

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT

The A-Rank Group is led by its Promoters and Board of Directors who are assisted by its key management team who have extensive experience in the aluminium industry. The profiles of the promoters, directors and key members of the management team are set out in the ensuing sections.

### 5.1 INFORMATION ON PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Promoters

The promoters of A-Rank Group are TWL, CHJ and LCC. Further information on the promoters are set out in Section 5.1.2, 5.2 and 5.3.2 below.

#### 5.1.2 Substantial Shareholders

The details of the substantial shareholders of A-Rank and their shareholdings in A-Rank based on the Register of Substantial Shareholders as at 31 March 2005 are as follows:-

Name	Designation	Nationality / place of incorporation	Before the IPO				Proforma After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	* (%)	No. of Shares	* (%)	No. of Shares	^ (%)	No. of Shares	^ (%)
ARGSB	-	Malaysia	34,655,994	45.60	-	-	25,193,994	31.49	-	-
ARASB	-	Malaysia	-	-	<sup>(1)</sup> 34,655,994	45.60	-	-	<sup>(1)</sup> 25,193,994	31.49
TWL	Managing Director	Malaysian	7,904,000	10.40	<sup>(2)</sup> 34,655,994	45.60	# 5,946,000	7.43	<sup>(2)</sup> 25,193,994	31.49
RNSB	-	Malaysia	14,440,000	19.00	-	-	14,440,000	18.05	-	-
DSAJ	Non-Independent Non-Executive Chairman	Malaysian	-	-	<sup>(3)</sup> 14,440,000	19.00	# 100,000	0.13	<sup>(3)</sup> 14,440,000	18.05
CHJ	-	Taiwanese	9,120,000	12.00	-	-	6,630,000	8.29	-	-
LCC	-	Taiwanese	4,560,000	6.00	-	-	3,315,000	4.14	-	-
LHT	-	Taiwanese	4,560,000	6.00	-	-	3,315,000	4.14	-	-

#### Notes:-

- # Including entitlements for the pink form share allocation pursuant to the IPO.
- \* Based on the issued and paid-up share capital of 76,000,000 Shares before the IPO.
- ^ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the IPO.
- (1) Deemed interested by virtue that ARGSB is a wholly-owned subsidiary of ARASB.
- (2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in ARASB.
- (3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in RNSB.

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

### 5.2 INFORMATION ON SUBSTANTIAL SHAREHOLDERS

#### (i) Brief information on ARGSB

ARGSB was incorporated as a private limited company in Malaysia on 29 August 1997 under the Companies Act, 1965. ARGSB is an investment holding company with its sole investment being its holdings in A-Rank. ARGSB's issued and paid-up share capital is RM50,000 comprising 50,000 ordinary shares of RM1.00 each. The Directors and substantial shareholders of ARGSB are as follows:-

Name of Director/ shareholder	Nature of interest	As at 31 March 2005			
		Direct		Indirect	
		No of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%
TWL	Substantial shareholder and Director	-	-	*50,000	100.0
Gan Seok Hoon	Substantial shareholder and Director	-	-	**50,000	100.0
CHJ	Director	-	-	-	-
ARASB	Substantial shareholder	50,000	100.0	-	-

Notes:-

\* Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in ARASB.

\*\* Deemed interested by virtue of her spouse, TWL.

#### (ii) Brief information on ARASB

ARASB was incorporated as a private limited company in Malaysia on 29 August 1997 under the Companies Act, 1965. ARASB is an investment holding company with its sole investments being its interest in ARGSB. ARASB's issued and paid-up share capital is RM50,000 comprising 50,000 ordinary shares of RM1.00 each. The Directors and their shareholdings are as follows:-

Name of Director/ shareholder	Nature of interest	As at 31 March 2005			
		Direct		Indirect	
		No of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%
TWL	Substantial shareholder and Director	49,999	100.0	-	-
Gan Seok Hoon	Substantial shareholder and Director	-	-	* 49,999	100.0
CHJ	Director	1	Neg.	-	-

Notes:-

\* Deemed interest by virtue of her spouse, TWL.

Neg. Negligible.

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

### (iii) Brief information on RNSB

RNSB was incorporated on 17 November 2003 as a private limited company under the Companies Act, 1965. Its principal activity is investment holding. RNSB has an authorised capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 100 ordinary shares of RM1.00 each are issued and fully paid up. The Directors of RNSB and their shareholdings are as follows:-

Name of Director/ shareholder	Nature of interest	As at 31 March 2005			
		Direct		Indirect	
		No of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%
DSAJ	Substantial shareholder and Director	90	90.0	-	-
Dato' Ahmad Redza Bin Abdullah	Substantial shareholder and Director	10	10.0	-	-

### (iv) Brief information on CHJ

CHJ, aged 40, is a substantial shareholder of A-Rank. He possesses over 18 years of experience in the aluminium extrusion industry. He graduated from International Commercial College, Kaohsiung, Taiwan in 1984 majoring in Banking and Insurance and joined Taiwan Chen-Yiu Aluminium Co. Ltd, an aluminium extruder, where he was the Factory Director from 1986 to 1988. Mr Cho is also the Chief Executive Officer of Technology Progress Incorporation, Taiwan, a position he has held since 1992. He is also the Managing Director of Alsinta (Wuxi) Metals Co., Ltd since 2002. Mr. Cho is one of the founders of Formosa together with TWL and LCC. He had previously been involved in developing the marketing strategies for Formosa and had also rendered advice to Formosa.

### (v) Brief information on LCC

LCC, aged 46, is a substantial shareholder of A-Rank. He possesses over 21 years of experience in the aluminium industry. Mr. Lin graduated from Kun-Shan Senior High School, Taiwan in 1977 majoring in Mechanics. Upon completion of his national service, he joined the family company, Sheng Hsin Metallic Co., Ltd, in 1983 where today he is the Director. Mr. Lin was instrumental in providing the technical support for the setting up of Formosa and had provided technical input to Formosa.

### (iv) Brief information on LHT

LHT, aged 50, is a substantial shareholder A-Rank. Mr. Lin possesses over 21 years of experience in the aluminium industry. Mr. Lin graduated from Liu-Shin Commercial and Vocational School, Taiwan in 1973 majoring in Business Administration. Mr. Lin joined the family company, Sheng Hsin Metallic Co., Ltd in 1983 where he remains a Director today.

Further information on TWL and DSAJ are set out in Section 5.3.2 of this Prospectus.

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

### 5.3 BOARD OF DIRECTORS

#### 5.3.1 Shareholdings of Directors

The details of the shareholdings of Directors in A-Rank based on the Register of Directors' Shareholdings as at 31 March 2005 are as follows:-

Name of Director	Designation	Nationality	Before the IPO				Proforma After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	* (%)	No. of Shares	* (%)	No. of Shares	^ (%)	No. of Shares	^ (%)
DSAJ	Non-Independent Non-Executive Chairman	Malaysian	-	-	<sup>(1)</sup> 14,440,000	19.00	# 100,000	0.13	<sup>(1)</sup> 14,440,000	18.05
TWL	Managing Director	Malaysian	7,904,000	10.40	<sup>(2)</sup> 34,655,994	45.60	# 5,946,000	7.43	<sup>(2)</sup> 25,193,994	31.49
AABA	Independent Non-Executive Director	Malaysian	-	-	-	-	# 100,000	0.13	-	-
LCW	Independent Non-Executive Director	Malaysian	-	-	-	-	# 100,000	0.13	-	-

**Notes:-**

# Including entitlements for the pink form share allocation pursuant to the IPO.

\* Based on the issued and paid-up share capital of 76,000,000 Shares before the IPO.

^ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the IPO.

(1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in RNSB.

(2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in ARASB.

