

### IMPORTANT NOTICE

This Prospectus has been seen and approved by the Directors and Promoter of Cocoland Holdings Berhad ("CHB"), and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading. The Directors of CHB hereby accept full responsibility for the profit and cash flow estimate and forecast that is included in this Prospectus and confirm that the profit and cash flow estimate and forecast have been prepared based on assumptions made as described in this Prospectus.

OSK Securities Berhad ("OSK"), being the Adviser, Managing Underwriter, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the public offering and is satisfied that the profit and cash flow estimate and forecast (for which the Directors of CHB are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

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

The SC shall not be liable for any non-disclosure on the part of CHB and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Bursa Malaysia Securities Berhad ("Bursa Securities") shall not be liable for any non-disclosure on the part of CHB and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the invitation, CHB or of its securities.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN CHB. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

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

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies ("ROC"). However, neither the SC nor the ROC takes any responsibility for its contents.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**INDICATIVE TIMETABLE**

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities is as follows:

<b>Event</b>	<b>Tentative Dates</b>
Issuance of the Prospectus / Opening of the Public Issue	24 December 2004
Closing of the Public Issue	5 January 2005
Balloting of Applications	7 January 2005
Despatch of notices of allotment to successful applicants	17 January 2005
Listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities	18 January 2005

**Note:**

*The application for the Public Issue will close at the time and date stated, or at such later date or dates as the Directors of CHB and the Managing Underwriter may in their absolute discretion decide. Should the closing date of the application be extended, the dates for balloting, the despatch of notice of allotment and the listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities will be extended accordingly.*

*In the event the closing date of the application is extended, the notice of the extension will be advertised in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia prior to the original closing date of the application.*

Further information on the indicative timetable is set out in **Section 3.3** of this Prospectus.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**DEFINITIONS**

Unless the context so requires, the following abbreviations, words and expressions shall bear the following respective meanings throughout this Prospectus.

<b>Act</b>	: Companies Act 1965
<b>Acquisitions</b>	: Acquisition of CISB, Acquisition of BPQSB and Acquisition of LBFSB, collectively
<b>Acquisition of BPQSB</b>	: Acquisition by CHB of the entire issued and paid-up share capital of BPQSB comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM9,242,197 satisfied by the issuance of 14,282,327 new Shares in CHB at an issue price of approximately RM0.65 per Share
<b>Acquisition of CISB</b>	: Acquisition by CHB of the entire issued and paid-up share capital of CISB comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM32,967,365 satisfied by the issuance of 50,844,093 new Shares in CHB at an issue price of approximately RM0.65 per Share
<b>Acquisition of LBFSB</b>	: Acquisition by CHB of the entire issued and paid-up share capital of LBFSB comprising 1,500,000 ordinary shares for RM1.00 each for a purchase consideration of RM9,613,210 satisfied by the issuance of 14,873,576 new Shares in CHB at an issue price of approximately RM0.65 per Share
<b>ADA</b>	: Authorised Depository Agent
<b>ADA Code</b>	: ADA (Broker) Code
<b>Application(s)</b>	: The application(s) for the Issue Shares by way of Application Form or by way of Electronic Share Application
<b>Application Form(s)</b>	: The printed application form(s) accompanying this Prospectus for the application of the Issue Shares
<b>ASEAN</b>	: Association of South East Asian Nations
<b>ATM</b>	: Automated Teller Machine
<b>Board</b>	: Board of Directors of CHB
<b>BPQSB</b>	: B Plus Q Sdn Bhd (144160-D)
<b>Bursa Depository or the Depository</b>	: Bursa Malaysia Depository Sdn Bhd (formerly known as Malaysian Central Depository Sdn Bhd) (165570-W)
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad ) (635998-W)
<b>CCM</b>	: Companies Commission of Malaysia
<b>CDS</b>	: Central Depository System
<b>CDS account</b>	: The account established by Bursa Depository for a depositor for the recording of the deposit of securities and for dealing in such securities by the depositor
<b>CEPT</b>	: Common Effective Preferential Tariff

**DEFINITIONS**

<b>CF</b>	: Certificate of Fitness for Occupation
<b>CHB or the Company</b>	: Cocoland Holdings Berhad (516019-H)
<b>CHB Group or the Group</b>	: CHB and its subsidiary companies
<b>CISB</b>	: Cocoland Industry Sdn Bhd (203054-X)
<b>Consolidation of Interests</b>	: The consolidation of interests of Liew Fook Meng, Lau Kee Von, Liew Yoon Kee, Lew Foo Chay @ Lau Foo Chay, Lau Pak Lam, Lau Kwai Choon and Lau Kim Chew in CHB comprising 48,963,724 CHB Shares into a nominee company, LSSB, subsequent to the completion of the Acquisitions
<b>EBIDTA</b>	: Earnings before interest, depreciation, taxation and amortisation
<b>Electronic Share Application(s)</b>	: The application(s) for the Issue Shares through a Participating Financial Institution's ATM
<b>EPS</b>	: Earnings per share
<b>FIC</b>	: Foreign Investment Committee
<b>FYE</b>	: Financial Year(s) Ended/ Financial Year(s) Ending, as the case may be
<b>GDP</b>	: Gross Domestic Product
<b>HACCP</b>	: Hazard Analysis and Critical Control Point
<b>IASB</b>	: Imbang Angsana Sdn Bhd (395432-X)
<b>IMR Report</b>	: Independent Market Research Report by Messrs Infocredit D&B (Malaysia) Sdn Bhd dated 14 January 2004 (which is not prepared for inclusion in this Prospectus) and subsequent updates thereto
<b>Issue Price</b>	: RM0.65 for each Issue Share
<b>Issue Shares</b>	: The 10,000,000 new CHB Shares, which forms the Public Issue
<b>Kg(s)</b>	: Kilogram(s)
<b>LBFSB</b>	: L.B. Food Sdn Bhd (113659-X)
<b>Liew/Lau Family</b>	: Liew Fook Meng, Lau Kee Von, Liew Yoon Kee, Lew Foo Chay @ Lau Foo Chay, Lau Pak Lam, Lau Kwai Choon, Low Yoon Sun, Lau Pa Sin, Lau Yoke Kiew and Lau Kim Chew, collectively
<b>Listing</b>	: Listing of and quotation for the entire issued and paid-up share capital of the Company comprising 90,000,000 Shares on the Second Board of Bursa Securities
<b>Listing Requirements</b>	: Listing Requirements of Bursa Securities
<b>Listing Scheme</b>	: The Share Split, Acquisitions, Consolidation of Interests, Public Issue and Listing, collectively
<b>LSSB</b>	: Leverage Success Sdn Bhd (632682-K)

**DEFINITIONS**

<b>Malaysian Public</b>	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Days</b>	: Any day in which Bursa Securities is open for trading
<b>MFESB</b>	: M.I.T.E. Food Enterprise Sdn Bhd (62235-D)
<b>MIDFCCS</b>	: MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
<b>MITI</b>	: Ministry of International Trade and Industry Malaysia
<b>MNC(s)</b>	: Multi-national corporation(s)
<b>NBV</b>	: Net Book Value
<b>NTA</b>	: Net Tangible Assets
<b>Participating Financial Institution(s)</b>	: The participating financial institution(s) for Electronic Share Applications as listed in <b>Section 16</b> of this Prospectus
<b>PAT</b>	: Profit after taxation
<b>PBT</b>	: Profit before taxation
<b>PE Multiple(s)</b>	: Price earnings multiple(s)
<b>Prescribed Security</b>	: Ordinary shares of a company prescribed by Bursa Securities to be deposited into the CDS
<b>Promoter</b>	: LSSB
<b>Public Issue</b>	: The public issue of 10,000,000 new CHB Shares at an issue price of RM0.65 per share, comprising: <ul style="list-style-type: none"> <li>(i) 1,800,000 new CHB Shares available for application by eligible employees of the CHB Group;</li> <li>(ii) 600,000 new CHB Shares reserved for Bumiputera investors nominated and approved by the MITI;</li> <li>(iii) 6,000,000 new CHB Shares available for application by the Malaysian Public; and</li> <li>(iv) 1,600,000 new CHB Shares by way of private placement to identified public investors</li> </ul>
<b>R&amp;D</b>	: Research and development
<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively
<b>ROC</b>	: Registrar of Companies
<b>SC</b>	: Securities Commission
<b>SC Guidelines</b>	: Policies and Guidelines on Issue/Offer of Securities issued by the SC
<b>Share(s)</b>	: Ordinary share(s) of RM0.50 each in CHB

---

**DEFINITIONS**

---

<b>Share Split</b>	: Share split of every one (1) ordinary share of RM1.00 each in CHB into two (2) ordinary shares of RM0.50 each in CHB
<b>SME(s)</b>	: Small and medium-sized enterprise(s)
<b>Sq. ft.</b>	: Square feet
<b>USA</b>	: United States of America
<b>USD</b>	: United States Dollar(s)

In this Prospectus, words denoting the singular shall include the plural number and vice versa, words denoting any gender shall include all genders, words denoting persons shall include natural persons, firms, companies, bodies corporate and unincorporated bodies, and a reference to a section is a reference to the relevant section of this Prospectus.

