the event that the Option Committee approves the application in whole or in part, the Company shall make an Offer in respect of the Options which are the subject of the approval to the Grantee and such Options shall be exercisable:-
- (a) only within the Option Period of those Options which were terminated due to the Grantee's delay in making the application;
 - (b) in accordance with the provisions of By-Law 10 as applicable in respect of such terminated Options: and
 - (c) at the Exercise Price applicable in respect of such terminated Options.
- 14.5 In the event that a Grantee dies before the expiration of the Option Period and at the date of his death held any Options, the following provisions shall apply:-
- (a) such Options may be exercised by the legal or personal representative of the Grantee ("Representative") within a three (3) year period from the date of his death. For the avoidance of doubt, it is hereby stated that By-Laws 10.1 and 10.2 shall not be applicable in this event but By-Law 10.4 shall be applicable;
 - (b) In the event that such Options are not exercised by the Representatives of the Grantee within the aforementioned three (3) year period, these Options shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options;
- 14.7 The provisions of By-Law 14.5 constitute exceptions to the provisions of By-Law 5.1 and By-Law 11.

15. ALTERATION OF CAPITAL

- 15.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issue, reduction in capital or otherwise howsoever, taking place, such corresponding alterations (if any) shall be made in:-
- (a) the number of Shares relating to the Option so far as unexercised, and
 - (b) the Exercise Price

as shall necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he/she was entitled prior to the event giving rise to such adjustment and shall ensure that the capital outlay to be incurred by the Grantee remains unaffected. Adjustments other than on a capitalisation issue are up to the discretion of the Option Committee as to be in their opinion fair and reasonable subject always that such adjustments should ensure that the capital outlay to be incurred by a Grantee in exercising his Options shall not be affected.

14. DRAFT ESOS BY-LAWS (cont'd)

- 15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-
- (a) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen and in no event shall the Exercise Price be reduced to an amount which is below the par value of the Shares; and
 - (b) in determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.
- 15.3 By-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
- (a) an issue of securities as consideration for an acquisition; or
 - (b) an issue of securities as a private placement; or
 - (c) an issue of securities as a special issue approved by the relevant governmental authorities; or
 - (d) a purchase by the Company of its own Shares pursuant to Section 67A of the Companies Act, 1965.
- 15.4 In the event that the Company enters into any scheme of arrangement, amalgamation and reconstruction between the Company and its members or between the Company and any other company or companies, By-Law 15.1 shall not be applicable in respect of any alteration(s) in the capital structure of the Company.
- 15.5 An adjustment pursuant to By-Law 15.1 shall be made on the day immediately following the date of allotment for the event giving rise to the adjustment.
- 15.6 Upon any adjustment being made, the Option Committee shall give notice in writing within twenty (20) market days to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.
- 15.7 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor, acting as an expert and not arbitrator, as to its fairness and reasonableness and this be confirmed in writing. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 8 of the Companies Act, 1965. Nevertheless, for avoidance of doubt, by virtue of By-Law 25, the decision of the Board shall be final and binding in all respects.

14. DRAFT ESOS BY-LAWS (cont'd)

16. TAKE-OVERS AND MERGERS

In the event of an offer being made for Shares under the Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-

- (a) a Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
- (b) if during the said period of six (6) months, the offer or becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Companies Act, 1965 and give notice to the Grantee that he intends to exercise such rights on a specific date ("Specified Date"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.

17. DIVESTMENT FROM GROUP

17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-

- (a) shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment within a period of six (6) months from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of By-Law 10.4. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry, of the relevant period; and
- (b) shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.

17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Companies Act, 1965.

18. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

14. DRAFT ESOS BY-LAWS (cont'd)

19. DURATION, TERMINATION AND EXTENSION OF SCHEME

19.1 The Scheme is conditional upon: -

- (a) the approval by the shareholders of the Company in a general meeting to be convened;
- (b) approval-in-principle from Bursa Malaysia for the listing of new Adventa Shares to be issued under the Scheme; and
- (b) the approval by any other relevant regulatory authority whose approval is necessary in respect of the Scheme,

and shall commence from the date of full compliance with all relevant requirements stipulated in Chapter 6 of the Listing Requirements including the following:-

- (a) receipt of approvals listed above and fulfillment of all conditions attached thereto, if any; and
- (b) submission of the final copy of the By-Laws to Bursa Malaysia;

(the date of commencement shall hereinafter referred to as the "Effective Date").