#### 5.3.2 Profile of Directors

**Dato' Shahrir Bin Abdul Jalil**, aged 44, was appointed as the Non-Independent Non-Executive Chairman of the Board on 11 March 2005.

Dato' Shahrir Bin Abdul Jalil, is presently the Senior Partner of Messrs. Shahrizat Rashid & Lee. He obtained an Advanced Diploma in Estate Management from ITM in 1982 and was attached with CH Williams Talhar & Wong from 1982 to 1985. Thereafter he set up his own project consultancy business whilst pursuing a law degree. He graduated with a LLB (Hons) degree from the International Islamic University, Malaysia in 1991 and worked in Rashid & Lee from 1991 to 1993 during which he was called to the Malaysian Bar. In 1993, he left the firm and was one of the founding partners of Shahrizat & Tan. In 2004, Shahrizat & Tan merged with Rashid & Lee to become Shahrizat Rashid & Lee. He was appointed to the Board of Formosa on 17 January 2004. He sits on the board of several private companies.



**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**

**Tan Wan Lay**, aged 41, is the Managing Director of A-Rank. He was appointed to the Board of A-Rank on 11 March 2005.

Mr. Tan has over 18 years of experience in aluminium extrusion industry. He graduated with a Diploma in Civil Engineering from Federal Institute of Technology in 1986 and joined LB Aluminium Berhad in the same year. He rose through the rank to be a senior Production Manager in 1993 when he left to join Press Metal Berhad as Production Manager. He left Press Metal Berhad in 1997 to establish Formosa.

The overall management and day-to-day affairs of Formosa are managed by Mr. Tan with the assistance of his management team. Mr Tan, with over 18 years of experience in the aluminium industry himself, has been instrumental in the success, growth and development of the A-Rank Group in maximizing the revenue and profitability from both the existing clients and potential clients as well as to expand on potential business opportunities. As the Managing Director, he is in charge of the overall operations of the Group and is responsible for the setting up of the business operation and formulating strategies for the expansion of the Group. In addition, Mr Tan also heads the sales and marketing team and brings to the Group a diverse business network.

**Ahmed Azhar Bin Abdullah**, aged 44, is an Independent Non-Executive Director of A-Rank. He was appointed to the Board of A-Rank on 11 March 2005.

Encik Ahmed graduated from California State University (Fresno) with a Bachelor of Science in Accounting in 1986 and subsequently obtained his Master of Business Administration from California State University, Dominguez Hills (Los Angeles) in 1987.

Upon graduation, he joined Malaysia Mining Corporation Berhad ("**MMC**") as an Internal Auditor in the parent company. He was seconded to head its wholly owned subsidiary in London from 1992 to 1995. Upon return, he served in various management capacities within the MMC group encompassing several industries such as trading, manufacturing, as well as retail. He joined Gas Malaysia Sdn Bhd in November 2000 and headed the Residential and Commercial Sales unit for Natural Gas as well as Liquefied Petroleum Gas until 15 March 2005. He is currently an Executive Director of MOCCIS Furniture Sdn Bhd and MCCM Marketing Sdn Bhd.

**Dr Leong Chik Weng**, aged 42, is an Independent Non-Executive Director of A-Rank. He was appointed to the Board of A-Rank on 11 March 2005.

Dr Leong is presently the Chief Executive Officer of e-Lock Corporation Sdn Bhd

He obtained his Ph.D in Chemical Engineering in 1989 from University of Massachusetts, Amherst. After graduation, he joined Raychem Corporation, one of the top Silicon Valley companies in Menlo Park, California and subsequently promoted to a Technical Director position. In 1997, he was a Consultant for Guidant Corporation, USA, ("**Guidant**") to develop an advanced chaotic mixing screw technology to produce microtubing using polymer alloys. Guidant is one of the largest cardiovascular product companies in the world.

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

After spending about 16 years in North America, he returned home to Malaysia and started e-Lock Technology Sdn. Bhd. in 1996. e-Lock is an Information Security Solution company focusing on developing high level information security technologies such as scalable cryptographic algorithms and secure data transmission solutions. To-date, e-Lock products are sold in Malaysia, Singapore, Hong Kong, Taiwan, China, Japan, and Middle East. One of e-Lock's main shareholders is Permodalan Nasional Berhad.

Dr Leong was also a member of the Panel of Experts (PoE) established by NISER (National ICT Security and Emergency Response Center) as an independent and interactive ICT security "think tank" group for Malaysia.

### 5.4 DIRECTORS' REMUNERATION AND BENEFITS

The aggregate remuneration and benefits paid (*and proposed to be paid*) to the Directors and Managing Director of the A-Rank Group for services rendered in all capacities to the Group for the financial year ended 31 July 2004 and the current financial year ending 31 July 2005 are as follows:-

Remuneration band (RM'000)	Financial year ended 31 July 2004		Financial year ending 31 July 2005	
	Aggregate Remuneration (RM'000)	Number of Directors	Aggregate Remuneration (RM'000)	Number of Directors
Up to 50,000	-	-	96	3
50,001 – 100,000	-	-	-	-
100,001 – 200,000	-	-	-	-
200,001 – 500,000	202	1	301	1
Above 500,000	-	-	-	-
<b>Total</b>	<b>202</b>	<b>1</b>	<b>397</b>	<b>4</b>

### 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 profit and loss accounts, review of related party transactions that may arise, and nomination of the auditors. The Audit Committee comprises of the following individuals:-

Name	Designation	Directorship
AABA	Chairman of Audit Committee	Independent Non-Executive Director
TWL	Member of Audit Committee	Managing Director
LCW	Member of Audit Committee	Independent Non-Executive Director

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

### 5.6 KEY MANAGEMENT TEAM

#### 5.6.1 Particulars and Shareholdings of the Key Management Team

The details of the shareholdings of the key management team in A-Rank as at 31 March 2005 are as follows:-

Name	Designation	Nationality	Before the IPO				Proforma After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	* (%)	No. of Shares	* (%)	No. of Shares	^ (%)	No. of Shares	^ (%)
TWL	Managing Director	Malaysian	7,904,000	10.40	<sup>(1)</sup> 34,655,994	45.60	# 5,946,000	7.43	<sup>(1)</sup> 25,193,994	31.49
Fam Lian Fatt	Purchasing and Administration Manager	Malaysian	-	-	-	-	# 80,000	0.10	-	-
Tan Tze	Accountant	Malaysian	-	-	-	-	# 60,000	0.08	-	-
Wong See Nane	Production Manager	Malaysian	-	-	-	-	# 60,000	0.08	-	-
Jason Tay Tat Sern	Sales and Marketing Manager	Malaysian	-	-	-	-	# 20,000	0.03	-	-
Kok Chik Song	Production Engineer	Malaysian	-	-	-	-	# 60,000	0.08	-	-
Tan Kek Yau	Sales Engineer	Malaysian	-	-	-	-	# 20,000	0.03	-	-

**Notes:-**

# Including entitlements for the pink form share allocation pursuant to the IPO.

(1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in ARASB.

\* Based on the issued and paid-up share capital of 76,000,000 Shares before the IPO.

^ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the IPO.

#### 5.6.2 Profile of the Key Management Team

Further information on TWL is set out in Section 5.3.2 of this Prospectus.

**Fam Lian Fatt**, aged 38, joined Formosa in 1997 as the Purchasing and Administration Manager. Prior to joining Formosa, he was with Larry Seow & Company, Public Accountants from 1988 to 1989, BDO Binder, Public Accountants from 1989 to 1991 and finally, LB Aluminium Berhad from 1991 to 1997. His responsibilities include purchasing, human resource, payroll and other administrative matters. Currently, he is pursuing a Masters Degree in Business Administration, majoring in Finance.