Unless otherwise indicated, any reference in this Prospectus to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being, as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification).

Any reference to a time or day in this Prospectus shall be a reference to that time or day in Malaysia, unless otherwise stated.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**TABLE OF CONTENTS**

<b>1.</b>	<b>CORPORATE DIRECTORY.....</b>	<b>1</b>
<b>2.</b>	<b>INFORMATION SUMMARY.....</b>	<b>4</b>
2.1	HISTORY, BACKGROUND AND PRINCIPAL ACTIVITIES.....	4
2.2	OWNERSHIP AND MANAGEMENT .....	5
2.3	PRODUCTS .....	6
2.4	R&D .....	6
2.5	PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE CHB GROUP.....	8
2.6	PROFORMA CONSOLIDATED BALANCE SHEETS OF THE CHB GROUP.....	9
2.7	RISK FACTORS .....	10
2.8	PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE .....	10
2.9	UTILISATION OF PROCEEDS.....	13
2.10	WORKING CAPITAL, BORROWINGS, MATERIAL LITIGATION, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES .....	13
<b>3.</b>	<b>DETAILS OF THE PUBLIC ISSUE .....</b>	<b>15</b>
3.1	INTRODUCTION.....	15
3.2	OPENING AND CLOSING OF PUBLIC ISSUE .....	16
3.3	INDICATIVE TIMETABLE .....	16
3.4	SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES.....	17
3.5	PURPOSE OF THE PUBLIC ISSUE.....	17
3.6	BASIS OF ARRIVING AT THE ISSUE PRICE.....	18
3.7	ALLOCATION OF THE ISSUE SHARES .....	18
3.8	ALLOCATION OF THE ISSUE SHARES TO THE ELIGIBLE EMPLOYEES OF THE CHB GROUP .....	19
3.9	PLACEMENT, BROKERAGE AND UNDERWRITING EXPENSES.....	19
3.10	UNDERWRITING .....	19
3.11	UTILISATION OF PROCEEDS.....	22
3.12	ESTIMATED LISTING EXPENSES .....	23
3.13	APPROVALS AND CONDITIONS FROM AUTHORITIES .....	24
3.14	MORATORIUM ON THE SALE OF CHB SHARES.....	27
<b>4.</b>	<b>RISK FACTORS .....</b>	<b>28</b>
<b>5.</b>	<b>INFORMATION ON THE CHB GROUP.....</b>	<b>36</b>
5.1	INCORPORATION AND BUSINESS .....	36
5.2	SHARE CAPITAL .....	36
5.3	SUBSIDIARY AND ASSOCIATED COMPANIES.....	37
5.4	INFORMATION ON SUBSIDIARY COMPANIES.....	37
5.5	LISTING SCHEME .....	40
5.6	MAJOR LICENCES, PERMITS, CERTIFICATIONS AND APPROVALS.....	46
5.7	LANDED PROPERTIES .....	50
<b>6.</b>	<b>INFORMATION ON THE PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL .....</b>	<b>54</b>
6.1	PROMOTER AND SUBSTANTIAL SHAREHOLDERS .....	54
6.2	DIRECTORS.....	58
6.3	AUDIT COMMITTEE.....	62
6.4	KEY MANAGEMENT AND TECHNICAL PERSONNEL .....	63
6.5	FAMILY RELATIONSHIPS AND ASSOCIATIONS.....	65
<b>7.</b>	<b>BUSINESS OVERVIEW OF THE CHB GROUP .....</b>	<b>66</b>
7.1	PRODUCTS AND PROCESSES.....	66
7.2	PRODUCTION CAPACITY .....	71
7.3	BRAND NAMES AND TRADEMARKS .....	72
7.4	MARKET SHARE / POSITION.....	74
7.5	COMPETITIVE ADVANTAGES .....	75
7.6	KEY ACHIEVEMENTS/ MILESTONES/ AWARDS.....	76
7.7	PRINCIPAL MARKETS .....	77
7.8	MODES OF MARKETING AND DISTRIBUTION.....	78

---

**TABLE OF CONTENTS**


---

7.9	AVAILABILITY OF RAW MATERIALS.....	78
7.10	MAJOR SUPPLIERS.....	79
7.11	MAJOR CUSTOMERS.....	79
7.12	QUALITY CONTROL PROCEDURES.....	80
7.13	R&D.....	81
7.14	LOCATION OF OPERATIONS.....	83
7.15	EMPLOYEES.....	83
7.16	INTERRUPTIONS TO BUSINESS.....	83
7.17	RISK MANAGEMENT PLANS.....	84
<b>8.</b>	<b>INDUSTRY OVERVIEW AND OUTLOOK.....</b>	<b>85</b>
8.1	OVERVIEW AND OUTLOOK OF THE GLOBAL ECONOMY.....	85
8.2	OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY.....	85
8.3	OVERVIEW AND OUTLOOK OF THE FOOD MANUFACTURING INDUSTRY.....	87
8.4	PROSPECTS AND FUTURE PLANS OF THE CHB GROUP.....	91
<b>9.</b>	<b>EXECUTIVE SUMMARY OF THE IMR REPORT.....</b>	<b>93</b>
<b>10.</b>	<b>RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST.....</b>	<b>107</b>
10.1	DECLARATION BY ADVISERS.....	107
10.2	RELATED PARTY TRANSACTIONS WITH DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	107
10.3	INTERESTS IN A SIMILAR TRADE.....	108
10.4	INTERESTS IN MATERIAL ASSETS ACQUIRED, DISPOSED OF OR LEASED.....	108
<b>11.</b>	<b>FINANCIAL INFORMATION.....</b>	<b>110</b>
11.1	PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE CHB GROUP.....	110
11.2	REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST.....	115
11.3	CONSOLIDATED PROFIT ESTIMATE AND FORECAST.....	118
11.4	DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST.....	121
11.5	SENSITIVITY ANALYSIS.....	122
11.6	REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED CASH FLOW ESTIMATE AND FORECAST.....	124
11.7	CONSOLIDATED CASH FLOW ESTIMATE AND FORECAST.....	127
11.8	DIVIDEND FORECAST AND POLICY.....	129
11.9	REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS.....	130
11.10	PROFORMA CONSOLIDATED BALANCE SHEETS.....	132
<b>12.</b>	<b>ACCOUNTANTS' REPORT.....</b>	<b>137</b>
<b>13.</b>	<b>VALUATION CERTIFICATE.....</b>	<b>181</b>
<b>14.</b>	<b>DIRECTORS' REPORT.....</b>	<b>186</b>
<b>15.</b>	<b>STATUTORY AND GENERAL INFORMATION.....</b>	<b>187</b>
15.1	SHARE CAPITAL.....	187
15.2	ARTICLES OF ASSOCIATION.....	187
15.3	DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	192
15.4	GENERAL.....	194
15.5	EXPENSES AND COMMISSIONS.....	195
15.6	MATERIAL CONTRACTS.....	195
15.7	MATERIAL AGREEMENTS.....	196
15.8	PUBLIC TAKE-OVERS.....	197
15.9	CONSENTS.....	198
15.10	DOCUMENTS FOR INSPECTION.....	198
15.11	RESPONSIBILITY STATEMENTS.....	199



