

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTERS

5.1.1 Particulars and Shareholdings

The details of the Promoters of the Group and their shareholdings in TSHB after the IPO are as follows:-

Promoter	Designation	Nationality	< ---- No. of Shares Held ---- >			
			Direct	%	Indirect	%
Loh Kok Beng	Executive Chairman	Malaysian	42,946,904	22.37	-	-
Loh Kok Cheng	Managing Director	Malaysian	42,946,904	22.37	-	-

5.1.2 Profiles of Promoters

The Promoters who are also the Directors of TSHB are Loh Kok Beng and Loh Kok Cheng. Their profiles are set out in Section 5.3.2 of this Prospectus.

5.1.3 Directorships and Substantial Shareholdings of Promoters in All Other Public Corporations for the Past Two (2) Years Preceding the Date Hereof

As of 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), none of the Promoter has any directorship or substantial shareholding in other public corporations for the past two (2) years.

5.2 SUBSTANTIAL SHAREHOLDERS

5.2.1 Particulars and Shareholdings

The details of the substantial shareholders of TSHB and their shareholdings in TSHB after the IPO are as follows:-

Name	Nationality	< ---- No. of Shares Held ---- >			
		Direct	%	Indirect	%
Loh Kok Beng	Malaysian	42,946,904	22.37	-	-
Loh Kok Cheng	Malaysian	42,946,904	22.37	-	-
Soon Seok Choo	Malaysian	10,259,792	5.34	-	-

5.2.2 Profiles of Substantial Shareholders

Loh Kok Beng, Loh Kok Cheng and Soon Seok Choo are the Directors and substantial shareholders of TSHB. Their profiles are set out in Section 5.3.2 of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2.3 Directorships and Substantial Shareholdings of Substantial Shareholders in All Other Public Corporations for the Past Two (2) Years Preceding the Date Hereof

As of 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), none of the substantial shareholder has any directorship or substantial shareholding in other public corporations for the past two (2) years.

5.3 DIRECTORS

5.3.1 Particulars and Shareholdings

The details of the Directors of TSHB and their shareholdings in TSHB after the IPO are as follows:-

Name	Designation	< ---- No. of Shares Held^ ---- >			
		Direct	%	Indirect	%
Loh Kok Beng	Executive Chairman	42,946,904	22.37	-	-
Loh Kok Cheng	Managing Director	42,946,904	22.37	-	-
Soon Seok Choo	Executive Director	10,259,792	5.34	-	-
Loh Joo Eng	Executive Director	1,000,000	0.52	-	-
Ong Eng Choon	Independent Non-Executive Director	50,000	0.03	-	-
Dr. Kamarudin Bin Ngah	Independent Non-Executive Director	50,000	0.03	-	-
Fazrin Azwar Bin Dato' Md. Nor	Independent Non-Executive Director	50,000	0.03	-	-
Osman Bin T.A. Maimunni (Alternate to Fazrin Azwar Bin Dato' Md. Nor)	Independent Non-Executive Director	50,000	0.03	-	-

Note:-

^ Including their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.

5.3.2 Profiles of Directors

Board of Directors

Loh Kok Beng, aged 38, was appointed on 16 August 2004 as the Executive Chairman of TSHB. His career started in 1984 when he joined TSSB, a subsidiary of TSHB as a Sales Executive and subsequently appointed as a Director of TSSB in 1987. He became the Managing Director of TSSB in 1989. He has approximately 19 years of working experience in the PVC based industry in particular, in PVC Calendering, printing and lamination. He was instrumental in the establishment and success of TSHB Group and is also mainly responsible for the development of the strategic business plans for the Group. He also holds several directorships in other private companies.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Loh Kok Cheng, aged 37, was appointed on 16 August 2004 as the Managing Director of TSHB. In 1987, he was appointed as a Director of TSSB. He has 14 years of experience in Plastics Industry. He also brings along with him specific expertise and hands-on experience in sales and marketing in the PVC based industry and together with the support of key management and staff in the Group, will continue to provide the platform for continuing business success and growth. He also holds several directorships in other private companies.

Soon Seok Choo, aged 65, was appointed on 16 August 2004 as the Executive Director of TSHB. In 1978, she was appointed as a Director of TSSB. She has been the driving force behind the development, growth and expansion of the Group. Her extensive experience of more than 35 years in the Plastics Industry has been instrumental in the success of TSSB.

Loh Joo Eng, aged 44, was appointed on 16 August 2004 as the Executive Director of TSHB. Her career started in 1978 when she joined TSSB as an Administrative Executive. She has more than 25 years of experience in the PVC based industry. In 1989, she took up the position as a General Manager of TSSB. Her responsibilities include overseeing daily operations and procurement of raw materials for the Group. She also sits on the board of several private companies.

Ong Eng Choon, aged 52, was appointed on 16 August 2004 as the Independent Non-Executive Director of TSHB. He is an Accountant by profession and has been the Managing Director of Taxnet Consultants Sdn Bhd since 1 September 1996. His previous working experience includes tenure of 3 years with the Inland Revenue Department. He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom since 1985, an Associate Member of the Institute of Chartered Secretaries and Administrators since 1980, a member of the Malaysian Institute of Taxation from 2001 and a member of the Malaysian Institute of Accountants from 1981. He serves as Joint Company Secretary to Public Packages Holdings Berhad, Emico Holdings Berhad, Hunza Consolidation Berhad and Globetronics Technology Bhd. He is also the Independent Director of Hiap Teck Venture Berhad and Chin Well Holdings Berhad.

Dr. Kamarudin Bin Ngah, aged 44, was appointed on 16 August 2004 as the independent Non-Executive Director of TSHB. He holds a Doctorate of Philosophy in Development and Project Planning. He was sub-Accountant 1 with Malayan Banking Berhad from June 1984 to June 1985. Since July 1986 to now, he is a Researcher with the Centre for Policy Research, University Sains Malaysia. He was a Councillor for Seberang Perai Municipality Council from 1999 to 2001.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Fazrin Azwar Bin Dato' Md. Nor, aged 38, was appointed on 16 August 2004 as the Independent Non-Executive Director of TSHB. He graduated from Universiti Malaya with LLB(Hons) in 1991. He was called to the Malaysian Bar in 1992 and is currently practising as an advocate and solicitor. He chambered and subsequently started his career as a Legal Assistant at Messrs Adnan, Sundra & Low in 1991. In 1999, he formed his own partnership of Messrs Azwar & Chen. Subsequently, the partnerships' name was changed to Messrs Michael Chen, Gan, Muzafar & Azwar in July 1999 where he currently acts as the Managing Partner. He currently holds directorships in six (6) public listed companies, namely, Tong Herr Resources Berhad, Mercury Industries Berhad, Ire-Tex Corporation Berhad, Poh Kong Holdings Berhad, DK Leather Corporation Berhad and DPS Resources Berhad. Details of his equity interest and directorships in other public corporations are disclosed in Section 5.3.3 of this Prospectus. In addition, he also sits on the board of directors of several private limited companies.

Osman Bin T.A. Maimunni, aged 44, was appointed on 16 August 2004 as the alternate Director to Fazrin Azwar Bin Dato' Md. Nor, the Independent Non-Executive Director of TSHB. He is an Accountant by qualification and is an Associate Member of the Chartered Association of Certified Accountant (ACCA), United Kingdom. He is currently a Consultant, Businessman and Company Director. He was formerly a Director and Audit Committee Chairman of Tong Herr Resources Berhad. He has also held various executive positions in Kewangan Usaha Bersatu Berhad, Messrs Coopers & Lybrand, Messrs Arthur Young International and Naza Motor Trading Sdn Bhd. He is currently a principal in Kuchinta Consultancy Group, a corporate consultancy firm. He has equity interest and sits on the board of several private limited companies.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3.3 Directorships and Substantial Shareholdings of Directors in All Other Public Corporations for the Past Two (2) Years

As at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), the directorships and substantial shareholdings of the Directors of TSHB in other public corporations for the past two (2) years are as follows:-

Name	Name of Corporation Involved	Date of Appointment to the Board	Substantial Shareholdings (No. of Shares)	(%)	Principal Activities
Directors					
Loh Kok Beng	-	-	-	-	-
Loh Kok Cheng	-	-	-	-	-
Soon Seok Choo	-	-	-	-	-
Loh Joo Eng	-	-	-	-	-
Ong Eng Choon	Hiap Teck Venture Berhad	06.06.2003	*	*	Investment holding, manufacturing and distribution of various iron and steel products.
	Chin Well Holdings Berhad	27.12.1995	-	-	Investment holding, manufacturing and trading of fastening and wire products
Dr. Kamarudin Bin Ngah	-	-	-	-	-
Fazrin Azwar Bin Dato' Md. Nor	Tong Herr Resources Bhd	20.07.1999	*	*	Manufacturing stainless steel nuts & bolts
	Mercury Industries Bhd	07.08.2000	*	*	Manufacturing industrial paint
	Galakan Simfoni Corporation Berhad	06.01.2001	*	*	Investment holding
	Ire-Tex Corporation Berhad	02.12.2003	*	*	Manufacturing and packaging solution provider
	Poh Kong Holdings Berhad	13.01.2004	4,455,601	5.76	Manufacturing and retail precious stones and jewellery
	DK Leather Corporation Berhad	11.03.2004	15,798,753	5.27	Manufacturing leather car seats
	DPS Resources Berhad	01.06.2004	*	*	Investment holding, providing management services to subsidiaries, manufacture of rubberwood furniture, furniture components and rooftruss, and provide kiln drying services
Osman Bin T.A. Maimunni (Alternate to Fazrin Azwar Bin Dato' Md. Nor)	-	-	-	-	-

Note:-

* Less than 5%.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
5.3.4 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid to the Directors of TSHB for services rendered in all capacities to the Group for the financial year ended 31 December 2003 and the current financial year ending 31 December 2004 are as follows:-

Remuneration Band (RM)	Financial Year Ended 2003		Financial Year Ending 2004	
	Aggregate Remuneration (RM)	Number of Directors	Aggregate Remuneration (RM)	Number of Directors
Up to 50,000	-	-	-	-
50,001 – 100,000	69,750	1	80,000	4
100,001 – 200,000	-	-	111,200	2
200,001 – 500,000	299,000	2	384,000	2
Above 500,000	-	-	-	-
Total	368,750	3	575,200	8

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4 CHANGES IN SHAREHOLDINGS IN THE COMPANY FOR THE PAST THREE (3) YEARS