**Tan Tze**, aged 30, joined Formosa in 2003 as the Accountant. He began his career with Ong Boon Bah & Co, Public Accountants from 1999 to 2002 and subsequently with Bright Rims Manufacturing Sdn Bhd as Accountant from 2002 to 2003. He graduated with a Bachelor of Accountancy (Honours) from University Putra Malaysia and is a member of the Malaysian Institute of Accountants. He is in charge of the overall accounts of the A-Rank Group, budgeting and corporate exercises.

**Wong See Nane**, aged 38, joined Formosa in 2004 as the Production Manager. He graduated from TAFE College with an Associate Diploma in Engineering (Electronic) in 1993. Prior to joining Formosa he was with Hualon Corporation (M) Sdn Bhd as Plant Manager from 1993 to 2004 and Hitachi Electronic Services (S) Pte Ltd as Process Inspector from 1988 to 1990. He currently oversees all aspects of the production operations of Formosa.



**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**

**Jason Tay Tat Sern**, aged 34, joined Formosa as Sales and Marketing Manager in 2004. He has over nine(9) years working experience in the area of sales and marketing, accumulated from various industries, amongst others, Four Pillars (M) Sdn Bhd, SUNHOM Sdn Bhd and HL Golf & Turf Equipments Sdn Bhd. He graduated with a Bachelor of Law (LLB) Honours from Nottingham Trent University in 1994. He assists the Managing Director in formulating and developing marketing as well as business development strategies to further increase and expand the Group's sales and business moving forward.

**Kok Chik Song**, aged 26, is the Production Engineer of Formosa in which he joined immediately after graduating in 2001 with a Degree in Mechanical (Material) Engineering from University of Technology, Malaysia. During his studies, he has done a final year project on "The Effects of Solution Heat Treatment Time On The Mechanical Properties of Aluminium Reinforced Silicone Carbide Metal Matrix Composite" which is relevant to the aluminium extrusion industry. He is responsible for projects, and implementation and adherence to the standard of ISO 9001:2000. As a metallurgist, he is also in charge of research and development for continuous improvement in overall billet quality, process improvement, product enhancement as well as increasing productivity and efficiency of Formosa's operations.

**Tan Kek Yau**, aged 29, joined Formosa as Sales Engineer in 2003. Prior to joining Formosa, he was with Kian Joo Packaging Sdn Bhd as Technical Engineer. He graduated with a Bachelor of Science in Mechanical Engineering, Oklahoma State University in 1999 and obtained his Masters Degree in Business Administration from the University of Central Oklahoma in 2002. He is responsible for sales and marketing including export sales.

**5.6.3 Management Succession Plan**

A-Rank Group's business is organised along functional lines where functional/department managers are responsible for the execution of their duties. The Group practices management empowerment whereby functional/department managers are relatively autonomous and have significant decision making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on the Managing Director to be involved in the details and all aspects of the operational and functional areas.

This management philosophy enables the Managing Director to focus on strategic matters and on further developing the business for growth and success. Nevertheless, to ensure business continuity, the A-Rank Group has put in place a management succession plan which is based on a two-pronged approach:

- Grooming functional/department managers for succession to senior positions; and
- Grooming existing staff and hiring new staff for functional management.

Part of the grooming process involves rotating the roles and responsibilities of selected managers to provide them with hands-on experiences in the relevant aspects of the A-Rank Group's business.



## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

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

Save as disclosed below, there are no other executive director and/or key management who is involved in other businesses or corporations:-

TWL – Managing Director							
Name of company / business	Principal activity / nature of business	Position held	Shareholdings / interests				
			Direct		Indirect		
			No. of ordinary shares	%	No. of ordinary shares	%	
Formosa Metal Recovery Sdn Bhd	Dormant	Director	1	50.0	-	-	
ARGSB ^	Investment	Director	-	-	^ 50,000	100.0	
ARASB ^^	Investment	Director	49,999	99.998	-	-	
Alumesh (M) Sdn Bhd	Dormant	Director	1	50.0	-	-	

**Notes:-**

^ Deemed interested by virtue that ARGSB is a wholly-owned subsidiary of ARASB.

^^ ARGSB is a wholly-owned subsidiary company of ARASB which in turn is the largest substantial shareholder of Formosa. ARASB and ARGSB have no interests and/or shareholdings in other companies/businesses.

TWL is involved in the full time management of the A-Rank Group. He is not involved in the management of any other business or corporation outside the A-Rank Group.

### 5.8 DECLARATION OF DIRECTORS AND KEY MANAGEMENT

No director, key personnel or person nominated to become a director or key personnel is or has been involved in any of the following events:-

- (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

Save for LCC and LHT who are siblings, there is no family relationship (*as defined in Section 122A of the Act*) or association between the substantial shareholders, promoters, Directors and key management.

### 5.10 EXISTING OR PROPOSED SERVICE AGREEMENTS

There is no existing or proposed service agreements between the Group and its Directors and/or key management.

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

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

A-Rank was only incorporated on 7 November 2003. The changes in the substantial shareholders' shareholdings in the Company since the date of incorporation to the date of this Prospectus is set out below:-

	As at Date of Incorporation				After the Acquisition				After the Rights Issue			
	Direct (No. of Shares)	%	Indirect (No. of Shares)	%	Direct (No. of Shares)	%	Indirect (No. of Shares)	%	Direct (No. of Shares)	%	Indirect (No. of Shares)	%
<b>Substantial Shareholders</b>												
Subscribers' shares	2	100.00	-	-	2	neg	-	-	6	neg	-	-
ARGSB	-	-	-	-	23,684,636	45.60	-	-	34,655,994	45.60	-	-
ARASB	-	-	-	-	-	-	<sup>(1)</sup> 23,684,636	45.60	-	-	<sup>(1)</sup> 34,655,994	45.60
TWL	-	-	-	-	5,401,760	10.40	<sup>(2)</sup> 23,684,636	45.60	7,904,000	10.40	<sup>(2)</sup> 34,655,994	45.60
RNSB	-	-	-	-	9,868,600	19.00	-	-	14,440,000	19.00	-	-
DSAJ	-	-	-	-	-	-	<sup>(3)</sup> 9,868,600	19.00	-	-	<sup>(3)</sup> 14,440,000	19.00
CHJ	-	-	-	-	6,232,800	12.00	-	-	9,120,000	12.00	-	-
LCC	-	-	-	-	3,116,400	6.00	-	-	4,560,000	6.00	-	-
LHT	-	-	-	-	3,116,400	6.00	-	-	4,560,000	6.00	-	-

**Notes:-**

- (1) Deemed interested by virtue that ARGSB is a wholly-owned subsidiary of ARASB.
- (2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in ARASB.
- (3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in RNSB.
- neg Negligible.

### 5.12 DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS IN ALL OTHER PUBLIC CORPORATIONS FOR THE PAST TWO YEARS

None of the promoters, directors and/or substantial shareholders of A-Rank hold directorships and/or have substantial shareholdings in other public corporations for the past two(2) years preceding 31 March 2005.

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## 6. APPROVAL AND CONDITIONS

### 6.1 APPROVALS AND CONDITIONS

The MITI had approved the IPO through its letters dated 27 October 2004 and 29 October 2004 respectively. The conditions imposed by the MITI and status of their compliance are as follows:-

Conditions Imposed By MITI	Status of Compliance
<b><u>MITI's letters dated 27 October 2004 and 29 October 2004.</u></b>	
(a) The allocation of 8,800,000 Shares are subject to MITI's special shares allocation and will be decided separately after the approval of the SC has been obtained for the Listing; and	Met. The MITI has approved the allocation to certain Bumiputera investors vide its letter dated 28 March 2005.
(b) To obtain the SC's approval for the Listing Scheme and compliance with the Guideline on acquisitions, mergers and take-overs.	Met.  The SC has approved the IPO vide its letter dated 27 January 2005 subject to certain conditions. Please refer below for the conditions imposed by the SC.