The Scheme shall be in force for a duration of three (3) years from the Effective Date. The Company may, if the Board and the Option Committee deem fit, extend the Scheme for another five (5) years. Such extended Scheme shall be implemented in accordance with the terms of set out herein save for any amendments and/or changes to the relevant statutes and/or regulations currently in force and shall be valid and binding without further obtaining the approvals of the abovementioned parties PROVIDED THAT the Company shall serve appropriate notices on each Grantee and/or make necessary announcements to any and/or all of the abovementioned within thirty (30) days prior to the expiry of the Scheme. The date of expiry of the Scheme shall be at the end of the three (3) years from the Effective Date or if the Scheme shall be extended, shall be the date of expiry as so extended ("Date of Expiry").

19.2 Offers can only be made during and not after the duration of the Scheme.

19.3 The Company in general meeting may at any time by ordinary resolution terminate the Scheme. In this event, the following provisions shall apply:-

- (a) no further Offers shall be made by the Option Committee from the date of such resolution;
- (b) all Offers which have yet to be accepted shall automatically lapse on the date of such resolution; and
- (b) all outstanding Options shall be automatically terminated on the date of such resolution.

19.4 Notwithstanding the above, the Company may not terminate the Scheme before expiry unless:

- (a) The Company obtains the prior approval of its shareholders; and
- (b) The Company obtains written consent of all Grantees who have yet to exercise their Options whether partly or wholly.

14. DRAFT ESOS BY-LAWS (cont'd)

20. ADMINISTRATION

- 20.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these By-Laws, administer the Scheme and regulate the Option Committee's own proceedings in such manner as it shall think fit.
- 20.2 Without limiting the generality of By-Law 20.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 20.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

21. AMENDMENT

- 21.1 Subject to By-Law 21.2, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws.
- 21.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these By-Laws provided that no addition, amendment or deletion shall be made to these By-Laws which would:-
- (a) prejudice any rights which have accrued to any Grantee without his prior consent: or
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by
 - (c) provide an advantage to any Grantee or group of Grantees or all Grantees.

22. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest audited accounts of the Company at the registered office of the Company at No. 1, Jalan 8, Pengkalan Chepa 2 Industrial Zone, 15100 Kota Bahru, Kelantan during the usual business hours.

23. SCHEME NOT A TERM OF EMPLOYMENT

The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Employee.

24. NO COMPENSATION FOR TERMINATION

No Entitlee shall be entitled to any compensation for damages arising from the termination of any Options pursuant to the provisions of these By-Laws.

14. DRAFT ESOS BY-LAWS (cont'd)

25. DISPUTES

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects provided that any directors of the company who are also in the Option Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

26. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of Options, shall be borne by the Company.

27. ARTICLES OF ASSOCIATION

In the event of a conflict between any of the provisions of these By-Laws and the Articles of Association of the Company, the Articles of Association shall prevail at all times

The rest of this page has been intentionally left blank

15. DIRECTORS' REPORT



**1, Jalan 8 ,
Pengkalan Chepa Industrial Zone 2,
16100 Kota Bharu,
Kelantan.**

3 June 2004

To: The Shareholders of Adventa Berhad

Dear Sir/Madam

On behalf of the Directors of Adventa, I report that after due and careful enquiry in relation to the period between 31 January 2004, being the date to which the last audited accounts of the Group have been made up, and 3 June 2004, being a date not earlier than fourteen (14) days before the issue of this Prospectus that:

- (a) the business of Adventa and its subsidiary companies has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts, which have adversely affected materially the trading or the value of the assets of Adventa or any of its subsidiary companies;
- (c) the current assets of Adventa and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by Adventa or any of its subsidiary companies;
- (e) in the opinion of the Directors, there have been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Adventa Group, since the last audited accounts, in which we are aware of, and
- (f) in the opinion of the Directors, there have been no changes in the published reserves or any unusual factors affecting the profits of Adventa and/or its subsidiary companies since the last audited accounts.

No report is required to be prepared pursuant to the items mentioned in paragraphs (a) to (f) above.

Yours faithfully
For and on behalf of the Board of Adventa

LOW CHIN GUAN
Managing Director