The significant changes of the Promoters' and substantial shareholders' shareholdings in the Company for the past three (3) years preceding the date hereof are as follows:-

Shareholders	As at 31 December 2001		As at 31 December 2002		As at 31 December 2003		Accumulated Number of Shares Held After IPO [^]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
P'ng Chiew Keem	-	-	*1	50.00	*1	50.00	-	-
Ooi Yoong Yoong	-	-	*1	50.00	*1	50.00	-	-
Loh Kok Beng	-	-	-	-	-	-	42,946,904	22.37
Loh Kok Cheng	-	-	-	-	-	-	42,946,904	22.37
Soon Seok Choo	-	-	-	-	-	-	10,259,792	5.34
Total	-	-	2	100.00	2	100.00	96,153,600	50.08

Notes:-

* Represents ordinary shares of RM1.00 each

[^] Including their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.5 AUDIT COMMITTEE

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with the Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheet and income statement, and nomination of the auditors. The Audit Committee comprises of the following individuals:-

Name	Designation	Directorship
Ong Eng Choon	Chairman of Audit Committee	Independent Non-Executive Director
Dr. Kamarudin Bin Ngah	Member of Audit Committee	Independent Non-Executive Director
Fazrin Azwar Bin Dato' Md. Nor	Member of Audit Committee	Independent Non-Executive Director
Loh Kok Beng	Member of Audit Committee	Executive Chairman

5.6 KEY MANAGEMENT

5.6.1 Particulars and Shareholdings of the Key Management

The details of the key management of the Group and their shareholdings in TSHB after the IPO are as follows:-

Name	Designation	No. of Shares Held [^]			
		Direct	%	Indirect	%
Quah Cheng Hai	Plant Manager	120,000	0.06	-	-
Ho Hock Chye	Export Sales Manager	120,000	0.06	-	-
Loh Loo Har	Assistant General Manager	1,000,000	0.52	-	-
Loh Loo Ngoh	Deputy Factory Manager	1,000,000	0.52	-	-
Beh Hooi Soik	Finance Manager	120,000	0.06	-	-
Ng Kok Weng	Corporate Planning Manager	120,000	0.06	-	-
Teng Lay Huah	Accounts Manager	350,000	0.18	-	-

Note:-

[^] Based on their respective entitlements pursuant to the Pink Form Shares allocation pursuant to the IPO.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.6.2 Profiles of the Key Management

Quah Cheng Hai, aged 42, is the Plant Manager of WISB. He started his career when he joined Micro Machinery Sdn Bhd as an Operator in 1983 before leaving to join Ewe Hin Joss Paper Sdn Bhd as a Sales Representative in 1985. In 1993, he left and formed Ewe Hin Enterprise, a sole proprietor which was involved in the plastic injection moulding business.

He joined WISB in 2000 and his main responsibilities are overseeing the daily operations and monitoring production schedules.

Ho Hock Chye, aged 44, is the Export Sales Manager of WISB. His career started when he joined Huah Seang Trading as a Manufacturer Representative in 1980. In 1990, he was promoted to the position of General Manager before leaving the company to join WISB as an Export Sales Coordinator in 2001. Subsequently in 2002, he was promoted to the position of Export Sales Manager. His responsibilities are primarily focused on overseas business development.

Loh Loo Har, aged 42, is the Assistant General Manager of TSSB. Her career started in 1982 when she joined TSSB as a Clerk. In 2000, she was promoted to Assistant General Manager. She has more than 21 years of experience in the Plastics Industry. Her responsibilities include overseeing the overall inventory management aspects of the Group.

Loh Loo Ngoh, aged 41, is the Deputy Factory Manager of WISB. In 1983, her career started when she joined Boon Pharmacy as General Clerk before leaving to join Lucky Tours and Travels Sdn Bhd as a General Clerk in 1985. In 1988, she left to join TSSB as an Inventory Clerk. In 1989, she left and took up the position of General Clerk with Tanjong Banded Warehouse Sdn Bhd. In 1998, she took up the position as an Inventory Clerk in TSSB and later in 2000, she was promoted to the position of Deputy Factory Manager in WISB. Her responsibilities include overseeing the stock control operations, production schedules and also in the management of human resources.

Beh Hooi Soik, aged 32, is the Finance Manager of WISB. She obtained her Bachelor of Accounting (Honours) Degree from University of Malaya in 1998. In 2001, she became a Chartered Accountant of the Malaysian Institute of Accountants. Her career started in 1998 when she joined Hew & Tan as an Audit Assistant. In 1999, she left to join Wong Liu & Partners as an Audit Assistant before leaving in 2000 to join UHY Diong as an Audit Semi-Senior. Subsequently in 2001, she was promoted to Audit Senior. In 2002, she left to join WISB and assumed her current position. Her responsibilities include overseeing the finance and treasury functions of the Group.

Ng Kok Weng aged 36, is the Corporate Planning Manager of WISB. His career started in 1991 when he joined Public Bank Berhad as Operations Officer. In 1998, he left to join Citicorp Trade Services (M) Sdn Bhd as an Authorised Signer. Subsequently, in 2000, he took up the position as an Assistant Manager in OCBC Bank (M) Bhd whereby he was responsible for marketing to corporate customers and managing corporate accounts. In 2002, he joined WISB in his current position. His responsibilities include overseeing the corporate affairs of the Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Teng Lay Huah, aged 45, is the Accounts Manager of WISB. She joined TSSB as an Accounts Clerk in 1981 and was subsequently promoted as an Accounts Officer in 1995. In 2003, she was transferred to WISB and was promoted to the current position. She is responsible for overseeing accounting and human resources of the Group.

5.7 INVOLVEMENT OF EXECUTIVE DIRECTORS/ KEY MANAGEMENT IN OTHER BUSINESSES/CORPORATIONS

Save and except for Loh Kok Beng, Loh Kok Cheng, Loh Joo Eng and Beh Hooi Soik, none of the Executive Directors/key management is involved in other businesses or corporations.

Loh Kok Beng, Loh Kok Cheng and Loh Joo Eng are the Directors and shareholders of several private limited companies while Beh Hooi Soik oversees the financials of a private limited company. However, they are full-time Executive Directors and key management of TSHB Group.

5.8 DECLARATION OF DIRECTORS AND KEY MANAGEMENT

No Director, key management or person nominated to become a Director or key management is or has been involved in any of the following events (whether in or outside Malaysia):-

- (i) a petition under any bankruptcy or insolvency laws was 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;
- (ii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) 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.

5.9 FAMILY RELATIONSHIPS AND ASSOCIATIONS

The following are the family relationships among Directors, shareholders and key management of TSHB Group:-

- (i) Loh Kok Beng, Loh Kok Cheng, Loh Joo Eng, Loh Loo Har and Loh Loo Ngoh are siblings;
- (ii) Soon Seok Choo is the mother of Loh Kok Beng, Loh Kok Cheng and Loh Joo Eng, Loh Loo Har and Loh Loo Ngoh;
- (iii) Quah Cheng Hai is the spouse of Loh Loo Ngoh; and
- (iv) Ho Hock Chye is the spouse of Loh Loo Har.

Save as disclosed above, there is no family relationship (as defined in Section 122A of the Act) or associations between the Promoters, substantial shareholders, Directors, and key management of the Group.

5.	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
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5.10	EXISTING OR PROPOSED SERVICE AGREEMENTS
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There is no existing or proposed service agreement between the Group and its Directors and key management or key technical personnel.

5.11	CONTINUITY IN MANAGEMENT
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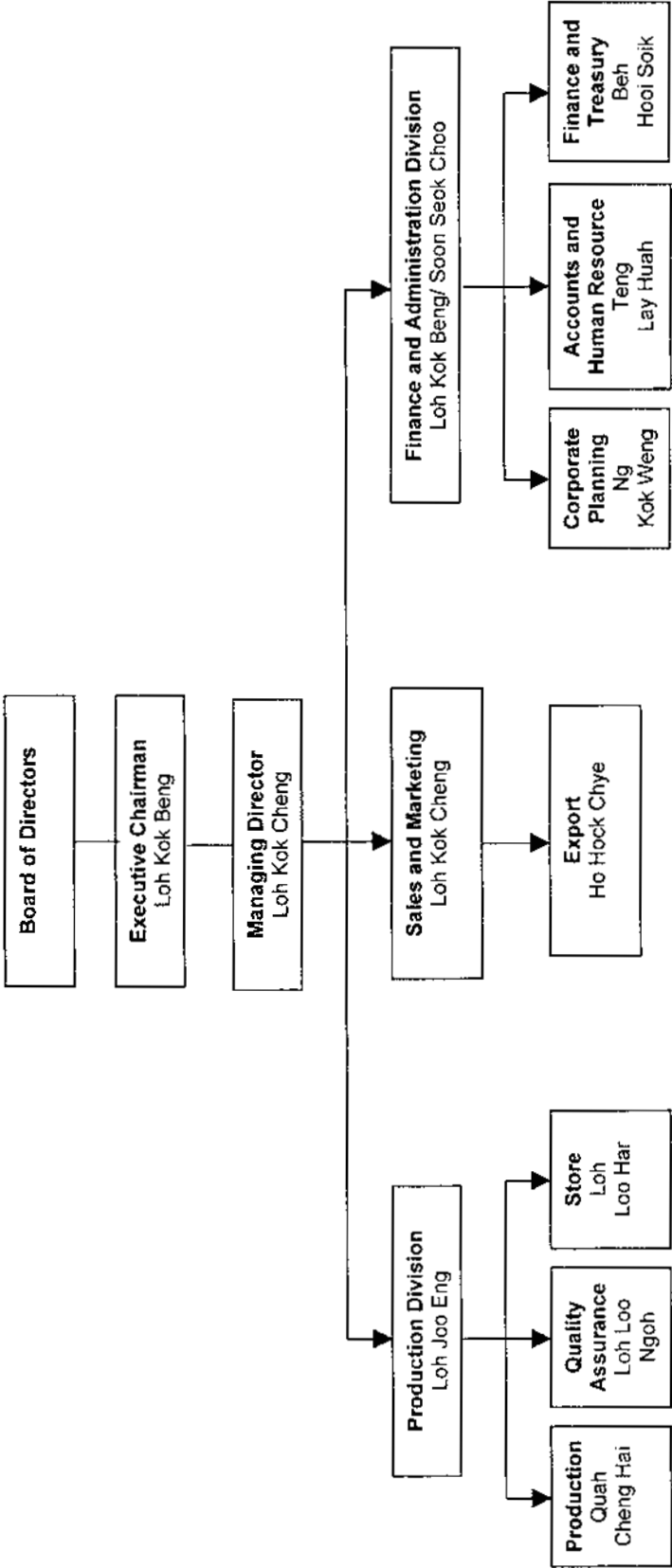
As in any other business, the Board of Directors believes that the continued success of TSHB Group will depend on the ability and dedication of its Directors and key management. The loss of any key members of the Group could adversely affect the Group's continued ability to compete. However, the Group has made efforts to train its staff and has the support of long-term management staff. The Group's future success will also depend on its ability to attract and retain skilled personnel.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.12 MANAGEMENT SUCCESSION PLAN

The management team of TSHB Group is structured as follows:-



The Executive Directors are in the age group of 37 - 65 and are well entrenched in the industry. The key management of TSHB Group comprise of personnel who possess relevant experience who are employed to head various departments. The management understands the importance of having the experienced personnel in the Group who will be responsible of their respective departments to ensure smooth running of its business operations as well as to ensure that the business decisions of TSHB Group are implemented efficiently and effectively.