The SC, and under the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests ("**FIC Guidelines**"), had approved the IPO on 27 January 2005. The conditions imposed by these authorities and status of their compliance are as follows:-

Conditions imposed by SC	Status of compliance																																			
(i) The following shareholders are not allowed to sell, transfer or assign their respective shareholdings amounting to 45% of the enlarged issued and paid-up capital of A-Rank for at least 1 year from the date of listing:-	Met. Please refer to Section 6.2 of this Prospectus for further details.																																			
<table border="1"> <thead> <tr> <th>Shareholders</th> <th>No. of A-Rank shares held after proposed listing * ('000)</th> <th>% of enlarged issued and paid-up capital of A-Rank</th> <th>No. of A-Rank shares under moratorium ('000)</th> <th>% of enlarged issued and paid-up capital of A-Rank</th> </tr> </thead> <tbody> <tr> <td>TWL</td> <td>5,846</td> <td>7.31</td> <td>4,680</td> <td>5.85</td> </tr> <tr> <td>CHJ</td> <td>6,730</td> <td>8.41</td> <td>5,400</td> <td>6.75</td> </tr> <tr> <td>LCC</td> <td>3,415</td> <td>4.27</td> <td>2,700</td> <td>3.375</td> </tr> <tr> <td>ARGSB</td> <td>25,194</td> <td>31.49</td> <td>20,520</td> <td>25.65</td> </tr> <tr> <td>LHT</td> <td>3,315</td> <td>4.14</td> <td>2,700</td> <td>3.375</td> </tr> <tr> <td></td> <td>44,500</td> <td>55.62</td> <td>36,000</td> <td>45.00</td> </tr> </tbody> </table>	Shareholders	No. of A-Rank shares held after proposed listing * ('000)	% of enlarged issued and paid-up capital of A-Rank	No. of A-Rank shares under moratorium ('000)	% of enlarged issued and paid-up capital of A-Rank	TWL	5,846	7.31	4,680	5.85	CHJ	6,730	8.41	5,400	6.75	LCC	3,415	4.27	2,700	3.375	ARGSB	25,194	31.49	20,520	25.65	LHT	3,315	4.14	2,700	3.375		44,500	55.62	36,000	45.00	
Shareholders	No. of A-Rank shares held after proposed listing * ('000)	% of enlarged issued and paid-up capital of A-Rank	No. of A-Rank shares under moratorium ('000)	% of enlarged issued and paid-up capital of A-Rank																																
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<i>Note:-</i>																																				
* Including entitlements for the pink form share allocation.																																				
In this regard, every shareholder of ARGSB (if an individual) or ultimate individual shareholder (if the shareholder of ARGSB is another unlisted company) should give an undertaking that he/she will not sell, transfer or assign his/her shareholding in ARGSB during the moratorium period;	Met. The required undertaking was submitted to the SC on 11 April 2005.																																			
(ii) In relation to the Special Dividends, AmMerchant Bank/ A-Rank should submit to the SC the following :-	Met. The required letters of undertaking / confirmation were submitted to the SC on 22 March 2005.																																			
(a) An undertaking letter stating that the proceeds from the proposed listing would not be utilised either directly or indirectly for the payment of the Special Dividends; and																																				
(b) A confirmation that the audited NTA of Formosa after declaration and payment of the Special Dividends is not lower than the audited NTA as at 31 July 2004;																																				

**6. APPROVAL AND CONDITIONS (Cont'd)**

Conditions imposed by SC	Status of compliance						
(iii) With regard to the trade debtors, A-Rank should:							
(a) Fully disclose in the prospectus the trade debtors position, ageing analysis and comments by the directors on the recoverability of the debts which have exceeded the credit period;	Met. Please refer to Section 9.5 of this Prospectus for further details.						
(b) Make full provision for all overdue trade debtors which are in dispute or under legal action, or for which the amounts have been outstanding for more than six(6) months. The directors of A-Rank should confirm to the SC that this condition has been complied with prior to the issuance of the prospectus; and	Met. The required letter of confirmation / declaration was submitted to the SC on 11 April 2005.						
(c) Submit a declaration by its directors to the SC that trade debtors exceeding the credit period which have not been provided for as doubtful debts, excluding those under paragraph (b) above, are recoverable;							
(iv) A-Rank should ensure that any future related party transactions must be at arm length basis, and on terms and conditions that are not unfavourable to A-Rank;	Will be met, if applicable.						
(v) The directors of A-Rank who are involved in similar business activities as the Group, should either:-	Met. The affected directors, namely CHJ and LCC, have resigned as Directors of Formosa on 8 March 2005. Further, they do not hold directorships in any other company within the A-Rank Group.						
(a) Relinquish their directorship in the Group; or							
(b) Relinquish their interest in their other businesses that are similar to the Group							
prior to the issuance of the prospectus;							
(vi) A-Rank should institute a management succession plan and disclose the details of such plan in the prospectus;	Met. Please refer to Section 5.6.3 of this Prospectus for further details.						
(vii) A-Rank should obtain the certificate of fitness for occupation ("CF") for the following properties prior to the issuance of the prospectus;	Met. The CF was issued on 31 March 2005.						
<table border="1"> <thead> <tr> <th>Registered owner</th> <th>Location</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Formosa</td> <td>Lot 2-32 and Lot 2-33 Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan</td> <td>One (1)-storey factory building and two (2)-storey office building</td> </tr> </tbody> </table>	Registered owner	Location	Description	Formosa	Lot 2-32 and Lot 2-33 Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	One (1)-storey factory building and two (2)-storey office building	
Registered owner	Location	Description					
Formosa	Lot 2-32 and Lot 2-33 Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	One (1)-storey factory building and two (2)-storey office building					
(viii) A-Rank should obtain the approved building plan for the following properties prior to the issuance of the prospectus;	Met. The building plan approval was obtained on 14 February 2005.						
<table border="1"> <thead> <tr> <th>Registered owner</th> <th>Location</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Formosa</td> <td>Lot 2-36 and Lot 2-36A Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan</td> <td>For the construction of new remelt plant</td> </tr> </tbody> </table>	Registered owner	Location	Description	Formosa	Lot 2-36 and Lot 2-36A Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	For the construction of new remelt plant	
Registered owner	Location	Description					
Formosa	Lot 2-36 and Lot 2-36A Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	For the construction of new remelt plant					



**6. APPROVAL AND CONDITIONS (Cont'd)**

Conditions imposed by SC	Status of compliance
(ix) 8,800,000 A-Rank shares (from the offer for sale portion) should be allocated to Bumiputera investors approved by MITI in compliance with the National Development Policy ("NDP") requirement;	Met. The MITI has approved the allocation to certain Bumiputera investors vide its letter dated 28 March 2005.
(x) AmMerchant/ A-Rank should provide to the SC with compliance status of the NDP requirement upon completion of the flotation proposal;	To be met upon completion of the flotation proposal.
(xi) A-Rank should comply with the other relevant requirements in relation to the flotation proposal, as stipulated in the Policies and Guidelines on Issues/ Offer of Securities (Issues Guidelines); and	To be met, where applicable.
(xii) Upon completion of the flotation proposal, AmMerchant/ A-Rank should confirm to the SC that A-Rank has complied with the relevant requirements as stipulated in the Issues Guidelines.	To be met, where applicable.

The SC, under the FIC Guidelines, also noted the effect of the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholders in A-Rank would change arising from the implementation of the listing proposal, as follows:-

Category	Before proposal (%)	After proposal * (%)
Bumiputera	-	32.25
Non-Bumiputera	100.0	51.18
Foreign	-	16.57
	100.0	100.00

*Note:-*

\* After the Acquisition, Rights Issue, Public Issue and Offer for Sale.