**TABLE OF CONTENTS**

---

<b>16.</b>	<b>PROCEDURES FOR APPLICATION AND ACCEPTANCE .....</b>	<b>200</b>
16.1	OPENING AND CLOSING OF APPLICATIONS .....	200
16.2	METHODS OF APPLICATION .....	200
16.3	GENERAL CONDITIONS FOR APPLICATIONS .....	200
16.4	APPLICATION USING APPLICATION FORMS .....	201
16.5	APPLICATION USING ELECTRONIC SHARE APPLICATIONS .....	205
16.6	APPLICATIONS AND ACCEPTANCES .....	210
16.7	CDS ACCOUNTS .....	211
16.8	NOTICES OF ALLOTMENT .....	212
16.9	LIST OF AUTHORISED DEPOSITORY AGENTS .....	212

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**I. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Dato' Azman bin Mahmood (Chairman / Independent Non-Executive Director)	G-09 Block G, Apartment Saujana Damansara Damai 47830 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Liew Fook Meng (Executive Director)	No. 9, Jalan BRP 5/5 Bukit Rahman Putra 47000 Sungai Buloh Selangor Darul Ehsan	Company Director	Malaysian
Lau Kee Von (Executive Director)	No. 1, Jalan Kenanga SD 9/9B Bandar Sri Damansara 52200 Kuala Lumpur	Company Director	Malaysian
Lau Pak Lam (Executive Director)	No 93, Jalan Krian Taman Rainbow Batu 3¼ Off Jalan Ipoh 51100 Kuala Lumpur	Company Director	Malaysian
Liew Yoon Kee (Executive Director)	309, Taman Golden Dragon 31900 Kampar Perak Darul Ridzuan	Company Director	Malaysian
Chow Kee Kan @ Chow Tuck Kwan (Independent Non-Executive Director)	52, Jalan Wawasan 3/7 Pusat Bandar Puchong 47100 Puchong Selangor Darul Ehsan	Chartered Accountant	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Azman bin Mahmood	Chairman	Independent Non-Executive Director
Liew Fook Meng	Member	Executive Director
Chow Kee Kan @ Chow Tuck Kwan	Member	Independent Non-Executive Director

**COMPANY SECRETARIES** :

Yap Foo Teng (MACS No: 00601)  
10, Jalan 5/14  
Pandan Indah  
55100 Kuala Lumpur

Dennis Dewitt (LS01586)  
10, Jalan 5/14  
Pandan Indah  
55100 Kuala Lumpur

Ng Heng Hooi (MAICSA 7048492)  
7-BX, Falee Flat  
Jalan Badak  
Off Jalan Yew  
Pudu  
55100 Kuala Lumpur

---

## 1. CORPORATE DIRECTORY

---

- REGISTERED OFFICE** : Suite 405, 4<sup>th</sup> Floor  
Magnum Plaza  
128, Jalan Pudu  
55100 Kuala Lumpur
- HEAD OFFICE** : Lot 100, Rawang Integrated Industrial Park  
48000 Rawang  
Selangor Darul Ehsan  
Tel: 03-6091 3131  
Fax: 03-6091 2132 /5131  
Website: www.cocoaland.com  
Email: info@cocoaland.com
- PRINCIPAL BANKERS** : United Overseas Bank (Malaysia) Berhad (271809-K)  
Menara UOB  
Jalan Raja Laut  
P.O. Box 11212  
50738 Kuala Lumpur  
Tel: 03-2692 7722
- RHB Bank Berhad (6171-M)  
81, 83 & 85  
Jalan Gopeng  
31907 Kampar  
Perak Darul Ridzuan  
Tel: 05-466 6202
- AUDITORS AND REPORTING ACCOUNTANTS** : Wong Weng Foo & Co. (AF 0829)  
Chartered Accountants  
41, Damai Complex  
Jalan Dato Haji Eusoff  
50400 Kuala Lumpur  
Tel: 03-4042 4280
- SOLICITORS FOR THE LISTING EXERCISE** : Teh & Lee  
Unit 23-3, 3<sup>rd</sup> Floor  
The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2283 2800
- VALUER** : Colliers, Jordan Lee & Jaffar Sdn Bhd (59901-U)  
Level 6, Block G (North)  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03-2095 5881

**I. CORPORATE DIRECTORY**

---

- INDEPENDENT MARKET RESEARCHER** : Infocredit D&B (Malaysia) Sdn Bhd (527570-M)  
Level 9-3A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel: 03-2718 1000
- SHARE REGISTRAR AND TRANSFER OFFICE** : Bina Management (M) Sdn Bhd (50164-V )  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7784 3922
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)  
12<sup>th</sup> Floor, Bangunan MIDF  
195A, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-2161 3355
- ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT** : OSK Securities Berhad (14152-V)  
20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel: 03-2162 4388
- UNDERWRITERS** : OSK Securities Berhad (14152-V)  
20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel: 03-2162 4388
- MIDF Sisma Securities Sdn Bhd (423833-U)  
17<sup>th</sup> and 18<sup>th</sup> Floor, Empire Tower  
182, Jalan Ampang  
50400 Kuala Lumpur  
Tel: 03-2166 8888
- LISTING SOUGHT** : Second Board of Bursa Securities

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2. INFORMATION SUMMARY

This section is only a summary of the salient information about the CHB Group and is derived from the full text of this Prospectus. Investors should read and understand the whole Prospectus prior to deciding whether to invest in the Company.

### 2.1 HISTORY, BACKGROUND AND PRINCIPAL ACTIVITIES

CHB was incorporated in Malaysia under the Act on 6 June 2000 as a public limited company. CHB has an authorised share capital of RM50,000,000 comprising 100,000,000 Shares and an issued and paid-up share capital of RM40,000,000 comprising 80,000,000 Shares.

CHB is principally an investment holding company, whilst the principal activities of its subsidiary companies, namely CISB, LBFSB, BPQSB and its wholly-owned subsidiary MFESB, are as follows:

Name of Company	Date and Place of Incorporation	Issued and Paid-Up Capital (RM)	Effective Equity Interest (%)	Principal Activities
CISB	22.08.90, Malaysia	1,000,000	100	Manufacturing and trading of processed and preserved foods and fruits of all kinds
LBFSB	23.01.84, Malaysia	1,500,000	100	Wholesale and retail of processed and preserved foods
BPQSB	29.08.85, Malaysia	500,000	100	Manufacturer of fruit juice and foodstuffs
MFESB	10.09.80, Malaysia	225,000	100	Trading and distribution of foodstuffs

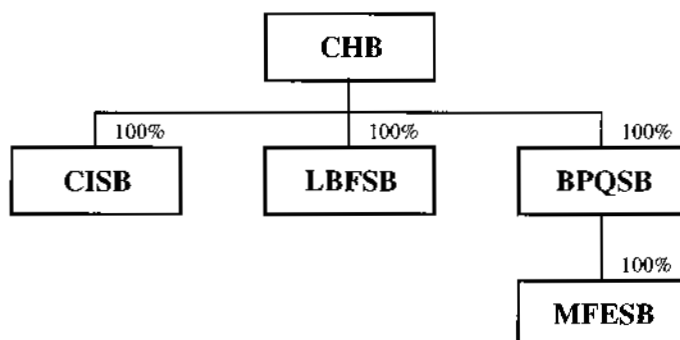
The Group began as a sole proprietorship operated by two (2) brothers distributing deep fried food from a van to roadside hawkers. They were later joined by other brothers and moved upstream in their business activities in order to benefit from higher margins. MFESB was formed in 1980 as a manufacturing and distributing company. Success finally came in the mid-1980s when the brothers successfully identified a market opportunity for the manufacture of polytubed drinks, which enabled the company to venture into the overseas markets for the first time, exporting to the Middle East, and to purchase their own factory, where the Group's second successful product 'Koko Jelly' was produced. Today, the CHB Group is managed by ten (10) siblings.

CISB, which is located in Rawang and Kepong, Selangor Darul Ehsan, is the principal manufacturing arm of the CHB Group, manufacturing mainly chocolates, hard candy, fruit gummy, cookies, wafers and snacks, whilst LBFSB, which is located in Rawang, Selangor Darul Ehsan, is the primary trading arm and is responsible for the export market of the CHB Group. BPQSB, which is located in Kampar, Perak Darul Ridzuan, mainly manufactures soft drinks, wafer rolls, peas, nuts, jelly cups, snacks and crackers. MFESB, which is a wholly-owned subsidiary of BPQSB, is the trading and distribution arm for BPQSB and operates from the same premises as BPQSB.

Further information on the history and business of the CHB Group is set out in Section 5 of this Prospectus.