The clear and well defined job responsibilities as well as proper reporting structure also enables smooth running of TSHB Group's day-to-day operations with minimum intervention from the Directors. Thus, in the absence of the Directors, the active participation of the respective heads of department/ manager of TSHB Group will ensure the smooth running of the Group's operations and management.

6. APPROVALS AND CONDITIONS**6.1 APPROVALS AND CONDITIONS**

The Acquisitions, Share Split, Public Issue, Offer for Sale and the Listing was approved by the following authorities as follows:-

Authorities**Date**

MITI

10 January 2004 and 21 July 2004

SC

6 May 2004 and 2 August 2004

The FIC via the SC's approval letter dated 6 May 2004 takes note and have no objection to the equity structure of Bumiputera, non-Bumiputera and foreign parties that will be changed following the implementation of the IPO as follows:-

	Before IPO	After IPO
Bumiputera	-	30.00
Non-Bumiputera	100.00	66.02
Foreign	-	3.98
Total	100.00	100.00

The conditions imposed by the authorities and status of compliance are as follows:-

Conditions Imposed By MITI		Status of Compliance
<i>MITI's letter dated 10 January 2004</i>		
(i)	The allocation of 28,800,000 ordinary shares of RM0.50 each are subject to MITI's special shares allocation which will be decided separately after TSHB has obtained the approval for its Listing from the SC; and	Complied
(ii)	To obtain the SC's approval for the Listing Scheme and compliance with the guideline on acquisitions, mergers and take-overs.	Complied
<i>MITI's letter dated 21 July 2004</i>		
(i)	As per condition no. (ii) in MITI's letter dated 10 January 2004; and	Complied
(ii)	The allocation of 57,600,000 Shares to Bumiputera investors are subject to MITI's allocation, which will be decided after TSHB has obtained the approval from the SC for its application for the restructuring.	Complied

6. APPROVAL AND CONDITIONS (Cont'd)

Conditions Imposed By SC	Status of Compliance															
<u>SC's letter dated 6 May 2004</u>																
(i) TSHB should ensure that, upon implementation of the Acquisitions, the adjusted NTA of WISB would not be less than its adjusted NTA as at 31 December 2002, while the NTAs of TSSB, PSSB and DGSB would not be less than their NTAs as at 31 December 2002;	Complied															
(ii) Moratorium should be imposed on 43,200,000 TSHB ordinary shares of RM0.50 each, which represent 45% of the enlarged issued and paid-up share capital of TSHB, held by the Promoters/ substantial shareholders of TSHB, as stipulated under the SC Guidelines. As such, they are not allowed to sell, transfer or assign their shareholdings under moratorium for a period of one (1) year from the date of Listing of TSHB on the Second Board of Bursa Securities; In this regard, the SC has no objection to TSHB's proposal to impose the moratorium on the following Promoters/ substantial shareholders:-	TSHB submitted an application dated 9 July 2004 via AmMerchant Bank to revise the Listing Scheme. The SC's approval was obtained on 2 August 2004. The revised condition imposed is as disclosed below in the SC's letter dated 2 August 2004															
<table><tr><th>Name</th><th>No. of Ordinary Shares of RM0.50 Each</th><th>% of Enlarged Share Capital</th></tr><tr><td>Loh Kok Beng</td><td>19,295,885</td><td>20.10</td></tr><tr><td>Loh Kok Cheng</td><td>19,295,885</td><td>20.10</td></tr><tr><td>Soon Seok Choo</td><td>4,608,230</td><td>4.80</td></tr><tr><td>Total</td><td>43,200,000</td><td>45.00</td></tr></table>		Name	No. of Ordinary Shares of RM0.50 Each	% of Enlarged Share Capital	Loh Kok Beng	19,295,885	20.10	Loh Kok Cheng	19,295,885	20.10	Soon Seok Choo	4,608,230	4.80	Total	43,200,000	45.00
Name	No. of Ordinary Shares of RM0.50 Each	% of Enlarged Share Capital														
Loh Kok Beng	19,295,885	20.10														
Loh Kok Cheng	19,295,885	20.10														
Soon Seok Choo	4,608,230	4.80														
Total	43,200,000	45.00														
(iii) TSHB should disclose the status of the utilisation of proceeds from the floatation exercise in its quarterly and annual reports until the proceeds are fully utilised;	To be complied															
(iv) With regard to its landed property identified as Lot PT 429, Mukim 13, District of Seberang Perai Tengah, Penang:-																
(a) TSHB is to provide written undertaking to the SC that it would use its best endeavour to obtain a certificate of fitness within 6 months from the date of the SC's letter; and	Complied via TSHB's letter date 6 August 2004 furnished to the SC															
(b) TSHB is to update the SC every month on the status of the application of certificate of fitness until it has been obtained;	Complied and certificate of fitness obtained on 16 August 2004															
(v) 30% of the ordinary shares of RM0.50 each in TSHB should be allocated to Bumiputera investors approved by the MITI;	To be complied															
(vi) TSHB should provide the SC with the status of compliance with National Development Policy upon completion of the floatation proposal; and	To be complied															
(vii) TSHB should comply with the relevant requirements of the SC Guidelines relating to the implementation of the floatation proposal.	To be complied															

6. APPROVAL AND CONDITIONS (Cont'd)

Conditions Imposed By SC	Status of Compliance															
<u>SC's letter dated 2 August 2004</u>																
Moratorium should be imposed on 86,400,000 TSHB Shares, which represent 45% of the enlarged issued and paid-up share capital of TSHB, held by the Promoters/ substantial shareholders of TSHB, as stipulated under the SC Guidelines. As such, they are not allowed to sell, transfer or assign their shareholdings under moratorium for a period of one (1) year from the date of Listing of TSHB on the Second Board of Bursa Securities.	To be complied															
In this regard, the SC has no objection to TSHB's proposal to impose the moratorium on the following Promoters/ substantial shareholders:-																
<table><tr><th>Name</th><th>No. of Shares</th><th>% of Enlarged Share Capital</th></tr><tr><td>Loh Kok Beng</td><td>38,591,770</td><td>20.10</td></tr><tr><td>Loh Kok Cheng</td><td>38,591,770</td><td>20.10</td></tr><tr><td>Soon Seok Choo</td><td>9,216,460</td><td>4.80</td></tr><tr><td>Total</td><td>86,400,000</td><td>45.00</td></tr></table>		Name	No. of Shares	% of Enlarged Share Capital	Loh Kok Beng	38,591,770	20.10	Loh Kok Cheng	38,591,770	20.10	Soon Seok Choo	9,216,460	4.80	Total	86,400,000	45.00
Name	No. of Shares	% of Enlarged Share Capital														
Loh Kok Beng	38,591,770	20.10														
Loh Kok Cheng	38,591,770	20.10														
Soon Seok Choo	9,216,460	4.80														
Total	86,400,000	45.00														

6.2 MORATORIUM ON SHARES

In accordance with the SC Guidelines, certain shareholders of TSHB will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the enlarged issued and paid-up capital of TSHB for one (1) year from the date of admission of TSHB to the Official List of the Second Board of the Bursa Securities.

The existing shareholders of TSHB whose shares are subjected to the moratorium as imposed by the SC are as follows:-

Name of Shareholders	No. of Shares Held After IPO	% of Enlarged Issued and Paid-up Capital* (%)	No. of Shares Held Under Moratorium	% of Enlarged Issued and Paid-up Capital* (%)
Loh Kok Beng	42,946,904	22.37	38,591,770	20.10
Loh Kok Cheng	42,946,904	22.37	38,591,770	20.10
Soon Seok Choo	10,259,792	5.34	9,216,460	4.80
	96,153,600	50.08	86,400,000	45.00

Note:-

* Computed based on enlarged issued and paid up share capital of 192,000,000 Shares.

The restriction, which is fully accepted by the shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the shareholders, which are under moratorium to ensure that TSHB's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The shareholders have provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the SC Guidelines.

6. APPROVAL AND CONDITIONS (Cont'd)

The endorsement affixed on the share certificates is as follows:-

*"The Shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the SC ("**moratorium period**"). The Shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the moratorium period. No share certificates will be issued to replace this certificate during the moratorium period unless the same shall be endorsed with this restriction".*

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7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST**7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

The Group has trade transactions with companies, which the Promoters, Directors and/or substantial shareholders of TSHB are Directors and/or substantial shareholders. Details of the related party transactions are as follows:-

Companies Outside of TSHB Group	Individuals Involved	Relationships	Business Activities and Reasons	Nature of Transactions	Financial Year Ended 31 December 2003 RM'000	Five Months (5) Period Ended 31 May 2004 RM'000
Diamond Rice Sdn Bhd ("DRSB")	Loh Kok Beng Loh Kok Cheng Loh Joo Eng	Shareholders and/or Directors and/or key management personnel of the DRSB and TSHB Group	Property development	Purchase PVC sheets from WISB	180	-

The transactions with related parties are revenue in nature, which are required for the Group's day-to-day operations. The Directors and/or substantial shareholders of TSHB have provided an undertaking that all the business transactions between the Group and the Directors and/or substantial shareholders and/or persons connected to them and/or the key management of TSHB, shall have been and shall be based on the arms length basis and on normal commercial terms and shall not disadvantage the Group.