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**6. APPROVAL AND CONDITIONS (Cont'd)****6.2 MORATORIUM ON SHARES**

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

The existing shareholders of A-Rank whose Shares are subjected to the moratorium as imposed by the SC are as follows:-

Name of shareholder	Proforma Shareholdings after the IPO		Shareholdings to be placed under moratorium	
	(No. of Shares)	# (%)	(No. of Shares)	# (%)
TWL	* 5,946,000	7.43	4,680,000	5.85
ARGSB	25,193,994	31.49	20,520,000	25.65
CHJ	6,630,000	8.29	5,400,000	6.75
LCC	3,315,000	4.14	2,700,000	3.375
LHT	3,315,000	4.14	2,700,000	3.375
	44,399,994	55.49	36,000,000	45.00

Notes:-

\* Including entitlements for the pink form share allocation pursuant to the IPO.

# Based on enlarged issued and paid-up share capital of 80,000,000 Shares after the IPO.

The restriction, which is fully accepted by the above shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the shareholders which are under moratorium to ensure that A-Rank's registrars do not register any transfer not in compliance with the restriction imposed by the SC.

The above shareholders have provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the SC Guidelines.

ARASB, the holding company of ARGSB, and the shareholders of ARASB, namely TWL and CHJ have also provided their respective undertakings that they shall not sell, transfer or assign their respective shareholdings in ARGSB and ARASB respectively during the moratorium period.

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 Securities Commission ("**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".*

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST****7.1 RELATED-PARTY TRANSACTIONS****7.1.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

The Group does not have any existing or proposed related-party transactions with the Promoters, Directors, substantial shareholders and/or key management of A-Rank within twelve (12) months preceding the date of this Prospectus.

**7.1.2 PROMOTION OF ANY ASSETS ACQUIRED/TO BE ACQUIRED**

Save as disclosed below, none of the Directors and/or substantial shareholders of A-Rank has any interest, direct or indirect, in the promotion of, or in any material assets, acquired or disposed of by or leased to the Company or its subsidiary company, or are proposed to be acquired or disposed of by or leased to the Company or its subsidiary company within the (2) years preceding the date of this Prospectus:-

**Acquisition of Asset**

<b>Nature of transaction</b>	<b>Director and/or substantial shareholder in A-Rank</b>	<b>Nature of interest in Formosa</b>
Acquisition of Formosa *	ARGSB / Substantial shareholder	Substantial shareholder
	TWL / Director and substantial shareholder	Promoter, Director and substantial shareholder
	RNSB / Substantial shareholder	Substantial shareholder
	CHJ / Substantial shareholder	Promoter and substantial shareholder
	LCC / Substantial shareholder	Promoter and substantial shareholder
	LHT / Substantial shareholder	Substantial shareholder

**Note:-**

\* Further information on the Acquisition is set out in Section 4.1.4(a) of this Prospectus.

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)****Business Transaction \***

Financial year ended	Nature of transaction	Interested party	Nature of interest in Formosa	Nature of interest in Technology Progress Incorporation (Taiwan) ("TPI")	Transaction value (USD'000)
31.07.2003	Purchase of aluminium alloys and consumable parts by Formosa from TPI	CHJ	Promoter and substantial shareholder	Chief Executive Officer and substantial shareholder	574
	Sale of aluminium billets by Formosa to TPI				64
31.07.2004	Purchase of aluminium alloys and consumable parts by Formosa from TPI				146
	Sale of aluminium billets by Formosa to TPI				1,087
<b>Total</b>					<b>1,871</b>

**Note:-**

\* Formosa has discontinued the purchase of aluminium alloys and consumable parts from and sales of aluminium billets to TPI since August 2003 and October 2003 respectively.

**7.2 TRANSACTIONS WHICH ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets, to which the A-Rank Group was a party in respect of the past one (1) financial year and the subsequent financial period thereof, if any, immediately preceding the date of this Prospectus.

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

There is no outstanding loan (including guarantees of any kind) made by A-Rank or any of its parent or subsidiary company to or for the benefit of related parties for the past one(1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)****7.4 INTEREST IN SIMILAR BUSINESS**

Save as disclosed below and to the best of the knowledge and belief of the Directors, substantial shareholders or key management of A-Rank, none of the Directors or substantial shareholders or key management of A-Rank are interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary company:-

CHJ – substantial shareholder						
Name of company / business / location	Principal activity / nature of business	Nature of interest	Shareholdings / interests			
			Direct (No. of ordinary shares)	(%)	Indirect (No. of ordinary shares)	(%)
Technology Progress Incorporation / Taiwan	Trading of aluminium ingots and other products	Chief Executive Officer	*500,000	7.14	^^ 4,800,000	68.57
Jumbo Aluminum Co. / Taiwan	Fabrication of aluminium products	Company Director	*60,000	10.00	^^^ 340,000	56.67
D & W Life / Taiwan	Fabrication of aluminium products	Company Director	*20,000	40.00	-	-
Alsinta Co. Ltd. / Samoa	Investment holding	Company Director	**1,325,000	26.50	-	-
<b>Wholly-owned subsidiary of Alsinta Co. Ltd.</b>						
Alsinta (Wuxi) Metals Co. Ltd / China	Manufacturing of aluminium billets mainly in the 3XXX, 5XXX, 6XXX, and 7XXX series for sale to customers in China only.	Company Director	-	-	**+ 1,325,000	26.50

**Notes:-**

- \* No. of ordinary shares of NT\$10.00 each.
- \*\* No. of ordinary shares of USD1.00 each.
- ^ Deemed interest through his spouse's and daughter's direct shareholdings.
- ^^ Deemed interest through his spouse's direct shareholdings.
- + Deemed interest by virtue of his shareholding in Alsinta Co. Ltd.

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

LCC – substantial shareholder						
Name of company / business / location	Principal activity / nature of business	Nature of interest	Shareholdings / Interests			
			Direct		Indirect	
			(No. of ordinary shares)	(%)	(No. of ordinary shares)	(%)
Sheng Hsin Metallic Co. Ltd. / Taiwan	Manufacturing of aluminium billets for the Taiwan market only.	Company Director	*362,500	24.17	^*376,500	25.10
Alsinta Co. Ltd / Samoa	Investment holding	Company Director	**1,125,000	23.50	-	-
<b>Wholly-owned subsidiary of Alsinta Co. Ltd.</b>						
Alsinta (Wuxi) Metals Co. Ltd / China	Manufacturing of aluminium billets mainly in the 3XXX, 5XXX, 6XXX, and 7XXX series for sale to customers in China only.	Company Director	-	-	^^1,125,000	23.50

Notes:-

- \* No. of ordinary shares of NT\$10.00 each.
- \*\* No. of ordinary shares of USD1.00 each.
- ^ Deemed interest through his spouse's and children's direct shareholdings.
- ^^ Deemed interest by virtue of his shareholding in Alsinta Co. Ltd.

LHT – substantial shareholder						
Name of company / business / location	Principal activity / nature of business	Nature of interest	Shareholdings / Interests			
			Direct		Indirect	
			No. of ordinary shares	%	No. of ordinary shares	%
Sheng Hsin Metallic Co. Ltd. / Taiwan	Manufacturing of aluminium billets	Company Director	*300,000	20.00	-	-

Note:-

- \* Number of shares of NT\$10.00 each.