## 2. INFORMATION SUMMARY

The corporate structure of the CHB Group is set out below:



### 2.2 OWNERSHIP AND MANAGEMENT

The direct and indirect interests of the Promoter, substantial shareholders and Directors of the Company as well as key management and technical personnel of the CHB Group, in the issued and paid-up share capital of CHB upon completion of the Public Issue are as follows:

Designation	<-----Direct----->		<-----Indirect----->		
	Number of Shares	% of Enlarged Share Capital	Number of Shares	% of Enlarged Share Capital	
<b><u>Promoter and Substantial Shareholder</u></b>					
LSSB	-	48,963,728	54.4	-	(a)
<b><u>Substantial Shareholders</u></b>					
IASB	-	16,536,021	18.4	-	-
Liew Fook Meng	Executive Director	-	-	50,579,003	56.2 (b)
Lau Kee Von	Executive Director	-	-	50,579,003	56.2 (b)
Liew Yoon Kee	Executive Director	-	-	50,579,003	56.2 (b)
Lew Foo Chay @ Lau Foo Chay	-	-	-	50,579,003	56.2 (b)
Lau Pak Lam	-	-	-	50,579,003	56.2 (b)
Lau Kwai Choon	-	-	-	50,579,003	56.2 (b)
Low Yoon Sun	-	424,871	0.5	50,154,132	55.7 (b)
Lau Pa Sin	-	765,533	0.9	49,813,470	55.3 (b)
Lau Yoke Kiew	-	424,871	0.5	50,154,132	55.7 (b)
Lau Kim Chew	-	-	-	50,579,003	56.2 (b)
Azri bin Ahmad	-	-	-	16,536,021	18.4 (c)
Soraiya binti Faisal	-	-	-	16,536,021	18.4 (c)
<b><u>Directors</u></b>					
Dato' Azman bin Mahmood	Chairman/ Independent Non-Executive Director	350,000	0.4 (d)	-	-
Liew Fook Meng	Executive Director	-	-	50,579,003	56.2 (b)
Lau Kee Von	Executive Director	-	-	50,579,003	56.2 (b)
Lau Pak Lam	Executive Director	-	-	50,579,003	56.2 (b)
Liew Yoon Kee	Executive Director	-	-	50,579,003	56.2 (b)
Chow Kee Kan @ Chow Tuck Kwan	Independent Non-Executive Director	-	-	-	-

## 2. INFORMATION SUMMARY

Designation	<-----Direct----->		<-----Indirect----->	
	Number of Shares	% of Enlarged Share Capital	Number of Shares	% of Enlarged Share Capital
<b>Key Management and Technical Personnel</b>				
Tai Chun Wah	Group Accountant	120,000	0.1 <sup>(e)</sup>	-
Tee Then Sang @ Tay Yee Huan	Factory Manager	130,000	0.1 <sup>(e)</sup>	-
Lee Thai Yuan	Sales Manager	120,000	0.1 <sup>(e)</sup>	-
Tan Kay Tiew	Production Manager	30,000	* <sup>(e)</sup>	-

**Notes:**

- (a) As at 1 December 2004, Liew Fook Meng, Lau Kee Von, Liew Yoon Kee, Lew Foo Chay @ Lau Foo Chay, Lau Pak Lam, Lau Kwai Choon and Lau Kim Chew are still the registered holders of a total of 48,963,724 CHB Shares. However, their CHB Shares will be transferred to LSSB, an investment holding company, pursuant to the Consolidation of Interests as described under Section 5.5.3 of this Prospectus, prior to the listing of CHB on the Second Board of Bursa Securities
- (b) Deemed interests by virtue of their siblings Low Yoon Sun, Lau Pa Sin and/or Lau Yoke Kiew's direct shareholdings in CHB, and Liew Fook Meng, Lau Kee Von, Liew Yoon Kee, Lew Foo Chay @ Lau Foo Chay, Lau Pak Lam, Lau Kwai Choon and/or Lau Kim Chew's substantial shareholdings in LSSB
- (c) Deemed interests by virtue of their substantial shareholdings in IASB
- (d) Assuming that he subscribes for 350,000 Issue Shares pursuant to the MITI allocated portion of the Public Issue
- (e) Assuming that they subscribe for their full entitlements under the 'pink form' allocation pursuant to the Public Issue
- \* Negligible

Details of the Promoter, substantial shareholders and Directors of the Company as well as the key management and technical personnel of the CHB Group, and their direct and indirect interests in the issued and paid-up share capital of the Company are set out in Section 6 of this Prospectus.

### 2.3 PRODUCTS

The Group manufactures and distributes more than 70 different types of food products. The CHB Group's range of products can be classified into the following industrial categories:

Category	Description
Snack foods	Cookies, snacks, wafers, crackers, peanuts
Chocolate and sugar confectionery	Chocolate, fruit gummy, hard candy
Soft drinks	Flavoured fruit drinks

Further information on the products of the CHB Group is set out in Section 7.1 of this Prospectus.

### 2.4 R&D

Recognising the dynamic nature of the convenience food manufacturing industry, combined with low barriers to entry, the management of the CHB Group has always emphasised R&D as the key to maintaining the Group's competitiveness. In the past three (3) FYE 31 December 2003, investments totalling RM635,000 was spent on R&D, including facilities and equipment. The total amount spent on R&D represents approximately 0.3% of the Group's annual revenue during each of the respective financial years.

The CHB Group has two (2) in-house chemists and/or specialists in food technology to improve the quality and production of its confectionery line as well as to potentially expand the range and type of products in the Group's portfolio.

---

## 2. INFORMATION SUMMARY

---

A notable achievement of the Group's R&D efforts is the development of their fruit gummy. The Group has also been appointed by a multinational pharmaceutical company as a contract manufacturer for a certain brand of blackcurrant pastilles, which is marketed locally as well as exported overseas.

As consumers today are becoming increasingly health conscious, the Group's R&D efforts are presently directed towards improving its current product range as well as in developing new products in order to suit changing consumer tastes and preferences. The main objectives of the Group's current R&D activities include:

- (i) Adding more functional ingredients to their current product range;
- (ii) Improving product quality;
- (iii) Developing new products with added nutritional value; and
- (iv) Creating new flavours and alternative shapes and sizes.

Further information on the R&D activities of the CHB Group is set out in **Section 7.13** of this Prospectus.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



## 2. INFORMATION SUMMARY

### 2.5 PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE CHB GROUP

The following table sets out a summary of the proforma consolidated income statements of the CHB Group for the past five (5) FYE 31 December 2003 and the six (6) months period ended 30 June 2004. The proforma consolidated income statements is presented 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 12** of this Prospectus.

	<----- FYE 31 December ----->					6 months period ended 30 June 2004 RM'000
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	
Revenue	55,313	59,972	60,958	70,112	88,217	43,556
EBIDTA	8,717	9,375	10,503	10,015	12,724	5,987
Depreciation	(2,857)	(3,234)	(3,627)	(4,238)	(4,361)	(2,273)
Interest	(184)	(114)	(54)	(100)	(76)	(58)
PBT	5,676	6,027	6,822	5,677	8,287	3,656
Taxation	201	(1,587)	(2,449)	(693)	(2,116)	(423)
PAT	5,877	4,440	4,373	4,984	6,171	3,233
Number of Shares in issue (‘000)	80,000	80,000	80,000	80,000	80,000	80,000
Gross EPS (RM)	0.07	0.08	0.09	0.07	0.10	0.05
Net EPS (RM)	0.07	0.06	0.05	0.06	0.08	0.04

**Notes:**

- (i) *Gross and net EPS is calculated by dividing the PBT and PAT which is attributable to the shareholders, respectively, by the number of CHB Shares assumed to be in issue, after the Acquisitions but before the Public Issue.*
- (ii) *There were no extraordinary or exceptional items or minority interests during the financial periods under review.*
- (iii) *Inter-company transactions are eliminated on consolidation and the Group's financial statements reflect external transactions only.*

The CHB Group's audited financial statements for the past five (5) FYE 31 December 2003 and six (6) months period ended 30 June 2004 have not been subjected to any audit qualification. Detailed information on the proforma consolidated income statements of the CHB Group is set out in **Section 11.1** of this Prospectus.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2. INFORMATION SUMMARY

## 2.6 PROFORMA CONSOLIDATED BALANCE SHEETS OF THE CHB GROUP

The following table sets out a summary of the proforma consolidated balance sheets of the CHB Group as at 30 June 2004, for illustrative purposes only, to show the effects of the Share Split, the Acquisitions, the Consolidation of Interests and the Public Issue, on the assumption that the Listing Scheme was completed on 30 June 2004 and should be read with the notes and assumptions to the proforma consolidated balance sheets of the CHB Group as set forth in Section 11.10 of this Prospectus.