7.2 TRANSACTIONS OF UNUSUAL IN THEIR NATURE OR CONDITIONS

There is no transaction that is unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the Company or any of its parent or subsidiaries was a party in respect of the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

7.3 OUTSTANDING LOANS MADE BY THE COMPANY OR ANY OF ITS PARENT OR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there is no outstanding loan (including guarantees of any kind) made by the Company or any of its parent or subsidiaries to or for the benefit of the related party(ies) for the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

RM1.75 million and RM1.37 million were due to PSSB and TSSB respectively from Tek Seng Properties & Development Sdn Bhd upon the completion of the Sale and Purchase Agreement referred to in Section 7.5(i), (ii), (iii) and (iv) of this Prospectus. The said outstanding amount were settled on 20 April 2004.

7.4 INTEREST IN SIMILAR BUSINESS

None of the Directors and/or substantial shareholders and/or key management of TSHB and its subsidiaries are interested, directly or indirectly in any business carrying on a similar trade as the Company and its subsidiaries.

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**7.5 PROMOTIONS OF ANY MATERIAL ASSET ACQUIRED/TO BE ACQUIRED WITHIN TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS**

Save as disclosed below, none of the Director and/or substantial shareholder have any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiaries within the two (2) years preceding the date of this Prospectus:-

- (i) Sale and Purchase Agreement dated 20 October 2003 between TSSB and Tek Seng Properties & Development Sdn Bhd whereby TSSB agreed to sell and Tek Seng Properties & Development Sdn Bhd agreed to purchase the property held under Grant (First Grade) No. 1927 and Grant (First Grade) No. 34161, Lot 441 and Lot 666 respectively, Section 11, Georgetown, North East District, Penang together with the house erected thereon bearing assessment address No. 38, Presgrave Street, 10300 Penang for a cash consideration of RM650,000. The property is sold subject to the existing charges registered on the property created in favour of Public Bank Berhad, whose consent TSSB shall obtain for the sale and transfer of the property to Tek Seng Properties & Development Sdn Bhd.

Tek Seng Properties & Development Sdn Bhd is a related party whose shareholders and Directors are Loh Kok Beng and Loh Kok Cheng. Loh Kok Beng and Loh Kok Cheng own 100,000 ordinary shares of RM1.00 each comprising 50% each in Tek Seng Properties & Development Sdn Bhd.

- (ii) Sale and Purchase Agreement dated 20 October 2003 between TSSB and Tek Seng Properties & Development Sdn Bhd whereby TSSB agreed to sell and Tek Seng Properties & Development Sdn Bhd agreed to purchase the property held under Grant (First Grade) No. 1924, Lot 438, Section 11, Georgetown, North East District, Penang together with the house erected thereon bearing assessment address No. 44, Presgrave Street, 10300 Penang for a cash consideration of RM350,000. The property is sold subject to the existing charges registered on the property created in favour of Public Bank Berhad, whose consent TSSB shall obtain for the sale and transfer of the property to Tek Seng Properties & Development Sdn Bhd.

Details of the relationship are as mentioned in (i) above.

- (iii) Sale and Purchase Agreement dated 20 October 2003 between TSSB and Tek Seng Properties & Development Sdn Bhd whereby TSSB agreed to sell and Tek Seng Properties & Development Sdn Bhd agreed to purchase the property held under Grant (First Grade) No. 9564, Lot 1488, Section 2, Georgetown, North East District, Penang together with the house erected thereon bearing assessment address No. 3, Medan Goh Guan Ho, 11400 Penang for a cash consideration of RM370,000. The property is sold subject to the existing charges registered on the property created in favour of Public Bank Berhad, whose consent TSSB shall obtain for the sale and transfer of the property to Tek Seng Properties & Development Sdn Bhd.

Details of the relationship are as mentioned in (i) above.

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

- (iv) Sale and Purchase Agreement dated 20 October 2003 between PSSB and Tek Seng Properties & Development Sdn Bhd whereby PSSB agreed to sell and Tek Seng Properties & Development Sdn Bhd agreed to purchase the property held under Grant (First Grade) No. 6751, Lot 1302, Section 4, Georgetown, North East District, Penang together with the house erected thereon bearing assessment address No. 31, Jalan Kelawei, 10250 Penang for a cash consideration of RM1,750,000. The property is sold subject to the existing charge registered on the property created in favour of Hong Leong Bank Berhad, whose consent PSSB shall obtain for the sale and transfer of the property to Tek Seng Properties & Development Sdn Bhd.

Details of the relationship are as mentioned in (i) above.

- (v) Deed of assignment of trade mark dated 4 December 2003 between Loh Kok Beng and Loh Kok Cheng as assignors and TSSB as assignee whereby Loh Kok Beng and Loh Kok Cheng, as the owners of the trade mark "Fortune" which is registered in Malaysia, agreed to assign to TSSB the full benefit of the said trade mark "Fortune" for a cash consideration of RM10,000.
- (vi) Conditional Share Sale Agreement dated 17 December 2003 as supplemented by a Supplemental Agreement dated 12 August 2004 between the shareholders of WISB namely, Loh Kok Beng, Loh Kok Cheng, Chang Jung-Chen and Hsu Chou, Yu-Ling as vendors and TSHB as purchaser to acquire 10,000,000 ordinary shares of RM1.00 each in WISB representing the entire issued and paid-up share capital therein for a total consideration of RM14,300,802 based on the adjusted audited NTA as at 31 December 2002. The purchase consideration will be satisfied partly by the issuance of 27,601,414 new ordinary shares of RM0.50 each in TSHB at an issue price of RM0.50 per share and partly by cash consideration of RM500,095. The completion of the transaction contemplated under this agreement is conditional upon inter alia, the approval of the SC and other relevant authorities being obtained.

Acquisition of WISB by TSHB		
Name	Nature Interest in TSHB	Nature of Interest in WISB
Loh Kok Beng	Director and substantial shareholder	Director and substantial shareholder
Loh Kok Cheng	Director and substantial shareholder	Director and substantial shareholder
Chang, Jung-Chen	Shareholder	Substantial shareholder
Hsu Chou, Yu-Ling	Shareholder	Substantial shareholder

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7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

- (vii) Conditional Share Sale Agreement dated 17 December 2003 as supplemented by a Supplemental Agreement dated 12 August 2004 between the shareholders of TSSB namely, Soon Seok Choo, Loh Kok Beng and Loh Kok Cheng as vendors and TSHB as purchaser to acquire 450,005 ordinary shares of RM1.00 each in TSSB representing the entire issued and paid-up share capital therein for a total consideration of RM18,517,131 based on the audited NTA as at 31 December 2002 to be satisfied by the issuance of 37,034,262 new ordinary shares of RM0.50 each in TSHB at an issue price of RM0.50 per share. The completion of the transaction contemplated under this agreement is conditional upon inter alia, the approval of the SC and other relevant authorities being obtained.

Acquisition of TSSB by TSHB		
Name	Nature Interest in TSHB	Nature of Interest in TSSB
Loh Kok Beng	Director and substantial shareholder	Director and substantial shareholder
Loh Kok Cheng	Director and substantial shareholder	Director and substantial shareholder
Soon Seok Choo	Director and substantial shareholder	Director and substantial shareholder

- (viii) Conditional Share Sale Agreement dated 17 December 2003 as supplemented by a Supplemental Agreement dated 12 August 2004 between the shareholders of PSSB namely, Loh Kok Beng and Loh Kok Cheng as vendors and TSHB as purchaser to acquire 150,000 ordinary shares of RM1.00 each in PSSB representing the entire issued and paid-up share capital therein for a total consideration of RM2,360,768 based on the audited NTA as at 31 December 2002 to be satisfied by the issuance of 4,721,536 new ordinary shares of RM0.50 each in TSHB at an issue price of RM0.50 per share. The completion of the transaction contemplated under this agreement is conditional upon inter alia, the approval of the SC and other relevant authorities being obtained.

Acquisition of PSSB by TSHB		
Name	Nature Interest in TSHB	Nature of Interest in PSSB
Loh Kok Beng	Director and substantial shareholder	Director and substantial shareholder
Loh Kok Cheng	Director and substantial shareholder	Director and substantial shareholder

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7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

- (ix) Conditional Share Sale Agreement dated 17 December 2003 as supplemented by a Supplemental Agreement dated 12 August 2004 between the shareholders of DGSB namely, Loh Kok Beng and Loh Kok Cheng as vendors and TSHB as purchaser to acquire 100,000 ordinary shares of RM1.00 each in DGSB representing the entire issued and paid-up share capital therein for a total consideration of RM2,790,392 based on the audited NTA value as at 31 December 2002 to be satisfied by the issuance of 5,580,784 new ordinary shares of RM0.50 each in TSHB at an issue price of RM0.50 per share. The completion of the transaction contemplated under this agreement is conditional upon inter alia, the approval of the SC and other relevant authorities being obtained.

Acquisition of DGSB by TSHB		
Name	Nature Interest in TSHB	Nature of Interest in DGSB
Loh Kok Beng	Director and substantial shareholder	Director and substantial shareholder
Loh Kok Cheng	Director and substantial shareholder	Director and substantial shareholder

7.6 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS IS INTERESTED AND SIGNIFICANT IN RELATION TO THE BUSINESS OF THE GROUP

None of the Directors and/or substantial shareholders and/or key management of TSHB and its subsidiaries, and/or persons connected to them have material interest, directly and indirectly in any contract or arrangement, which is significant in relation to the business of the Group and subsisting at the date of this Prospectus.

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7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**7.7 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek the shareholders' mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year; and
- (iii) in a meeting to obtain shareholders' mandate, the interested Director, interested major shareholder or interested person connected with a director or substantial shareholder and where it involves the interest of an interested person connected with a Director or substantial shareholder, such Director or substantial shareholder, must not vote on the resolution approving the transactions. An interested Director or interested substantial shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

In anticipation that the Group would, in the ordinary course of its business, enter into transactions, including but not limited to the transactions described in Related Party Transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements, it is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Chapter 10 of the Listing Requirements, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as supplies and materials, which may be carried out with the listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable the Group, in its normal course of business, to enter into the categories of Related Party Transactions, provided such interested person transactions are made at arm's length and on normal commercial terms.

The Group has ongoing trade transactions with companies, which the Promoters, Directors and/or substantial shareholders of TSHB are substantial shareholders and/or Directors as set out in Section 7.1 of the Prospectus.

Transactions, which do not fall within the ambit of the shareholders' mandate, shall be subject to the relevant provisions of the Listing Requirements.