Although the abovementioned substantial shareholders have businesses that carry on similar trade with those of the Group, these businesses are not in direct conflict with the existing business of the Group as set out below:-

- (i) Jumbo Aluminium Co. and D & W Life are involved in the fabrication of aluminium products which are downstream activities in the aluminium fabrication industry.
- (ii) Technology Progress Incorporation (Taiwan) is involved in the trading of aluminium ingots and other products such as aluminium alloys and hence is not in the exact nature of business as the A-Rank Group. Formosa has discontinued the purchase of aluminium alloys and consumable parts from and sales of aluminium billets to Technology Progress Incorporation (Taiwan) since August 2003 and October 2003 respectively.

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

- (iii) Alsinta (Wuxi) Metals Co. Ltd, a wholly-owned subsidiary of Alsinta Co. Ltd, caters to a different customer base from that of the A-Rank Group within the China market. Alsinta (Wuxi) Metals Co. Ltd's main focus is on developing its Shanghai market for the 3XXX, 5XXX and 7XXX series of aluminium billets. On the other hand, Formosa's focus is to supply the 6XXX series to its Chinese customers in the southern region of China. In the event the Group produces the 3XXX series and 7XXX series, the target market for these products is mainly Thailand for its automotive industry.
- (iv) Sheng Hsin Metallic Co. Ltd does not export its products and hence its principal market is only confined within Taiwan. The Group does not have any customers based in Taiwan.

Furthermore, CHJ, LCC and LHT are not involved in the day-to-day management of the A-Rank Group.

**7.5 DECLARATION BY THE ADVISERS**

AmMerchant Bank hereby confirms that there is no conflict of interest with respect of their capacity as Adviser, Managing Underwriter and Sole Placement Agent to A-Rank in connection with its IPO.

Messrs. Soo Thien Ming & Nashrah hereby confirms that there is no conflict of interest with respect of their capacity as Solicitors to the Group for the IPO and due diligence respectively.

Messrs. BDO Binder hereby confirms that there is no conflict of interest with respect of their capacity as Auditors and Reporting Accountants to the Group for the IPO.

Vital Factor Consulting Sdn Bhd hereby confirms that there is no conflict of interest with respect of their capacity as Independent Business and Market Research Consultants to the Group for the IPO.

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## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP

### 8.1 INFORMATION ON LAND AND BUILDINGS

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

Name of registered owner / postal address / title identification	Approximate age of building / tenure / date of expiry of lease	Description and existing use	Land area (m <sup>2</sup> )	Built-up area (m <sup>2</sup> )	Restriction in interest / encumbrances	Prices paid / date of transaction	Audited NBV as at 31 December 2004* (RM)
Formosa / Lot 2-31 H.S. (D) 58354, PT 3380, Mukim Beranang, Daerah Ulu Langat, Selangor	Not applicable / vacant freehold land	Vacant	4,209	-	Charged to United Overseas Bank (Malaysia) Berhad	792,865 / 1 November 2001	792,865
Formosa / Lot 2-32 <sup>^</sup> H.S. (D) 58355, PT 3381, Mukim Beranang, Daerah Ulu Langat, Selangor	Freehold land	<sup>(a)</sup>	3,521	2,728	Charged to United Overseas Bank (Malaysia) Berhad	312,555 / 5 October 1999	312,555
Formosa / Lot 2-33 <sup>^</sup> H.S. (D) 58356, PT 3382, Mukim Beranang, Daerah Ulu Langat, Selangor	Freehold land						
Formosa / Lot 2-34 <sup>^</sup> H.S. (D) 58357, PT 3383, Mukim Beranang, Daerah Ulu Langat, Selangor	Freehold land	<sup>(b)</sup>	3,521	3,480	Charged to United Overseas Bank (Malaysia) Berhad	457,807 / 10 June 2000	457,807
Formosa / Lot 2-35 <sup>^</sup> H.S. (D) 58358, PT 3384, Mukim Beranang, Daerah Ulu Langat, Selangor	Freehold land						



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

Name of registered owner / postal address / title identification	Approximate age of building / tenure / date of expiry of lease	Description and existing use	Land area (m <sup>2</sup> )	Built-up area (m <sup>2</sup> )	Restriction in interest / encumbrances	Prices paid / date of transaction	Audited NBV as at 31 December 2004* (RM)
Formosa / Lot 2-36 H.S. (D) 58359, PT 3385, Mukim Beranang, Daerah Ulu Langat, Selangor	Not applicable / vacant freehold land	} (c) Vacant	3,521	-	Charged to United Overseas Bank (Malaysia) Berhad	466,591 / 4 July 2001	466,591
Formosa / Lot 2-36 (A) H.S. (D) 58360, PT 3386, Mukim Beranang, Daerah Ulu Langat, Selangor	Not applicable / vacant freehold land		3,521	-	Charged to United Overseas Bank (Malaysia) Berhad	390,607 / 27 August 2002	390,607
<b>TOTAL</b>			<b>25,335</b>	<b>6,208</b>			<b>3,526,465</b>

## Notes: -

- (a) Buildings erected (which are at most seven(7) years old) on the adjoining parcels of land comprising a single-storey factory building with a 2-storey office building.
- (b) Building erected on the adjoining parcels of land comprising a single-storey factory building which is approximately three(3) years old.
- (c) The construction of a new remelt plant is expected to be completed and operational by July 2005 in accordance with the Group's expansion plan.

The building erected on Lot 2-34 and Lot 2-35 has been issued with the relevant certificate of fitness for occupation ("CF") on 30 April 2004 while the CF for the building erected on Lot 2-32 and Lot 2-33 has been issued with the relevant CF on 31 March 2005.

In addition to the above properties, the Group via Formosa, also acquired three(3) pieces of land (Lot 2-40, Lot 2-44 and Lot 2-45) on 15 February 2005 for future expansion. The salient terms of the sales and purchase agreements dated 15 February 2005 for the aforementioned properties are set out in Section 13.4 of this Prospectus. However, the acquisition of these properties are pending completion as at 31 March 2005 and hence, Formosa is yet to be the registered owner of these properties as at that date. Further, in view that these properties were acquired on 15 February 2005, the audited financial statements of the Group as at 31 December 2004 do not reflect their respective audited NBVs.

The Group is not in breach of any land-use conditions/permissible land use.

^ These properties share the same address of Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan.

\* Consistent with the present accounting policies of the Group, there is no revaluation undertaken (and hence, approval of the SC is not required) on the Group's properties in respect of the listing exercise. The values of the properties are based on their NBVs as at 31 December 2004.

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

This proforma consolidated results has been extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The following table sets out a summary of the proforma consolidated results of the Group for the two(2) financial years ended 31 January 2000 and 2001, the financial period ended 31 July 2002, the two(2) financial years ended 31 July 2003 and 2004 as well as the five (5)-month period ended 31 December 2004, prepared on the assumption that the Group has been in existence throughout the period under review (*the financial year end of the Group has been changed from 31 January to 31 July effective in year 2002*).

Financial year/ period ended	<div style="display: flex; justify-content: space-around;"> <span>31.01.2000</span> <span>31.01.2001</span> <span><b>Eighteen</b> (18) months ended 31.07.2002</span> <span>31.07.2003</span> <span>31.07.2004</span> <span><b>Five (5) months ended 31.12.2004</b></span> </div>					
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	18,182	31,910	73,913	87,071	121,128	51,565
Gross Profit	3,785	5,874	8,910	7,594	9,743	5,013
EBIDTA	3,782	5,896	9,578	8,144	10,132	4,706
Interest expense	(77)	(57)	(113)	(361)	(342)	(154)
Depreciation	(527)	(713)	(1,895)	(1,588)	(1,737)	(787)
PBT	3,178	5,126	7,570	6,195	8,053	3,765
Taxation	(449)	(888)	(877)	(1,163)	(1,701)	(737)
PAT	2,729	4,238	6,693	5,032	6,352	3,028
No. of Shares in issue ('000) @	76,000	76,000	76,000	76,000	76,000	76,000
Gross EPS @ (sen)	4.18	6.74	9.96	8.15	10.60	4.95
Net EPS @ (sen)	3.59	5.58	8.81	6.62	8.36	3.98

**Notes:-**

@ Based on the enlarged issued and paid-up share capital of A-Rank after the Acquisition and Rights Issue but before the IPO.