	I	II	III
	After Share Split	After I, Acquisitions and Consolidation of Interests	After II and Public Issue
Audited as at 30.06.04	RM'000	RM'000	RM'000
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	-	-	42,105
INVESTMENTS	-	-	1
<b>CURRENT ASSETS</b>			
Inventories	-	-	8,721
Trade receivables	-	-	15,301
Other receivables, deposits & prepayments	-	-	5,413
Fixed deposits with licensed banks	-	-	382
Cash & bank balances	*	^	2,220
	*	^	32,037
Less:			
<b>CURRENT LIABILITIES</b>			
Trade payables	-	-	9,203
Other payables & accruals	11	11	3,974
Amount due to directors	-	-	558
Hire-purchase creditors	-	-	515
Term loans	-	-	10
Bank overdrafts	-	-	1,468
Taxation	-	-	213
	11	11	15,941
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	(11)	(11)	16,096
	(11)	(11)	58,202
<b>REPRESENTED BY:</b>			
SHARE CAPITAL	*	^	40,000
SHARE PREMIUM	-	-	-
RESERVES	(11)	(11)	14,701
<b>SHAREHOLDERS' (DEFICIT) / FUNDS</b>	(11)	(11)	54,701
<b>LONG TERM AND DEFERRED LIABILITIES</b>			
Hire-purchase creditors	-	-	1,067
Term loans	-	-	78
Deferred taxation	-	-	2,356
	(11)	(11)	58,202
(NTL) / NTA	(11)	(11)	54,701
(NTL) / NTA per Share (RM)	(5,344.00)	(2,672.00)	0.68

## 2. INFORMATION SUMMARY

### Notes:

- \* Represents the issued and paid-up share capital of 2 ordinary shares of RM1.00 each  
 ^ Represents the issued and paid-up share capital of 4 ordinary shares of RM0.50 each

### 2.7 RISK FACTORS

Prospective investors, prior to making an investment in the Issue Shares, should carefully consider the risks inherent in and affecting the business of the CHB Group in addition to the other information contained elsewhere in this Prospectus.

The key risk factors (which may not be exhaustive) that may affect the CHB Group's future financial performance include the following:

- (i) Capital market risks;
- (ii) No prior market for CHB Shares;
- (iii) Competition;
- (iv) Business risks;
- (v) Operational risks;
- (vi) Insurance coverage;
- (vii) Ownership and control by the substantial shareholders;
- (viii) Political, economic and regulatory considerations;
- (ix) Environmental issue;
- (x) Dependence on suppliers for purchase of raw materials;
- (xi) Absence of long term contracts;
- (xii) Dependence on particular markets and geographical locations;
- (xiii) Dependence on key personnel;
- (xiv) Profit and cash flow estimate and forecast;
- (xv) Achievability of forward looking statements;
- (xvi) Foreign exchange risk;
- (xvii) Product risks;
- (xviii) Delay in or abortion of the listing exercise;
- (xix) Impact of the AFTA;
- (xx) Need for future capital injection;
- (xxi) Acquisitions and joint ventures;
- (xxii) Borrowings and restrictive covenants;
- (xxiii) Underwriting risks; and
- (xxiv) Litigation risks.

For details on these risk factors, please refer to **Section 4** of this Prospectus.

### 2.8 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

The following statistics relating to the Public Issue are derived from the full text of this Prospectus and should be read in conjunction with that text:

#### 2.8.1 Share Capital

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM0.50 each	50,000,000
<i>Issued and fully paid-up share capital</i>	
80,000,000 ordinary shares of RM0.50 each	40,000,000
<i>To be issued pursuant to the Public Issue</i>	
10,000,000 ordinary shares of RM0.50 each	5,000,000
<i>Enlarged issued and fully paid-up share capital</i>	45,000,000

## 2. INFORMATION SUMMARY

### 2.8.2 Classes of Shares and Ranking

There is only one (1) class of shares in CHB, being ordinary shares of RM0.50 each. The Issue Shares will rank *pari passu* in all respects with the other existing issued and paid-up Shares of CHB at the time of issue, including voting rights, and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of this Prospectus.

### 2.8.3 Issue Price

The Issue Price for each Issue Share RM0.65

### 2.8.4 Market Capitalisation

Market capitalisation of CHB upon Listing, based on the Issue Price of RM0.65 per Share RM58,500,000

### 2.8.5 Consolidated Profit Estimate and Forecast

FYE 31 December	Estimate 2004 (RM'000)	Forecast 2005 (RM'000)
Revenue	97,526	101,518
Consolidated PBT	9,158	9,840
Less: Taxation	(1,900)	(1,676)
Consolidated PAT	7,258	8,164
Weighted average number of CHB Shares in issue ('000)	80,000	90,000
Enlarged no. of CHB Shares ('000)	90,000	90,000
Gross EPS (sen)	11.45	10.93
Net EPS (sen)	9.07	9.07
Fully diluted gross EPS (sen)	10.18	10.93
Fully diluted net EPS (sen)	8.06	9.07
Gross PE Multiple based on the Issue Price of RM0.65 per Share (times)	5.68	5.95
Net PE Multiple based on the Issue Price of RM0.65 per Share (times)	7.17	7.17
Fully diluted gross PE Multiple based on the Issue Price of RM0.65 per Share (times)	6.39	5.95
Fully diluted net PE Multiple based on the Issue Price of RM0.65 per Share (times)	8.06	7.17

Detailed information on the consolidated profit estimate and forecast of the CHB Group is set out in **Section 11.3** of this Prospectus.

## 2. INFORMATION SUMMARY

### 2.8.6 Consolidated Cash Flow Estimate and Forecast

<b>FYE 31 December</b>	<b>Estimate 2004 RM'000</b>	<b>Forecast 2005 RM'000</b>
Net cash flow from operating activities	10,480	12,427
Net cash flow from investing activities	(8,905)	(4,494)
Net cash flow from financing activities	4,702	(3,694)
Net cash flow for the year	6,277	4,239
Opening cash balance as at 1 January	276	6,553
Closing cash balance as at 31 December	6,553	10,792

Further details on the consolidated cash flow estimate and forecast of the CHB Group are set out in **Section 11.7** of this Prospectus.

### 2.8.7 Dividend Forecast

The forecast dividend for the FYE 31 December 2005 is as follows:

	<b>Forecast 2005</b>
Gross dividend per Share (sen)	4
Net dividend per Share (sen)	4
Gross dividend yield based on the Issue Price of RM0.65 per Share (%)	6.2
Net dividend yield based on the Issue Price of RM0.65 per Share (%)	6.2
Net dividend cover (times)	2.3

Further information on the dividend forecast of the CHB Group is set out in **Section 11.8** of this Prospectus.

### 2.8.8 Proforma Consolidated NTA as at 30 June 2004

Proforma consolidated NTA (RM'000) (after deducting total estimated listing expenses amounting to RM1.5 million)	59,701
Proforma consolidated NTA per Share (RM) (based on the enlarged issued and paid-up share capital of 90,000,000 Shares)	0.66
Discount of Issue Price over proforma consolidated NTA per Share (RM)	0.01
Discount of Issue Price over proforma consolidated NTA per Share (%)	1.5

Detailed information on the proforma NTA of the CHB Group is set out in **Section 11.10** of this Prospectus.

## 2. INFORMATION SUMMARY

### 2.9 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM6.5 million for the CHB Group, which are expected to be fully utilised within six (6) months from the date of Listing.

The total gross proceeds from the Public Issue is expected to be utilised by the CHB Group in the following manner:

Purpose	RM'000	Expected Time Frame for Utilisation of Proceeds
Repayment of bank borrowings	4,000	Within 1 month after Listing
Working capital	1,000	Within 6 months after Listing
Estimated listing expenses	1,500	Within 2 months after Listing
	<u>6,500</u>	

Detailed information on the utilisation of proceeds is set out in **Section 3.11** of this Prospectus.