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7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

7.8 DECLARATION BY THE ADVISERS

- (i) AmMerchant Bank hereby confirms that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Managing Underwriter and Placement Agent to TSHB Group for the IPO.
- (ii) Messrs Salina, Lim Kim Chuan & Co. hereby confirms that as at the date of this Prospectus, there is no existing or potential conflict of interest in their capacity as Solicitors to the TSHB Group for the IPO.
- (iii) Messrs UHY Diong hereby confirms that as at the date of this Prospectus, there is no existing or potential conflict of interest in their capacity as Auditors and Reporting Accountants to the TSHB Group for the IPO.
- (iv) Vital Factor Consulting Sdn Bhd hereby confirms that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Independent Business and Market Research Consultants to TSHB Group for the IPO.

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8. OTHER INFORMATION CONCERNING THE COMPANY/GROUP**8.1 INFORMATION ON LAND AND BUILDINGS**

A summary of the land and buildings owned by the Group is as follows:-

Approximate										
Name of Registered Owner/ Postal Address/ No Title Identification	Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Approximate Land area (square metre)	Approximate Built-up area (square metre)	Restriction Interest/ in Encumbrances	Prices Paid/ Date of Transaction	Audited Net Book Value @ 31 December 2003 (RM)	Audited Net Book Value @ 31 May 2004 (RM)	Date of Certificate of Fitness	
WISB										
1. Plot 159, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam, Seberang Perai Tengah, Penang (H.S.(D) 46613, Lot 395, Mukim 13, Seberang Perai Tengah, Penang)	>2 years/ 60 years lease/ 11.03.2061	1-storey factory (attached with 4-storey production area) cum 2-storey office block/ Manufacturing of PVC products	27,351.55	19,822	(iv) (v) (vi) (vii)	Land - RM3,591,800/ 03.05.2000 Building - RM13,429,450 (construction cost)/ 31.12.2002	Land - 3,372,301 Building - 12,794,132	Land - 3,347,358 Building - 12,736,720	30.08.2002	
2. Plot 160, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam, Seberang Perai Tengah, Penang (H.S.(D) 48999, PT 429, Mukim 13, Seberang Perai Tengah, Penang)	>1 year/ 60 years lease/ 25.08.2063	1-storey warehouse/ Warehouse	17,494.55	5,684	(iv) (v) (vi) (viii)	RM2,297,391/ 12.12.2002	Land - 2,284,628 Building - 3,059,088	Land - 2,268,674 Building - 3,190,020	16.08.2004	

8. OTHER INFORMATION CONCERNING THE COMPANY / GROUP (Cont'd)

Name of Registered Owner/ Postal Address/ No Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Approximate Land area (square metre)	Approximate Built-up area (square metre)	Restriction in Interest/ Encumbrances	Prices Paid/ Date of Transaction	Audited Net Book Value @ 31 December 2003	Audited Net Book Value @ 31 May 2004 (RM)	Date of Certificate of Fitness
TSSB									
3. 90-5-03, Medan Fettes, 11200 Penang (Parcel No. 7, Storey No.5, Building Cahaya, erected on part of land held under Grant (First Grade) No. HB(M)86, Lot 3793, Mukim 18, North East District, Penang)	>7 years/ Freehold	Apartment/ Residential	-	74.32	N/A	RM154,041/ 28.11.1996	135,556	134,272	28.09.1994
4. 77-14-5, Menara Belfield Condominium, Jalan Tallala, 50460 Kuala Lumpur (Parcel No. B1-13A, erected on part of land under Certificate of Title No. 7564, Lot 393, Section 69, Kuala Lumpur)	>6 years/ Freehold	Apartment/ Residential	-	98.47	N/A	RM271,128/ 28.01.1997	238,593	236,333	14.01.1999

8. OTHER INFORMATION CONCERNING THE COMPANY / GROUP (Cont'd)

Name of Registered Owner/ Postal Address/ No Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Approximate Land area (square metre)	Approximate Built-up area (square metre)	Restriction in Interest/ Encumbrances	Prices Paid/ Date of Transaction	Audited Net Book Value @ 31 December 2003	Audited Net Book Value @ 31 May 2004	Date of Certificate of Fitness
DGSB									
5. 3, Jalan Mas Jaya 2, Kawasan Perindustrian Mas Jaya, Selangor Darul Ehsan (H.S.(D) 69154, PT 27606, Mukim Cheras, Daerah Ulu Langat, Selangor)	> 8 years/ Freehold	1½-storey warehouse/ Warehouse	328	273	(ix)	RM456,000/ 14.06.1995	Land – 258,352 Building - 167,015	Land – 258,352 Building - 161,415	22.07.1996

Notes:-

- (i) Plot 160, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Mertajam, Seberang Perai Tengah, Penang was purchased from PDC on 12 December 2002. As at todate, the land title is still in the name of PDC. The transfer of the title to WISB is in the process. The construction of this warehouse was only completed in August 2003 and the Certificate of Practical Completion from the contractor was dated 15 August 2003. The Certificate of Fitness was obtained on 16 August 2004.
- (ii) No valuation was carried out on the land and buildings set out above and consequently, no approval from SC is required.
- (iii) The existing use on all the land set out above is not in breach of the land-use conditions/permissible land use.
- (iv) The land alienated shall not be transferred charged, leased, sub-leased, tenanted without the written consent of the State Authority.
- (v) The land alienated shall not be sub-divided or partitioned.
- (vi) The land alienated and any building erected thereon shall not be used for any purpose except the purpose approved by PDC and the State Authority.
- (vii) 5 charges in favour of United Overseas Bank (Malaysia) Berhad (UOB): Presentation No. 21403/2001, 21404/2001, 21405/2001, 21030/2003 and 21031/2003 where by one (1) private caveat entered by UOB: Presentation No. 9736/2001.
- (viii) Assigned in favour of United Overseas Bank (Malaysia) Berhad (charge is still pending).
- (ix) Charged to United Overseas Bank (Malaysia) Berhad vide Presentation No. 69445/2002, one (1) private caveat entered by United Overseas Bank (Malaysia) Berhad vide Presentation No. 36643/2002.

8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)

8.2 ACQUISITIONS OF PROPERTIES

Save as disclosed below, none of the properties as set out in the table of Section 8.1 above, were acquired during the two (2) years preceding the date of this Prospectus:-

Sale and Purchase Agreement dated 12 December 2002 between WISB and Penang Development Corporation whereby WISB agreed to purchase from PDC the land known as Plot 160, Bukit Minyak Industrial Park, forming part of Mukim 13, Seberang Perai Tengah, Penang, measuring an area of 4.32302 acres free from all encumbrances and with vacant possession for a cash consideration of RM2,297,391.15.

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9. FINANCIAL INFORMATION**9.1 HISTORICAL FINANCIAL INFORMATION**

The summarised proforma consolidated results of TSHB for the past five (5) financial years ended 31 December 1999 to 2003 and the five (5) months period ended 31 May 2004 have been prepared based on the audited financial statements of the companies in the TSHB Group for illustrative purposes after making such adjustments that are considered necessary and assuming that the TSHB Group had been in existence throughout the years/ period under review.

The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	←----- For the Year Ended 31 December ----->					5 Months Period Ended 31 May 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	May 2004 RM'000
Revenue	35,667	31,751	40,006	43,873	52,161	26,969
Earnings before interest, depreciation, taxation and amortisation	7,579	6,849	6,876	12,032	15,094	5,622
Interest	(803)	(853)	(1,674)	(1,658)	(1,812)	(604)
Depreciation	(652)	(612)	(1,854)	(2,632)	(2,499)	(1,116)
	(1,455)	(1,465)	(3,528)	(4,290)	(4,311)	(1,720)
PBT	6,124	5,384	3,348	7,742	10,783	3,902
Taxation	(554)	(1,318)	(935)	(2,243)	(2,762)	(1,118)
PAT	5,570	4,066	2,413	5,499	8,021	2,784
Proforma no. of ordinary shares of RM0.50 each in issue ('000)	74,938	74,938	74,938	74,938	74,938	74,938
Gross EPS (sen)#	8.17	7.18	4.47	10.33	14.39	5.21
Net EPS (sen)#	7.43	5.43	3.22	7.34	10.70	3.72

Notes:-

- # Based on proforma number of ordinary shares of RM0.50 each after the Acquisitions but before Share Split and Public Issue.
- (i) DGSB's financial statements with financial years ended 31 March 2000 and 31 March 2001 and financial period from 1 April 2001 to 31 December 2001 were deemed consolidated as financial year ended 31 December in the proforma historical consolidated financial results of TSHB for the financial years ended 31 December 1999 to 31 December 2001.
- (ii) PSSB's financial statements with financial years ended 30 April 2000 and 30 April 2001 and financial period from 1 May 2001 to 31 December 2001 were deemed consolidated as financial year ended 31 December in the proforma historical consolidated financial results of TSHB for the financial years ended 31 December 1999 to 31 December 2001.

9. FINANCIAL INFORMATION (Cont'd)

- (iii) The revenue of the Group mainly comprises sales of in-house manufactured PVC Floor Covering as well as in-house manufactured PVC Films and Sheets. Apart from this, the revenue was also derived from trading of external sourced plastic products and materials such as PVC sponge leather, PP non-woven and other related products. The sales of in-house manufactured PVC Floor Covering and in-house manufactured PVC Films and Sheets contributed approximately 80% of total revenue of the Group.
- (iv) The revenue of the Group has improved progressively from the financial years ended 31 December 1999 to 2003 and the five (5) months period ended 31 May 2004 except for the financial year ended 31 December 2000. The improvement was mainly due to the increase in sales demand for in-house manufactured PVC Floor Covering and in-house manufactured PVC Films and Sheets from existing and new customers. The Group has also managed to expand its export market to approximately RM9 million for the five (5) months period ended 31 May 2004. In addition, new designs as well as increase in selling price of PVC products have also contributed to the growth in the revenue of the Group. The decrease in revenue in the financial year ended 31 December 2000 was mainly due to softening in both local and export market.
- (v) The PBT of the Group has improved progressively from financial years ended 31 December 1999 to 2003 except for the financial years ended 31 December 2000 and 2001 and the five (5) months period ended 31 May 2004. The decrease in PBT in the financial year ended 31 December 2000 was in tandem with the decrease in revenue. In the financial year ended 31 December 2001, the decrease in PBT was resulted from the learning curve process encountered by the Group and the higher wastage incurred in the trial run of new plant and machineries. As a result, higher manufacturing cost and lower PBT were recorded by the Group. The lower PBT registered for the five (5) months period ended 31 May 2004 was mainly due to a lower gain of approximately RM46,000 on disposal of property, plant and equipment as compared to the gain of approximately RM1.60 million for the financial year ended 31 December 2003.
- (vi) There were no exceptional or extraordinary items noted during the financial years/period under review.