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

The detailed commentaries on the historical performance of the Group is set out in the Accountants' Report included in Section 10 of this Prospectus.

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## 9. FINANCIAL INFORMATION (Cont'd)

### 9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

#### 9.2.1 Segmental Analysis of Revenue

##### Analysis of Revenue by Products and Services:-

Financial year/ period ended	31.01.2000		31.01.2001		Eighteen (18) months ended 31.07.2002		31.07.2003		31.07.2004		Five (5) months ended 31.12.2004	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Sales of billets	12,768	70	21,986	69	56,833	77	75,049	86	105,799	87	43,762	85
Tolling and recovery services	5,414	30	9,924	31	17,080	23	12,022	14	15,329	13	7,803	15
<b>TOTAL</b>	<b>18,182</b>	<b>100</b>	<b>31,910</b>	<b>100</b>	<b>73,913</b>	<b>100</b>	<b>87,071</b>	<b>100</b>	<b>121,128</b>	<b>100</b>	<b>51,565</b>	<b>100</b>

##### Analysis of Revenue by Markets/Geographical Location:-

Financial year/ period ended	31.01.2000		31.01.2001		Eighteen (18) months ended 31.07.2002		31.07.2003		31.07.2004		Five (5) months ended 31.12.2004	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Local	17,906	98	30,865	97	71,615	97	76,867	88	92,215	76	* 40,089	78
Export	276	2	1,045	3	2,298	3	10,204	12	28,913	24	11,476	22
<b>TOTAL</b>	<b>18,182</b>	<b>100</b>	<b>31,910</b>	<b>100</b>	<b>73,913</b>	<b>100</b>	<b>87,071</b>	<b>100</b>	<b>121,128</b>	<b>100</b>	<b>51,565</b>	<b>100</b>

##### Note:-

- \* This includes sale of billets (amounting to RM4.902 million or 9.51% of the Group's total revenue) to customers in Bangladesh via an agent in Malaysia.

##### Commentaries

The increase in revenue for the financial years/period ended 2000 to 2004 was mainly due to the following reasons:-

- Increase in the number of new customers in 2000 to 2004;
- Increase in export to overseas market since 2002;
- Increase in installed production capacity; and
- Increase in average selling price for aluminium billets in 2001 to 2004.

Sales of billets contributed to more than 68% (with the balance from tolling and recovery services) of the total revenue of the A-Rank Group annually over the financial years/period ended 2000 to 2004. This is in line with the Group's focus to further expanding its sale of aluminium billets.

The customer base of the Group has generally expanded over the financial years/period ended 2000 to 2004. However, since 2002, export sales has been growing at a faster rate than sales to the domestic market which is in tandem with the Group's strategy to penetrate into the overseas market.

The detailed commentaries on the historical performance of the Group is set out in the Accountants' Report included in Section 10 of this Prospectus.

**9. FINANCIAL INFORMATION (Cont'd)****9.2.2 Analysis of Operating and Pre-tax Profits**

The Group's operating and pre-tax profits increased in tandem with the increase in revenue from the financial years ended 2000 to 2004. Notwithstanding this increase, the Group recorded declining operating and pre-tax margins which primarily arose from the following:-

1. Higher proportion of revenue from sales of aluminium billets which generally yield a lower profit margin compared to recovery and tolling services;
2. Expansion of the Group's sales of aluminium billets vis-à-vis recovery and tolling services. The revenue contribution ratio from sales of aluminium billets to recovery and tolling services increased from 70:30 in financial year ended 2000 to 85:15 in the five (5)-month period ended 31 December 2004; and

The lower operating and pre-tax margins were also a result of other factors such as higher cost of fuel (*in financial years ended 2001 to 2004*) and increase in depreciation expenses (*in financial year ended 2002*).

Impact of foreign exchange / interest rates / commodity prices on operating profits

The Group's import of primary aluminium ingots are conducted in USD. Currently, the Ringgit is pegged to the USD at an exchange rate of RM3.80 for every USD1.00, thus eliminating currency fluctuations. Aluminium billets exported by the Group are priced in USD thus forming a natural hedge which mitigates part of this risk. Further, the Group's back-to-back order and pricing arrangements with its customers also mitigate its exposure to this risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its borrowings, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment whilst achieving a certain level of protection against rate hikes.

Aluminium is a commodity traded on the LME and hence its price is subject to the vagaries of market forces. Notwithstanding the abundant supply of the metal from the global market, to ensure constant and reliable deliveries, the Group endeavours to maintain long-term relationships with foreign suppliers in order to obtain its purchases at competitive rates. The orders from customers are also priced back-to-back with that of suppliers to reduce the risk of any price increases. Further, the Group expects to be able to pass on any price increase to its customers.

Tax considerations

The effective tax rate of the Group for the the two(2) financial years ended 31 January 2000 and 2001, the financial period ended 31 July 2002, the two(2) financial years ended 31 July 2003 and 2004 as well as the five (5)-month period ended 31 December 2004 is lower than the statutory tax rate of 28% as the Group is entitled for Reinvestment Allowance from Year of Assessment 2000 (*Current Year Basis*) for 15 years against 70% of its statutory income.



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

**9.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS**

Save as disclosed in this Prospectus, as at 31 March 2005, 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) Known trends, demands, commitments, events or uncertainties 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) Material capital expenditure commitments;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group;
- (iv) Any known trends, demand, commitment, events or uncertainties that have resulted in a substantial increase in revenue which is attributable to prices, volume of goods/services being sold and the introduction of new products/services or any other factors; and
- (v) Known events, circumstances, trends, uncertainties and commitments 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 COMMITMENT AND LITIGATION**

**(i) Working Capital**

The Directors of A-Rank are of the opinion that, after taking into account the cashflow forecast, the banking facilities available and the net proceeds from the IPO, the Group will have adequate working capital for a period not less than twelve(12) months from the date of issue of this Prospectus.

**(ii) Material Litigation**

As at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution which has a material effect on the financial position of the Group and the Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of A-Rank and its subsidiary company.

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**9. FINANCIAL INFORMATION (Cont'd)****(iii) Borrowings**

As disclosed in Section 1.9(ii) of this Prospectus, as at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) the total borrowings (*which are all interest-bearing*) in the form of term loans and banker's acceptance amounted to approximately RM15.320 million as set out below:-

Borrowings	Amount outstanding as at 31 March 2005 (RM'000)
<u>Long Term borrowings</u>	
Term Loan	6,807
<u>Short Term borrowings</u>	
Term Loan	963
Bankers' acceptance	7,550
<b>Total Borrowings</b>	<b>15,320</b>

The Group has no foreign currency borrowings.

The Group has also not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the financial year ended 31 July 2004 and up to 31 March 2005, being the latest practicable date prior to the issuance of this Prospectus.

**(iv) Contingent Liabilities**

As at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*), the Group does not have any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or net asset value of the Group.