### 2.10 WORKING CAPITAL, BORROWINGS, MATERIAL LITIGATION, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

#### 2.10.1 Working Capital

The Directors of CHB are of the opinion that, after taking into account the estimate and forecast consolidated cash flows, banking facilities available and the gross proceeds from the Public Issue, the CHB Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

#### 2.10.2 Borrowings

As at 30 November 2004, being the latest practicable date prior to the printing of this Prospectus, total borrowings of the CHB Group amounted to approximately RM5.007 million and comprises the following:

Outstanding borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000
<b><u>Interest bearing</u></b>		
Hire-purchase creditors	617	661
Term loans	1,016	2,713
Bank overdrafts	-	-
<b><u>Non-interest bearing</u></b>		
-	-	-
Total	<u>1,633</u>	<u>3,374</u>

There has been no default on the Group's borrowings as payments of either interest and/or principal sums in respect of the above borrowings have been made throughout the last FYE 31 December 2003 and six (6) months period ended 30 June 2004.

---

**2. INFORMATION SUMMARY**

---

**2.10.3 Material Litigation**

As at 30 November 2004, being the latest practicable date prior to the printing of this Prospectus, the CHB Group is not engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the CHB Group, and the Directors of CHB are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which may materially and adversely affect the financial position or business of the CHB Group.

**2.10.4 Material Commitments**

Save as disclosed below, as at 30 November 2004, being the latest practicable date prior to the printing of this Prospectus, the Directors of CHB are not aware of any material capital commitment contracted or known to be contracted by the CHB Group which, upon becoming enforceable, may have a material impact on the financial position of the CHB Group:

	<b>RM'000</b>
<i>Approved and contracted:</i>	
Capital expenditure in respect of the purchase of plant and equipment	7,288

**2.10.5 Contingent Liabilities**

As at 30 November 2004, being the latest practicable date prior to the printing of this Prospectus, the Directors of CHB are not aware of any contingent liabilities incurred by the CHB Group which, upon becoming enforceable, may have a material impact on the financial position of the CHB Group.

Please refer to **Section 11.1.3** of this Prospectus for detailed discussions of the above.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 3. DETAILS OF THE PUBLIC ISSUE

---

#### 3.1 INTRODUCTION

This Prospectus is dated 24 December 2004.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the ROC who takes no responsibility for its contents.

**Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed CHB Shares as a Prescribed Security. In consequence thereof, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depositories) Act 1991 and the Rules of the Depository. No share certificates will be issued to successful applicants.**

On 19 August 2004, approval was obtained from the SC in respect of the listing of CHB on the Second Board of Bursa Securities. The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue. Investors should rely on their own evaluation to assess the merits and risks of any investment in the Company.

An application will be made to Bursa Securities for admission to the Official List of the Second Board of Bursa Securities and for permission to deal in and the listing of and quotation for the entire issued and fully paid-up Shares of CHB, including the Issue Shares which are the subject of this Prospectus. Any allotment and allocation made on application to subscribe for securities pursuant to this Prospectus shall be void if the permission is not applied for in the form for the time being required by Bursa Securities before the third day on which Bursa Securities is open after the date of issue of this Prospectus or the permission is not granted before the expiration of six (6) weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC, provided that the applicant is notified by or on behalf of Bursa Securities within the six (6) weeks or such longer period as may be specified by the SC. These Shares will be admitted to the Official List of the Second Board of Bursa Securities and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to successful applicants.

Pursuant to the Listing Requirements, CHB needs to have at least 25% of the issued and paid-up share capital in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon admission to the Second Board of Bursa Securities. CHB is expected to achieve this at the point of Listing. However, in the event that this requirement is not met pursuant to the Public Issue, CHB may not be allowed to proceed with the Listing and monies paid in respect of all Applications will be returned in full without interest.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications must have a CDS account. In the case of an Application by way of Application Form, an applicant should state his CDS account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying his CDS account if the instructions on the ATM screen at which he enters his Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by CHB and/or OSK. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the CHB Group since the date hereof.



### 3. DETAILS OF THE PUBLIC ISSUE

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian law and CHB and OSK take no responsibility for the distribution of this Prospectus and/or offer or sale of the Issue Shares outside Malaysia which may be restricted by law in other jurisdictions. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Second Board of Bursa Securities is not to be taken as an indication of the merits of CHB or of its Shares.

**If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

#### 3.2 OPENING AND CLOSING OF PUBLIC ISSUE

Applications will be accepted from 10.00 a.m. on 24 December 2004 and will close at 5.00 p.m. on 5 January 2005 or for such later period or periods as the Directors of CHB and the Managing Underwriter may in their absolute discretion mutually decide. Late Applications will not be accepted.

#### 3.3 INDICATIVE TIMETABLE

The indicative timing of events leading up to the Listing is set out below:

Event	Tentative Dates
Issuance of the Prospectus/ Opening of the Public Issue	24 December 2004
Closing of the Public Issue	5 January 2005
Balloting of Applications	7 January 2005
Despatch of notices of allotment to successful applicants	17 January 2005
Listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities	18 January 2005

*The application for the Public Issue will close at the time and date stated, or at such later date or dates as the Directors of CHB and the Managing Underwriter may in their absolute discretion decide. Should the closing date of the application be extended, the dates for balloting, the despatch of notice of allotment and the listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities will be extended accordingly.*

*In the event the closing date of the application is extended, the notice of the extension will be advertised in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia prior to the original closing date of the application.*

### 3. DETAILS OF THE PUBLIC ISSUE

#### 3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES

	RM
<i>Authorised</i> 100,000,000 ordinary shares of RM0.50 each	<u>50,000,000</u>
<i>Issued and fully paid-up share capital</i> 80,000,000 ordinary shares of RM0.50 each	40,000,000
<i>To be issued pursuant to the Public Issue</i> 10,000,000 ordinary shares of RM0.50 each	<u>5,000,000</u>
<i>Enlarged issued and fully paid-up share capital</i>	<u>45,000,000</u>

The Issue Price of RM0.65 per Share is payable in full upon application.

#### *Class of shares and ranking*

There is only one (1) class of shares in CHB, namely ordinary shares of RM0.50 each. The Issue Shares will rank *pari passu* in all respects with the existing Shares in CHB, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of this Prospectus.

Subject to special rights attaching to any share which may be issued by CHB in the future, the shareholders of CHB shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by CHB as dividends and other distributions, and the whole of any surplus in the event of liquidation of CHB, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with CHB's articles of association.

Each shareholder shall be entitled to vote at any general meeting of CHB in person, by proxy or by attorney, and on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of CHB.

#### 3.5 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) to obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities;
- (ii) to provide the CHB Group with access to the capital market to raise funds for future expansion and growth;
- (iii) to enhance the stature of the CHB Group in the marketing of its products, and to retain, and attract new, skilled employees;
- (iv) to provide an opportunity for the Malaysian investors (including Bumiputera investors and all eligible employees of the CHB Group) to participate in the equity and continuing growth of the Group; and
- (v) to enhance the CHB Group's profile in Malaysia and to assist the Group in expanding its customer base both in Malaysia as well as overseas.

### 3. DETAILS OF THE PUBLIC ISSUE

#### 3.6 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price of RM0.65 per Issue Share was determined and agreed upon by CHB and OSK, as the Adviser, Managing Underwriter, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) The estimate PAT for the FYE 31 December 2004 of approximately RM7.258 million. Based on the enlarged issued and paid-up share capital of CHB of 90,000,000 Shares, the estimated net EPS is approximately 8.06 sen. The Issue Price of RM0.65 per Share represents a net PE Multiple of approximately 8.06 times;
- (ii) The forecast PAT for the FYE 31 December 2005 of approximately RM8.164 million. Based on the enlarged issued and paid-up share capital of CHB of 90,000,000 Shares, the forecasted net EPS is approximately 9.07 sen. The Issue Price of RM0.65 per Share represents a net PE Multiple of approximately 7.17 times;
- (iii) The proforma consolidated NTA per Share as at 30 June 2004 of RM0.66. The Issue Price of RM0.65 per Share represents a discount of 1 sen or approximately 1.5% to the proforma Group NTA per Share;
- (iv) The CHB Group's operating and financial history and conditions;
- (v) The prospects of the CHB Group and the industry as outlined in **Section 8** of this Prospectus; and
- (vi) The prevailing market conditions.