9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION**9.2.1 Segmental Analysis of Revenue and PBT****Analysis of Revenue by Companies**

	←----- Financial Year Ended 31 December ----->					5 Months Period Ended 31 May 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	May 2004 RM'000
TSHB	-	-	-	-	-	-
WISB	14,325	13,653	21,555	27,568	37,036	20,023
TSSB	28,333	25,368	25,499	28,771	26,971	10,982
PSSB	7,306	7,510	5,805	1,880	3,247	2,660
DGSB	8,099	7,227	968	1,785	2,937	1,382
Less:						
Proforma consolidation adjustments*	(22,396)	(22,007)	(13,821)	(16,131)	(18,030)	(8,078)
Proforma consolidated revenue	35,667	31,751	40,006	43,873	52,161	26,969

Note :-

* Being inter-company sales and rental billed.

9. FINANCIAL INFORMATION (Cont'd)**Analysis of Revenue by Products and Services**

	Financial Year Ended 31 December					5 Months Period Ended 31 May 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
Manufacture of PVC Floor Covering	19,260	16,826	20,011	20,423	28,704	15,473
Manufacture of PVC Films and Sheets	9,702	9,569	11,777	14,893	13,187	6,796
Manufacture of PVC Decorative Films	17	1	655	1,627	2,034	499
Trading of PVC sponge leather	2,392	2,105	3,245	3,308	3,484	2,812
Trading of PP non- woven	1,402	1,160	1,105	1,189	1,131	404
Trading of table cloths	900	928	728	686	697	263
Trading of raincoat	835	766	697	413	640	212
Trading of transparent film	218	44	195	112	-	-
Trading of other plastic products	941	352	1,593	1,222	2,284	510
	35,667	31,751	40,006	43,873	52,161	26,969

Analysis of PBT by Companies

	Financial Year Ended 31 December					5 Months Period Ended 31 May 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
TSHB	-	-	-	(72)	(2)	(1)
WISB	831	277	397	4,949	6,364	2,332
TSSB	3,267	2,676	2,267	2,479	2,452	1,004
PSSB	871	673	590	216	1,774	423
DGSB	1,155	1,758	94	170	195	144
Less:						
Proforma consolidation adjustments *	-	-	-	-	-	-
Proforma consolidated PBT	6,124	5,384	3,348	7,742	10,783	3,902

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9. FINANCIAL INFORMATION (Cont'd)**Analysis of PBT by Products and Services**

	Financial Year Ended 31 December					5 Months Period Ended 31 May 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
Manufacture of PVC Floor Covering	3,074	2,320	1,584	3,527	2,448	1,218
Manufacture of PVC Films and Sheets	1,548	1,319	932	2,572	4,402	1,560
Manufacture of PVC Decorative Films	3	-	52	281	494	119
Trading of PVC Sponge leather	382	290	257	571	849	673
Trading of PP non- woven	223	160	88	206	253	97
Trading of table cloths	144	128	58	118	201	76
Trading of raincoat	133	106	55	71	114	40
Trading of transparent film	35	6	15	19	-	-
Trading of other plastic products	151	48	126	211	268	46
Other income	431	1,007	181	166	1,754	73
	6,124	5,384	3,348	7,742	10,783	3,902

Other income for the financial years ended 31 December 2001 and 2002 was mainly derived from rental income. In addition of rental income, gain on disposal of property, plant and equipment was another major contributor to the other income for the financial years ended 31 December 1999, 2000, and 2003 and the five (5) months period ended 31 May 2004.

9.2.2 Overview of Revenue and PBT**Revenue****31 December 1999**

The major contributors to the Group's revenue in the financial year 1999 were from the sales of PVC Floor Covering and PVC Films and Sheets. These two (2) products contributed to approximately 80% of the Group's revenue in financial year 1999.

31 December 2000

The Group's revenue in the financial year 2000 was lower than financial year 1999 by approximately RM4 million. This was mainly due to decrease in demand resulted from the softening in both local and export market. Further to the above, selling price per unit also decreased during the financial year due to stiff competition.

31 December 2001

In the financial year 2001, the Group's revenue growth was driven by the increase in WISB's revenue. This was contributed by the higher demand from export market and new customers for WISB's PVC Floor Covering and PVC Films and Sheets. Apart from this, new designs as well as the increase in selling price of PVC products also contributed to the revenue growth.

9. FINANCIAL INFORMATION (Cont'd)

31 December 2002

The significant contributors to the revenue growth of approximately RM4 million in the financial year 2002 were TSSB and WISB. This was primarily due to the increase in sales demand from new overseas customers especially in PVC Films and Sheets and PVC Decorative Films.

31 December 2003

In financial year 2003, the Group's revenue growth was driven by the increase in WISB's revenue. This was mainly contributed by the higher demand from some new overseas markets i.e. Cote D'ivoire, Sri Lanka, Yemen and Uganda towards WISB's PVC Floor Covering. The contribution of PVC Floor Covering to the Group's revenue increased from approximately 46% in financial year 2002 to approximately 55% in financial year 2003.

31 May 2004

The increase in revenue was mainly contributed by the increased demands towards the Group's products especially from overseas customers. Export sales increased from approximately 23% in financial year 2003 to approximately 34% in the five (5) months period ended 31 May 2004. PVC Floor Covering was the main contributor with approximately 57% contribution to the total revenue of RM27 million, followed by PVC Films and Sheets with approximately 25%.

PBT**31 December 1999**

In the financial year 1999, the Group purchased a new colour printing machine for printing process. With the purchase of the colour printing machine, the Group only needs to purchase white sheetings which are cheaper than the printed sheetings. With the laminating and printing processes, the Group managed to reduce the reliance on the imported printed sheetings and has significantly improved the cost savings for the Group.

31 December 2000

The decrease in PBT in financial year 2000 was in tandem with the decrease in revenue due to the abovementioned factors.

31 December 2001

In the financial year 2001, the decrease in PBT was resulted from the learning curve process encountered by the Group. Higher wastage was incurred in the trial run of new machineries and has resulted in higher manufacturing cost and lower PBT recorded by the Group.

9. FINANCIAL INFORMATION (Cont'd)**31 December 2002**

In the financial year 2002, the Group has substantially reduced its import of raw materials, which are primarily used in the manufacturing of bottom sheets and the middle layer printing sheets with the acquisitions of new machineries in financial year 2001 which has resulted in cost savings for the Group.

Apart from this, the increased in the sales of PVC Films and Sheets in the financial year 2002 and the efficiency in the manufacturing process also contributed to the improvement in the PBT.

31 December 2003

The improvement in PBT was in line with the increase in revenue. In addition, a gain on disposal of freehold land and building has also contributed to the improvement in the Group's PBT.

31 May 2004

The increase in PBT was not as significant as the increase in revenue for the same period due to the increase in the prime raw material cost of certain products of the Group.

9.2.3 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Operating Profits

	Financial Year Ended 31 December					5 Months Period Ended 31 May 2004
	1999	2000	2001	2002	2003	
Interest expense (RM'000)	803	853	1,674	1,658	1,812	604
Earnings before interest and taxation (RM'000)	6,927	6,237	5,022	9,400	12,595	4,506
Interest coverage (times)	8.63	7.31	3.00	5.67	6.95	7.46
Foreign exchange gain (RM'000)	-	9	8	3	4	24

The impact of interest rates on operating profits was minimal as the Group has low gearing for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the five (5) months period ended 31 May 2004. Foreign exchange impact to the Group was minimal for the past five (5) financial years ended 31 December 1999 to 31 December 2003. The foreign exchange gain for the five (5) months period ended 31 May 2004 was higher due to higher volume in the foreign currency transactions incurred during the period.

TSHB Group is not materially affected by the commodity prices.

9. FINANCIAL INFORMATION (Cont'd)**9.2.4 TAXATION**

	←---- Financial Year Ended 31 December---->					5 Months Period Ended 31 May 2004
	1999	2000	2001	2002	2003	
Taxation (RM'000)	554	1,318	935	2,243	2,762	1,118
PBT (RM'000)	6,124	5,384	3,348	7,742	10,783	3,902
Effective tax rate (%)	9	23	28	29	25	28
Statutory tax rate (%)	28	28	28	28	20 and 28	20 and 28

The effective tax rate for the financial year 1999 was lower than the statutory tax rate mainly due to the tax waiver for the year of assessment 1999 in accordance with the Income Tax (Amendment) Act, 1999.

The effective tax rate for the financial year 2000 was lower than the statutory tax rate mainly due to the reversal of deferred taxation provided in the previous years.

The effective tax rate for the financial year 2002 were higher than the statutory tax rate mainly due to certain expenses being disallowed as deduction for tax purposes such as interest expenses which were restricted under Section 33 (2) of Income Tax Act, 1967 and entertainment expenses.

The effective tax rate for financial year 2003 was lower than the statutory tax rate of 28% mainly due to the different tax rate of 20% for first RM100,000 of chargeable income.

9.2.5 EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items noted during the financial years/period under review.

9.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS

Save as disclosed in Sections 1.3, 9.1 and 10 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

- (i) Any known trend, demand, commitment, event or uncertainty that have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (ii) Any material capital expenditure commitment, the purpose of such commitments and the anticipated source of funds;
- (iii) Any unusual, infrequent event or transaction or any significant economic change that have materially affected the financial performance, position and operations of the Group and the extent to which the financial performance, position and operations of the Group was so affected; and

9. FINANCIAL INFORMATION (Cont'd)

- (iv) Any known event, circumstance, trend, uncertainty and commitment that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL LITIGATIONS/ ARBITRATION**(i) Working Capital**

The Directors of TSHB are of the opinion that after taking into account the cash flow position, banking facilities available and the proceeds from the Public Issue, the Group will have adequate working capital for its present and foreseeable requirements. The working capital of TSHB Group is sufficient for a period of twelve (12) months from the date of the issue of this Prospectus.

(ii) Borrowings

As at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), the total bank borrowings of the TSHB Group in the form of term loans, trade financing, overdraft, revolving credit and hire purchase financing amounted to approximately RM29.97 million. The borrowings can be analysed further as follows:-

Borrowings	Amount (RM'000)	Amount (RM'000)
Group		
Long term borrowings		
• Interest bearing	8,380	
• Non-interest bearing	-	8,380
Short term borrowings		
• Interest bearing	21,594	
• Non-interest bearing	-	21,594
Total Borrowings		29,974

As at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), the Group has no foreign currency borrowings.

(iii) Contingent Liabilities

The Directors of TSHB declare that, as at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), the Group has no contingent liabilities.

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9. FINANCIAL INFORMATION (Cont'd)**(iv) Material Commitment**

Save as disclosed below, as at 31 August 2004 (being the latest practicable date prior to the printing of Prospectus), the Group has no material capital commitments:-

Items		Expected Cost (RM'000)	Deposit Paid (RM'000)	Balance (RM'000)
(a)	Calendering machine	6,180	6,087	93
(b)	Foam oven	2,784	2,618	166
(c)	Boiler	260	-	260
(d)	Recycle tank	500	-	500
(e)	Transformer and others	320	-	320
Total		10,044	8,705	1,339

(v) Material Litigations/ Arbitration

As at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), neither the Company nor its subsidiaries are engaged in any material litigation, claims and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of TSHB or its subsidiaries and the Directors do not know of any proceeding pending or threatened or of any facts likely to give rise to any proceeding which might materially and adversely affect the position or business of TSHB or its subsidiaries.

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9. FINANCIAL INFORMATION (Cont'd)

9.5 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF TSHB FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004
(Prepared for inclusion in the Prospectus)



The Board of Directors
Tek Seng Holdings Berhad
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

21 September 2004

Dear Sirs,

**TEK SENG HOLDINGS BERHAD
CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004**

We have reviewed the consolidated profit forecast of Tek Seng Holdings Berhad and its proposed subsidiaries ("the Group") for the financial year ending 31 December 2004 as set out in the accompanying statement in accordance with the standard ISA 810 applicable to the review of forecast. The forecast has been prepared for submission to the Securities Commission in connection with the proposed new issue and subsequent listing and quotation of the entire issued and fully paid-up share capital of Tek Seng Holdings Berhad on the Second Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended 31 December 2003. The Directors of Tek Seng Holdings Berhad are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumption). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and

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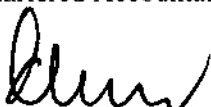
9. FINANCIAL INFORMATION (Cont'd)

UHY DIONG
Chartered Accountants

- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended 31 December 2003.

Yours faithfully,


UHY DIONG
AF-1411
Chartered Accountants


KOAY THEAM HOCK
2141/04/05 (J)
Partner

9. FINANCIAL INFORMATION (Cont'd)

9.6 CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004
(Prepared for inclusion in the Prospectus)

TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)

UHY DIONG
 Chartered Accountants

**CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004**

The Directors of Tek Seng Holdings Berhad forecast that the financial indices for Tek Seng Holdings Berhad and its proposed subsidiaries ("the Group") for the financial year ending 31 December 2004 will be as follows:

	After Proposal RM'000
Consolidated turnover	78,817
Consolidated gross profit	20,194
Consolidated profit before taxation	13,215
Consolidated profit after taxation	9,639
Gross earnings per share (sen) <i>Note 1 / Note 2</i>	13.28 / 6.88
Net earnings per share (sen) <i>Note 1 / Note 2</i>	9.69 / 5.02
Gross profit margin	25.62%
Pretax profit margin	16.77%

Note 1 Based on weighted average number of 99,487,000 ordinary shares of RM0.25 each.

Note 2 Based on enlarged share capital of 192,000,000 ordinary shares of RM0.25 each.

Analysis of revenue by local versus export:

	After Proposal RM'000	%
Local	55,842	70.85
Export	22,975	29.15
	<u>78,817</u>	

Analysis of revenue by products:

	After Proposal RM'000	%
Manufacture and sales of in-house manufactured PVC products		
- manufacture of PVC floor covering	34,395	43.64
- manufacture of PVC films and sheets	23,377	29.66
- manufacture of PVC decorative films	3,000	3.80
- manufacture of new PVC products**	7,000	8.88
Trading of external sourced plastic products and materials		
- PVC sponge leather	5,900	7.49
- PP non-woven	1,445	1.83
- Table cloths	866	1.10
- Raincoat	800	1.02
- Others***	2,034	2.58
	<u>78,817</u>	

*** New products which are targeted to be launched in end 2004 mainly consist of vinyl wallpaper, laminated decorative ceiling, vehicle mats, foam based PVC sheets and foam based PVC floor covering.*

**** Others include PVC films and sheets for plastic bags, baby mattresses, accessories for raincoats and shower curtains.*

9. FINANCIAL INFORMATION (Cont'd)**TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)****UHY DIONG**
Chartered Accountants**CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004 (CONTINUED)****1.0 Proposed Floatation Scheme**

The Proposed Floatation Scheme ("the Proposal"), which is inter conditional are as follows:

1.1 Proforma 1

Proposed Acquisitions of the issued and fully paid-up share capital of the following companies:

Company	Par value RM	No. of ordinary shares acquired	Issued and fully paid-up share capital acquired %	Purchase consideration RM	No. of new ordinary shares of RM0.50 each to be issued	Cash consideration RM
WISB	1.00	10,000,000	100	14,300,802	27,601,414	500,095
TSSB	1.00	450,005	100	18,517,131	37,034,262	-
DGSB	1.00	100,000	100	2,790,392	5,580,784	-
PSSB	1.00	150,000	100	2,360,768	4,721,536	-
Total		10,700,005		37,969,093	74,937,996	500,095

The purchase consideration was based on the adjusted audited net tangible assets of WISB, audited net tangible assets of TSSB, DGSB and PSSB as at 31 December 2002. The adjusted audited net tangible assets of WISB is computed based on the audited net tangible assets of the company as at 31 December 2002 plus the additional issued and fully paid-up share capital of RM500,000 in WISB on 16 October 2003 and no other operating results for the financial period of 2003 is included.

The proposed acquisitions of WISB, TSSB, DGSB and PSSB were deemed completed on 1 June 2004.

* WISB - Wangsaga Industries Sdn. Bhd.

TSSB - Tek Seng Sdn. Bhd.

DGSB - Double Grade Sdn. Bhd.

PSSB - Pelangi Segi Sdn. Bhd.

1.2 Proforma 2

Proposed public issue of 42,124,000 new ordinary shares of RM0.25 each at an indicative issue price of RM0.50 per ordinary share to the Malaysian public of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

The estimated listing expenses of approximately RM1,800,000 will be charged against the share premium account.

9. FINANCIAL INFORMATION (Cont'd)**TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)****UHY DIONG**
Chartered Accountants**CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004 (CONTINUED)****2.0 Principal bases and assumptions**

The principal bases and assumptions upon which the above consolidated profit forecast has been made are set out below:

1. There will be no significant changes to the prevailing economic and political conditions in Malaysia and overseas that may directly or indirectly have an adverse impact on the activities or performance of the Group and the business of its major customers and suppliers.
2. There will be no significant changes to the present legislation or Government regulations, rates and bases of duties, levies and taxes which will adversely affect the activities or operations of the Group or the markets in which it operates.
3. There will be no significant fluctuations in inflation rates and interest rates from their present levels which would adversely affect the activities and operations of the Group.
4. There will be no significant fluctuations in foreign currency exchange rates from their present levels and the Ringgit Malaysia will remain pegged to the USD at USD1 = RM3.80.
5. There will be no major industrial disputes, breakdown or disruptions in the Group's machineries and facilities or other abnormal factors, which will adversely affect the operations of the Group.
6. There will be no significant changes in the present management and existing accounting, management and operation policies adopted by the Group.
7. Existing financing facilities will remain available to the Group and that the level of interest rates will not be changed materially from those presently prevailing. The Group will also be able to obtain new financing facilities at the present prevailing rates. All borrowings will be drawdown and repaid as scheduled.
8. There will be no material acquisitions or disposals of property, plant and equipment or investments other than those that has been planned for.
9. There will be no material changes in the current principal activities and structure of the Group.
10. The Group will not be engaged in any material litigation and there will be no legal proceedings which will adversely affect its activities or performance or give rise to any additional contingent liabilities which will materially affect the position or business.
11. There will be no significant changes in labour cost, purchases, operating costs and other costs that will adversely affect the performance of the Group.
12. There will be no significant changes in the selling prices and raw materials cost, in particular, PVC resin that may cause adverse effect to the Group's profitability.

9. FINANCIAL INFORMATION (Cont'd)**TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)****UHY DIONG**
Chartered Accountants**CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004 (CONTINUED)****2.0 Principal bases and assumptions (Continued)**

13. There will be no material capital and revenue costs items variations that are beyond the control of the Group.
14. The existing terms and conditions of contracts and agreements entered into by the Group will continue to remain in force.
15. There will be no significant incidences of bad debts or other abnormal circumstances which will affect the operations of the Group.
16. Income tax for the financial year ending 31 December 2004 is computed based on the statutory income tax rate of 28%.
17. Revenue by the Group will be in line with forecast levels.
18. The demand for and selling price of products and services provided by the Group will be in line with the forecast levels.
19. The current trend of increasing demand for the Group's existing products will be maintained.
20. There will be no material changes in the existing customers of the Group.
21. Existing trading relationships with major suppliers will be maintained. There will be no limitation or delay in supply of critical products or services by these suppliers that will materially affect the operations and performance of the Group.
22. There will be no material changes in the Group's current management and existing management. The Group will be able to attract and retain key personnel. The Group will have adequate manpower resources to support its forecast growth in business.
23. No dividend (net of tax) will be declared and paid in the financial year ending 31 December 2004.
24. The proposal will be completed by 20 September 2004.

The proceeds from the Proposed Public Issue is expected to be received by 20 September 2004 and the proceeds will be utilised in the following manner:

Proceeds:	RM'000
Proceeds from Proposed Public Issue	<u>21,062</u>
Utilisation:	
Repayment of bank borrowings	12,633
Working capital	6,629
Listing expenses	<u>1,800</u>
	<u>21,062</u>

9. FINANCIAL INFORMATION (Cont'd)**9.7 DIRECTORS' COMMENTS ON THE PROFIT FORECAST**

The Board confirms that the consolidated profit forecast of TSHB Group and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful enquiries, and that the Directors, having taken into account the future prospects of the industry, the future direction of the Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecast of the Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, including interest and exchange rates, may differ significantly from the date of this Prospectus and this may have a material impact on the Group's profit forecast.