Investors should also note that the market price of the CHB Shares upon and subsequent to the Listing are subject to the vagaries of market forces and other uncertainties, which may affect the price of the said Shares. Investors should bear in mind the risk factors set forth in **Section 4** of this Prospectus before deciding on whether or not to invest in the Issue Shares.

#### 3.7 ALLOCATION OF THE ISSUE SHARES

The Public Issue of a total of 10,000,000 Shares at an Issue Price of RM0.65 per Share shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner:

- (i) 1,800,000 new CHB Shares available for application by eligible employees of the CHB Group;
- (ii) 600,000 new CHB Shares reserved for Bumiputera investors nominated and approved by the MITI;
- (iii) 6,000,000 new CHB Shares available for application by the Malaysian Public; and
- (iv) 1,600,000 new CHB Shares by way of private placement to identified public investors.

The CHB Shares in respect of paragraph (i) and (iii) has been fully underwritten by the Underwriters listed in **Section 1**. The CHB Shares in respect of paragraph (ii) and (iv) are not underwritten. Any Shares in respect of paragraph (i) above not subscribed for will be made available for application by the Malaysian Public.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company to meet the public spread requirements, and to establishing a liquid and adequate market in the Shares. Applicants will be selected in a manner to be determined by the Directors of the Company.

### 3. DETAILS OF THE PUBLIC ISSUE

#### 3.8 ALLOCATION OF THE ISSUE SHARES TO THE ELIGIBLE EMPLOYEES OF THE CHB GROUP

1,800,000 Issue Shares representing 2.0% of the enlarged issued and paid-up share capital of CHB has been reserved for eligible employees of the Group.

A brief description of the criteria used in the allocation of 'pink form' shares to eligible employees of the Group, as approved by the Board, are as follows:

Category	Number of Eligible Employees	Pink Form Allocation ('000)
Managers	7	480
Executives	23	485
Technical, supervisory and sales	49	495
Senior assistants	36	90
Junior assistants (skilled workers, clerical and related occupations)	61	165
General and unskilled factory workers	45	85
	<u>221</u>	<u>1,800</u>

Only confirmed Malaysian employees are eligible. The allocation of 'pink forms' to the eligible employees of the Group is generally based on seniority, position and length of service.

Any of the 1,800,000 Issue Shares allotted based on the above criteria but not taken up by the respective allottees will be subsequently made available for application by the Malaysian Public.

#### 3.9 PLACEMENT, BROKERAGE AND UNDERWRITING EXPENSES

Placement fees shall be payable by the Company to the Placement Agent at the rate of 1.5% of the Issue Price of RM0.65 per Share in respect of the 1,600,000 Issue Shares placed with identified public investors.

Brokerage relating to the Issue Shares are payable by the Company at the rate of 1.0% of the Issue Price of RM0.65 per Share in respect of successful Applications which bear the stamp of OSK, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or the Issuing House.

Underwriting commission is payable by the Company to the Underwriters at a rate of 1.5% of the Issue Price of RM0.65 for each of the 7,800,000 Issue Shares underwritten.

The Company shall bear all expenses such as placement fees, brokerage and underwriting commissions, registration fees relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of CHB on the Second Board of Bursa Securities, which is estimated at RM1.5 million.

#### 3.10 UNDERWRITING

A conditional underwriting agreement was entered into between the Company and the Underwriters on 9 November 2004 ("Underwriting Agreement") for the underwriting of 7,800,000 Issue Shares to be made available to the eligible employees of the CHB Group and the Malaysian Public ("Underwritten Shares"). Underwriting commission is payable by the Company at the rate of 1.5% of the Issue Price of RM0.65 for each Issue Share underwritten.

**3. DETAILS OF THE PUBLIC ISSUE**

The obligations of the Underwriters pursuant to the Underwriting Agreement are conditional on the performance of the Company of its obligations under the Underwriting Agreement and on (among others):

- (i) The lodgment and acceptance for registration with the CCM and the SC respectively of the Prospectus together with copies of all documents required;
- (ii) The issuance of the Prospectus to the public have been complied with within three (3) months from the date of the Underwriting Agreement or such extension as consented by all the Underwriters;
- (iii) Bursa Securities agreeing in principle to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company within three (3) months from the date of the Underwriting Agreement or such later date as consented by all the Underwriters prior to the issuance of the Prospectus;
- (iv) There having been, as at any time after the date of the Underwriting Agreement up to and including the closing date of the application, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company and/or its subsidiaries from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the closing date of the application;
- (v) The issue, offering and subscription of the Issue Shares in accordance with the provisions of the Underwriting Agreement not being prohibited by any statute, order, rule, regulation, directive or guideline;
- (vi) All necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
- (vii) The Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (viii) The delivery to the Managing Underwriter prior to the date of registration of the Prospectus of (aa) a copy certified as true copy by an authorised officer of the Company of all the resolutions of the Directors of the Company and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (bb) a certificate dated the date of the Prospectus signed by the duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph (iv) above; and
- (ix) The delivery to the Managing Underwriter on the closing date of application of such reports and confirmations dated the closing date of application from the Board as the Managing Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement.

In the event any of the conditions set forth above are not satisfied, the Underwriters or any of the Underwriters shall be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than three (3) Market Days after the closing date of application and upon such termination, the liabilities of the Company and the Underwriters shall become null and void and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. The Underwriters reserve the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriters' rights under the Underwriting Agreement.

### 3. DETAILS OF THE PUBLIC ISSUE

---

Notwithstanding the above, the Managing Underwriter and/or the Underwriters, acting through the Managing Underwriter, may by notice in writing to the Company given at any time before the closing date of application, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:

- (i) There is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice, after notice of such breach shall be given to the Company or by the closing date of application, whichever is earlier, or withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to the Underwriting Agreement; or
- (ii) There is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice, after notice of such breach shall be given to the Company, which, in the opinion of the Managing Underwriter and/or Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or
- (iii) There shall have occurred, happened or come into effect any material and/or adverse change to the business or financial condition of the Company or the Group; or
- (iv) There shall have occurred, happened or come into effect any of the following circumstances:
  - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction, or any event or series of events beyond the reasonable control of the Managing Underwriter and/or the Underwriters;

which, in the reasonable opinion of the Managing Underwriter and/or the Underwriters, would have a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares, or which has the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms, or if in the reasonable opinion of any Underwriter that the success of the Public Issue is seriously and/or materially jeopardised by the Kuala Lumpur Composite Index falling below 700 points and remaining below 700 points for three (3) consecutive Market Days at any time between the date of the Underwriting Agreement and up to and including the closing date of application;

- (v) The approval-in-principle of Bursa Securities for the admission of the Company to the Official List of Bursa Securities or for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of Bursa Securities is withdrawn or not procured within six (6) weeks from the date of issue of Prospectus or such other period as may be specified by the SC; or
- (vi) There is failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement.

### 3. DETAILS OF THE PUBLIC ISSUE

Upon such notice(s) being given, the Managing Underwriter and/or the Underwriters shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party to the Underwriting Agreement shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies and for any antecedent breach.

#### 3.11 UTILISATION OF PROCEEDS

The total gross proceeds from the Public Issue of RM6,500,000 are expected to be fully utilised by the CHB Group in the following manner:

Purpose	Note	RM'000	Expected Time Frame for Utilisation of Proceeds
Repayment of bank borrowings	(i)	4,000	Within 1 month after Listing
Working capital	(ii)	1,000	Within 6 months after Listing
Estimated listing expenses	(iii)	1,500	Within 2 months after Listing
		<u>6,500</u>	

**Notes:**

- (i) *In line with the Group's business expansion, RM4 million of the proceeds of the Public Issue will be utilised for the early repayment of the term loan amounting to RM5 million obtained to part finance the acquisition of new machinery and renovation works required for the expansion of the fruit gummy product line costing approximately RM9 million in total. The balance of the said cost will be financed from internally generated funds.*

*The Group intends to repay part of the above borrowings using the proceeds of the Public Issue immediately upon completion of the Listing. The early repayment of the bank borrowing is expected to generate minimal interest savings for the FYE 31 December 2004 amounting to RM0.077 million. However, interest savings for the FYE 31 December 2005 is expected to be approximately RM0.219 million.*

*This new gummy production line can produce 1,500 kg gummy per hour and is expected to produce approximately RM2.5 million worth of output per month at full production capacity.*

- (ii) *The proceeds from the Public Issue allocated for working capital requirements will be utilised for the Group's core business activities to support its existing business operations and include financing its purchases of raw materials, overheads, advertising and promotional expenses as well as administrative costs. This amount is expected to be fully utilized within six (6) months from the date of Listing.*
- (iii) *Details of the estimated listing expenses of RM1.5 million are set out in Section 3.12 of this Prospectus.*

There is no minimum subscription to be raised from the Public Issue.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**3. DETAILS OF THE PUBLIC ISSUE****3.12 ESTIMATED LISTING EXPENSES**

The expenses of the Listing are estimated at approximately RM1.5 million, with the following estimated breakdown:

	<b>RM'000</b>
Professional fees	600
Fees to the authorities	65
Underwriting commission, brokerage and placement fees	160
Printing and advertising fees	200
Issuing house fees	100
Miscellaneous	375
<b>Total</b>	<b><u>1,500</u></b>

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



### 3. DETAILS OF THE PUBLIC ISSUE

#### 3.13 APPROVALS AND CONDITIONS FROM AUTHORITIES

The Listing Scheme is subject to the approvals of the following regulatory authorities:

Authority	Date of Approval	Conditions	Status of Compliance
MITI	11 May 2004 and 27 May 2004	(i) The allocation of the 600,000 Issue Shares reserved for approved Bumiputera investors shall be separately determined by the MITI after the SC's approval for the Listing Scheme;	Complied.
		(ii) CHB is to obtain the approvals of the SC and the FIC;	Complied.
		(iii) The equity condition imposed on CISB is amended as follows:  "At least 70% of the equity interest in CISB is to be held by Malaysian citizens, with at least 30% held by Bumiputeras".  This amended equity condition is to be attached to the original conditions imposed on CISB in its manufacturing licence; and	To be complied with after Listing.
		(iv) CHB is to notify the MITI upon completion of the Listing Scheme and upon fulfilment of all conditions stated above.	To be complied with upon completion of the Listing Scheme.
SC and SC (on behalf of FIC)	19 August 2004	(i) CHB should disclose in its quarterly report and annual reports the status of utilisation of proceeds raised from the public issue until the proceeds are fully utilised;	To be complied with after Listing.
		(ii) CHB's executive directors/ promoters and key management should not hold any executive directorship in other companies within the first two years after the listing of CHB;	To be complied with.
		(iii) CHB's executive directors/ promoters and key management should not be involved in any business similar to CHB;	Complied.
		(iv) With regard to the Group's trade debtors, CHB should –  (a) Make full provision for all overdue trade debtors, which are in dispute or under legal action, and for amounts which have been outstanding for more than 6 months. The directors of CHB should confirm to the SC that this condition has been complied with prior to the issuance of the listing prospectus; and	Complied. The Directors of CHB had on 3 December 2004 given the required confirmation to the SC vide their letter dated 1 December 2004.

## 3. DETAILS OF THE PUBLIC ISSUE

Authority	Date of Approval	Conditions	Status of Compliance
		(b) Submit a declaration and confirmation by its directors to the SC that the trade debtors exceeding the credit period, other than those under paragraph (iv)(a) above, are recoverable;	Complied. The Directors of CHB had on 3 December 2004 given the required declaration and confirmation to the SC vide their letter dated 1 December 2004.
		(v) Moratorium should be imposed on 40,500,000 CHB Shares held by LSSB (representing 45% of the enlarged issued and paid-up share capital of CHB of 90,000,000 Shares), where LSSB is not allowed to sell, transfer or assign the said CHB Shares for one (1) year from the listing date of CHB;	To be complied with after Listing. LSSB and its shareholders had on 3 December 2004 given their respective letters of undertaking to the SC dated 1 December 2004 and 30 November 2004 to comply with the said moratorium.
		(vi) With regard to the landed properties owned by the acquiree companies, CHB is to address the following matters:	
		(a) Provide an undertaking that it will use its best endeavours to obtain the Certificate of Fitness ("CF") for the industrial premises comprising a single-storey factory/warehouse with a double-storey annexe built upon Plot No. 5, Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, Selangor, within six (6) months from the date of the SC's approval and to update the SC every month on the status of the CF application; and	CHB had on 3 December 2004 given the required undertaking to the SC vide its letter dated 1 December 2004 and had on 17 September 2004, 21 October 2004 and 26 November 2004 written to the SC regarding the status of the CF application.
		(b) To rectify two (2) of the factories and other support structures built upon Lot 883, Mukim Chenderiang, Batang Padang, Perak, prior to the issuance of the prospectus;	Complied. The CF for the additional two (2) factories was issued by the relevant authority on 10 November 2004. Further thereto, CHB had removed all other unapproved support structures as confirmed in its letter to the SC on 23 November 2004.
		(vii) 600,000 CHB Shares under the Public Issue should be allocated to Bumiputera investors approved by the MITI in compliance with the National Development Policy ("NDP");	To be complied with upon Listing.
		(viii) OSK/CHB should inform the SC on the status of compliance with the NDP requirement upon completion of the Listing Scheme.	To be complied with after Listing.
		(ix) CHB is to fully comply with all the relevant requirements pertaining to the implementation of the Listing Scheme as specified in the SC Guidelines.	To be complied with upon Listing.

## 3. DETAILS OF THE PUBLIC ISSUE

Authority	Date of Approval	Conditions	Status of Compliance															
SC	13 December 2004 (in relation to the approval sought from the SC for a revision to the terms of CHB's flotation on the Second Board of Bursa Securities, as contained in the SC's letter dated 19 August 2004)	<p>(i) (a) OSK Securities Berhad/CHB to provide confirmation that the acquisitions of the proposed subsidiaries have been completed; and</p> <p>(b) The respective vendors involved in the proposed consolidation of interest to provide their undertakings to ensure that the CHB shares held by them are transferred into the name of LSSB prior to the listing of CHB on the Second Board of Bursa Securities;</p> <p>; and</p> <p>(ii) The transfer of CHB shares arising from the proposed acquisitions to LSSB must be completed before the listing of CHB shares on the Second Board of Bursa Securities.</p>	<p>Complied. CHB had on 15 December 2004 given the required confirmation to the SC.</p> <p>Complied. CHB had on 3 December 2004 given the required undertakings dated 8 October 2004 by the respective vendors to the SC.</p> <p>To be complied with prior to Listing.</p>															
SC (on behalf of FIC)	19 August 2004	<p>The equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in CHB would change arising from the implementation of the flotation proposal, as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Before Proposal (%)</th> <th>After Proposal (%)</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td>50.0</td> <td>30.0</td> </tr> <tr> <td>Non-Bumiputera</td> <td>50.0</td> <td>70.0</td> </tr> <tr> <td>Foreigner</td> <td>-</td> <td>-</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;">100.0</td> <td style="border-top: 1px solid black;">100.0</td> </tr> </tbody> </table>		Before Proposal (%)	After Proposal (%)	Bumiputera	50.0	30.0	Non-Bumiputera	50.0	70.0	Foreigner	-	-		100.0	100.0	To be complied with upon Listing.
	Before Proposal (%)	After Proposal (%)																
Bumiputera	50.0	30.0																
Non-Bumiputera	50.0	70.0																
Foreigner	-	-																
	100.0	100.0																

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**3. DETAILS OF THE PUBLIC ISSUE****3.14 MORATORIUM ON THE SALE OF CHB SHARES**

Pursuant to the SC Guidelines and a condition imposed by the SC vide its letter dated 19 August 2004, LSSB will not be able to sell, transfer or assign its shareholdings amounting to 40,500,000 CHB Shares, representing 45% of the enlarged issued and paid-up share capital, for one (1) year from the date of admission of the Company to the Official List of the Second Board of Bursa Securities.

Details of the moratorium imposed by the SC on the sale, transfer and assignment of CHB Shares are as follows:

	<b>Shareholdings after Public Issue</b>		<b>Shareholdings under Moratorium</b>	
	<b>No. of CHB Shares</b>	<b>% of Enlarged Share capital</b>	<b>No. of CHB Shares</b>	<b>% of Enlarged Share Capital</b>
LSSB	48,963,728	54.4	40,500,000	45.0

To comply with the above requirement, both LSSB and its shareholders have given their respective undertakings that they will not sell, transfer or assign their respective shareholdings in LSSB for the period of the moratorium as stipulated above.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**