9.8 DIVIDEND FORECAST

The intended appropriation of the forecast consolidated PAT for the financial year ending 31 December 2004 would be as follows:-

Financial Year Ending 31 December	Forecast 2004 (RM'000)
Revenue	78,817
Consolidated PBT	13,215
Taxation	(3,576)
Consolidated PAT	9,639
Enlarged issued share capital at financial year end ('000)	192,000
Gross EPS (sen)	6.88
Net EPS (sen)	5.02
Gross and net dividend per Share (sen)	-
Gross and net amount (RM'000)	-
Gross dividend cover (times)	-
Net dividend cover (times)	-
Gross dividend yield (%)	-
Net dividend yield (%)	-

The Directors of TSHB do not intend to declare any dividend for the financial year ending 31 December 2004 as it is assumed that the listing exercise will only be completed by the fourth quarter of financial year ending 31 December 2004.

However, the Company intends to propose a 4% gross dividend for the financial year ending 31 December 2005 subject to the performance of the Group during the said financial year.

Notwithstanding the above, the Directors of TSHB have full discretion not to propose or make any future dividend payment as and when deemed necessary, if it is in the best interest of the Company.

9. FINANCIAL INFORMATION (Cont'd)

Investors should note that future dividends might be varied if:-

- (a) the results of the Group differ from that of forecast; or
- (b) the payment of the dividends would adversely affect the Group's cash flows and operations.

9.9 SENSITIVITY ANALYSIS

The following sensitivity analysis is prepared by the management of the Group based on the forecast assumptions set out in Section 9.6 of this Prospectus and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations firstly in the revenue, secondly in cost of sales and lastly in the administrative expenses. Notwithstanding the impact of the variations in the revenue, cost of sales and administrative as outlined here, there may exist other factors which have not been taken into account, of which the variations may have significant effect, either positively or negatively, on the financials of the Group.

9.9.1 Variations in Revenue

Revenue represents invoiced value of goods sold and invoiced value of services rendered. The sensitivity analysis on revenue is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the invoiced value of goods sold and services rendered by the TSHB Group.

Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Gross Profit Margin %
As Forecasted	78,817	(58,623)	20,194	13,215	9,639	25.62
Up to 10%	86,699	(58,623)	28,076	21,097	17,521	32.38
Up to 5%	82,758	(58,623)	24,135	17,156	13,580	29.16
Down 5%	74,876	(58,623)	16,253	9,274	5,698	21.71
Down 10%	70,935	(58,623)	12,312	5,333	1,757	17.36

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9. FINANCIAL INFORMATION (Cont'd)**9.9.2 Variations in Cost of Sales**

The sensitivity analysis on cost of sales is prepared based on the assumption that other things remain unchanged except for the 5% and 10% upward and downward variations in the cost of sales.

Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Gross Profit Margin %
As Forecasted	78,817	(58,623)	20,194	13,215	9,639	25.62
Up to 10%	78,817	(64,485)	14,332	7,353	3,777	18.18
Up to 5%	78,817	(61,554)	17,263	10,284	6,708	21.90
Down 5%	78,817	(55,692)	23,125	16,146	12,570	29.34
Down 10%	78,817	(52,761)	26,056	19,077	15,501	33.06

9.9.3 Variations in Administrative Expenses

The sensitivity analysis on administrative expenses is prepared based on the assumption that other things remain unchanged except for the 5% and 10% upward and downward variations in the administrative expenses.

Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Gross Profit Margin %
As Forecasted	78,817	(58,623)	20,194	13,215	9,639	25.62
Up to 10%	78,817	(58,623)	20,194	12,458	8,882	25.62
Up to 5%	78,817	(58,623)	20,194	12,836	9,260	25.62
Down 5%	78,817	(58,623)	20,194	13,594	10,018	25.62
Down 10%	78,817	(58,623)	20,194	13,972	10,396	25.62

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9. FINANCIAL INFORMATION (Cont'd)

**9.10 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS AS AT 31 MAY 2004**
(Prepared for inclusion in the Prospectus)



The Board of Directors
Tek Seng Holdings Berhad
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

51-21-F Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

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21 September 2004

Dear Sirs,


TEK SENG HOLDINGS BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004


We have reviewed the Proforma Consolidated Balance Sheets of Tek Seng Holdings Berhad ("TSHB") and its subsidiaries ("the Group") as at 31 May 2004 together with the notes thereon for which the Directors are solely responsible, prepared for the purpose of inclusion in the Prospectus to be dated 28 September 2004 in connection with the public issue of 42,124,000 new ordinary shares of RM0.25 each at an issue price of RM0.50 per ordinary share to eligible Directors and employees of TSHB and its subsidiary companies and the Malaysian public of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions pursuant to the listing of and quotation for TSHB's entire enlarged issued and fully paid-up share capital on the Second Board of Bursa Malaysia Securities Berhad.

In our opinion:

- (a) the abovementioned Proforma Consolidated Balance Sheets have been properly compiled on the basis stated which is consistent with the accounting policies of the Group; and
- (b) the adjustments are appropriate for the purpose of the Proforma Consolidated Balance Sheets.

Yours faithfully


UHY DIONG
AF-1411
Chartered Accountants


KOAY THEAM HOCK
2141/04/05 (J)
Partner

A member of UHY, an international association of independent accounting and consulting firms

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9. FINANCIAL INFORMATION (Cont'd)**9.11 PROFORMA CONSOLIDATED BALANCE SHEETS OF TSHB AS AT 31 MAY 2004**
*(Prepared for inclusion in the Prospectus)***TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)****UHY DIONG**
Chartered Accountants**PROFORMA CONSOLIDATED BALANCE SHEETS OF TEK SENG HOLDINGS BERHAD**
("TSHB") AND ITS SUBSIDIARIES ("THE GROUP")

The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements of the respective companies as at 31 May 2004 and on the accounting policies consistent with those normally adopted in the preparation of the audited financial statements.

	The Company As at 31 May 2004 RM'000	The Group Proforma (1) After Acquisitions RM'000	The Group Proforma (2) After (1), Public Issue & Utilisation Of Proceeds RM'000	The Group Proforma (3) After (2) & Exercise Of ESOS RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	-	52,192	52,192	52,192
Intangible asset	-	10	10	10
CURRENT ASSETS				
Inventories	-	12,661	12,661	12,661
Trade receivables	-	12,072	12,072	12,072
Other receivables, deposits and prepayments	346	3,798	3,798	3,798
Tax refundable	-	23	23	23
Cash and bank balances	-	1,058	7,687	22,087
	346	29,612	36,241	50,641
CURRENT LIABILITIES				
Trade payables	-	3,340	3,340	3,340
Other payables and accruals	350	2,187	2,187	2,187
Hire purchase payables	-	443	443	443
Bank borrowings (secured)	-	12,786	10,941	10,941
Term loans (secured)	-	4,208	-	-
Taxation	-	965	965	965
	350	23,929	17,876	17,876
NET CURRENT (LIABILITIES)/ASSETS	(4)	5,683	18,365	32,765
	(4)	57,885	70,567	84,967
SHARE CAPITAL	*	37,469	48,000	55,200
SHARE PREMIUM	-	-	8,731	15,931
RESERVE ON CONSOLIDATION	-	10,809	10,809	10,809
ACCUMULATED LOSS	(4)	(4)	(4)	(4)
SHAREHOLDERS' EQUITY	(4)	48,274	67,536	81,936
NON-CURRENT LIABILITIES				
Term loans (secured)	-	6,580	-	-
Hire purchase payables	-	64	64	64
Deferred taxation	-	2,967	2,967	2,967
	(4)	57,885	70,567	84,967
Net tangible (liabilities)/assets per share (RM)	(1,000)	0.64	0.35	0.37

* This represents 4 ordinary shares of RM0.50 each.

9. FINANCIAL INFORMATION (Cont'd)**TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)**

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF TEK SENG HOLDINGS BERHAD ("TSHB") AND ITS SUBSIDIARIES ("THE GROUP")

The Proforma Consolidated Balance Sheets together with the notes thereon have been prepared on the basis of accounting principles and basis consistent with those normally adopted by the Group and are presented in the form suitable for inclusion on the Prospectus.

The Proforma Consolidated Balance Sheets of the Group have been prepared for illustrative purposes only and are based on consolidated balance sheet of the Group as at 31 May 2004.

The following transactions are assumed to have been effected on 31 May 2004:-

a) Proforma 1

Acquisitions of the issued and fully paid-up share capital of the following companies:

Company	Par value RM	No. of ordinary shares acquired	Issued and fully paid-up share capital acquired %	Purchase consideration RM	No. of new ordinary shares of RM0.50 each to be issued	Cash consideration RM
WISB*	1.00	10,000,000	100	14,300,802	27,601,414	500,095
TSSB*	1.00	450,005	100	18,517,131	37,034,262	-
DGSB*	1.00	100,000	100	2,790,392	5,580,784	-
PSSB*	1.00	150,000	100	2,360,768	4,721,536	-
Total		10,700,005		37,969,093	74,937,996	500,095

* WISB – Wangsaga Industries Sdn. Bhd.
TSSB – Tek Seng Sdn. Bhd.
DGSB – Double Grade Sdn. Bhd.
PSSB – Pelangi Segi Sdn. Bhd.

b) Proforma 2

Public issue of 42,124,000 new ordinary shares of RM0.25 each at an indicative issue price of RM0.50 per ordinary share to the Malaysian public of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

The estimated listing expenses of approximately RM1,800,000 will be charged against the share premium account.

9. FINANCIAL INFORMATION (Cont'd)**TEK SENG HOLDINGS BERHAD (COMPANY NO.: 579572-M)**

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF TEK SENG HOLDINGS BERHAD ("TSHB") AND ITS SUBSIDIARIES ("THE GROUP") (CONTINUED)

b) Proforma 2 (Continued)

The proceeds from the Public Issue is expected to be utilised in the following manner:

Proceeds:	RM'000
Proceeds from Public Issue	<u>21,062</u>
Utilisation:	
Repayment of bank borrowings	12,633
Working capital	6,629
Listing expenses	<u>1,800</u>
	<u>21,062</u>

c) Proforma 3

Exercise of 28,800,000 options under the Employees' Share Option Scheme ("ESOS"), being 15% of the enlarged share capital, at an assumed exercise price of RM0.50 per ordinary share.

The movements in share capital and share premium are as follows:

	Share capital RM	Share premium RM
Upon incorporation of TSHB	2	-
Proforma 1- Acquisitions	<u>37,468,998</u>	-
	37,469,000	-
Proforma 2 - Public Issue	<u>10,531,000</u>	<u>10,531,000</u>
	48,000,000	10,531,000
Less: Estimated listing expenses	<u>-</u>	<u>(1,800,000)</u>
	48,000,000	8,731,000
Proforma 3 - ESOS	<u>7,200,000</u>	<u>7,200,000</u>
	<u>55,200,000</u>	<u>15,931,000</u>