**(v) Material Commitments**

Save as disclosed below and in Section 1.9(iv) of this Prospectus, as at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) there are no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group:-

Material commitments	Amount (RM'000)
<u>Approved and contracted for</u>	
Plant and machinery *	6,009
Cost of additional land and construction of new remelt plant *	2,164
<u>Approved but not contracted for</u>	
Plant and machinery *	889
Construction cost of new office building	1,500
<b>Total</b>	<b>10,562</b>

**Note:-**

\* *Being capital expenditure in relation to the Group's expansion plan. Please refer to Section 2.7(i) of this Prospectus for further information.*

**9. FINANCIAL INFORMATION (Cont'd)****9.5 TRADE RECEIVABLES**

As at 31 March 2005, the Group recorded a total trade receivables of RM11.302 million. The normal credit period extended to the customers of the Group ranges from 30 days to 90 days. The ageing analysis for the trade receivables is as follows:-

As at 31 March 2005	Ageing analysis				Total (RM'000)
	0-30 days (RM'000)	31-60 days (RM'000)	61-90 days (RM'000)	> 90 days (RM'000)	
Total Group trade receivables	8,822	1,534	761	185	11,302
	78.06%	13.57%	6.73%	1.64%	100.00%

No provision for doubtful debts has been made in the financial statements of the Group for the trade receivables exceeding the credit period amounting to RM0.185 million as the customer with trade debts amounting to RM0.185 million has fully settled this outstanding trade debt subsequent to 31 March 2005.

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9. FINANCIAL INFORMATION (Cont'd)

9.6 CONSOLIDATED PROFIT FORECAST OF A-RANK FOR THE FINANCIAL YEAR ENDING 31 JULY 2005 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

(Prepared for inclusion in the Prospectus)



**BDO Binder** (AF 0206)  
Chartered Accountants

12th Floor Menara Uni.Asia  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur Malaysia  
Telephone : (603) 2616 2888  
Telefax : (603) 2616 3190, 2616 3191  
Website : www.bdo-malaysia.com

Our Ref : BDOB/TKL/NCH/SHW

Date: **14 APR 2005**

**The Board of Directors**  
**A-Rank Berhad**  
No. 275 (1st Floor)  
Jalan Haruan 1  
Oakland Industrial Park  
70200 Seremban  
Negeri Sembilan Darul Khusus

Dear Sirs

**A-RANK BERHAD**  
**CONSOLIDATED PROFIT FORECAST**  
**FOR THE FINANCIAL YEAR ENDING 31 JULY 2005**

We have reviewed the consolidated profit forecast of A-Rank Berhad ("A-Rank") and its subsidiary company ("A-Rank Group") for the financial year ending 31 July 2005 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the International Standard on Assurance Engagement 3400 applicable to the review of forecasts. The forecast has been prepared for the purpose of inclusion in the Prospectus of A-Rank to be dated **20 APR 2005** in connection with the proposed flotation of A-Rank on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The proposed flotation comprises the following:-

- (a) Acquisition by A-Rank of the entire equity interest in Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") for a total consideration of RM25,978,559 satisfied by the issuance of 51,939,996 new ordinary shares of RM0.50 each at an issue price of approximately RM0.5002 each in A-Rank ("**Acquisition**").

The Acquisition was completed on 10 March 2005;

- (b) Rights issue of 24,060,000 new ordinary shares of RM0.50 each in A-Rank at an issue price of RM0.50 per ordinary share ("**Rights Issue**").

The Rights Issue was completed on 28 March 2005;

- (c) Public issue of 4,000,000 new ordinary shares of RM0.50 each in A-Rank at an issue price of RM1.00 per ordinary share ("**Public Issue**");

- (d) Offer for sale of 16,600,000 ordinary shares of RM0.50 each comprising:-

- (i) 2,000,000 ordinary shares of RM0.50 each available for application by the Malaysian public;
- (ii) 3,900,000 ordinary shares of RM0.50 each available for placement to selected investors;
- (iii) 1,900,000 ordinary shares of RM0.50 each available for application by the eligible directors, employees and business associates of A-Rank Group; and

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

*A-Rank Berhad  
Consolidated Profit Forecast  
for the Financial Year Ending 31 July 2005*



- (iv) 8,800,000 ordinary shares of RM0.50 each for placement to Bumiputera investors approved by the Ministry of International Trade and Industry;

at an offer price of RM1.00 per ordinary share payable in full on application pursuant to its listing on the Second Board of Bursa Securities ("Offer for Sale").

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 by A-Rank Group. The Directors are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecasts, 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 assumptions). While information may be available to support the assumptions on which the 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 the 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 consolidated profit forecast; and
- (ii) in our opinion, the consolidated 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 by A-Rank Group.

Yours faithfully

**BDO Binder**  
AF : 0206  
Chartered Accountants

**Tan Kim Leong, JP**  
235/06/05 (J/PH)

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

**A-RANK BERHAD ("A-Rank")  
 CONSOLIDATED PROFIT FORECAST  
 FOR THE FINANCIAL YEAR ENDING 31 JULY 2005  
 TOGETHER WITH THE PRINCIPAL ASSUMPTIONS THERETO**

The Directors of A-Rank forecast that, the consolidated profit after taxation of A-Rank for the financial year ending 31 July 2005 will be as follows:-

	<b>RM'000</b>
Revenue	<u>185,444</u>
Consolidated profit before taxation	11,079
Taxation	<u>(1,736)</u>
Consolidated profit after taxation	<u>9,343</u>
Number of shares ('000)	80,000
Gross earnings per share (sen) <sup>+</sup>	13.85
Net earnings per share (sen) <sup>+</sup>	11.68
Weighted average share capital ('000) <sup>#</sup>	28,498
Gross earnings per share (sen) <sup>^</sup>	38.88
Net earnings per share (sen) <sup>^</sup>	32.79

<sup>+</sup> Based on the enlarged issued and paid-up share capital of 80,000,000 shares after the Public Issue

<sup>#</sup> The Acquisition of Formosa was completed on 10 March 2005, and the Rights Issue was completed on 28 March 2005. The Public Issue is expected to be completed by early May 2005

<sup>^</sup> Based on weighted average share capital of 28,497,503

The principal bases and assumptions upon which the above consolidated profit forecast after taxation has been prepared are as follows:-

1. There will be no significant changes to the prevailing market, economic and political conditions in Malaysia, in particular, the building industry, and elsewhere in which A-Rank Group operates that will adversely affect the activities or performance of A-Rank Group.
2. There will be no significant changes in legislation or government regulations and policies, including tariffs, duties, levies and other taxes, which will adversely affect A-Rank Group, its operations or the market in which it operates.
3. Inflation and exchange rates of foreign currencies will not change significantly from their present levels as majority of the export and import are denominated in the United States Dollar ("USD"). The Ringgit which is currently being pegged to the USD will remain unchanged during the financial year.
4. Existing financing facilities will remain available to A-Rank Group at the prevailing effective interest rate. Additional financing facilities will be readily available as and when required.

Stamped for  
the purpose of  
identification only.

11 4 APR 2005

BDO Binder (AF0206)  
Chartered Accountants  
Kuala Lumpur



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

5. There will be continuity in the existing management and there will be no material changes in the existing accounting, management and operating policies adopted by A-Rank Group.
6. The demand for and prices of the product, sales mix, profit margins and services of A-Rank Group as forecasted will not be affected to a material extent by changes in market conditions.
7. The Group expects to be able to pass on the costs of any increase in prices of raw materials to its customers, as the orders from customers are priced back-to-back with that of its suppliers.
8. There will be no unfavourable or major disruptions in the manufacturing facilities arising from industrial disputes, labour shortage, or any abnormal circumstances including exceptional bad debts which will adversely affect the development, production and sales of the products and services of A-Rank Group.
9. There will be no significant changes in the prevailing cost of raw materials, labour or overheads which will adversely affect the operations of A-Rank Group.
10. Capital expenditure programmes will be implemented and incurred as scheduled with no material changes in the expected cost or price and there will be no material acquisitions or disposals of property, plant and equipment and investment other than those planned.
11. There will be no material changes in the structure and present activities of A-Rank Group other than those taken into consideration in the profit forecast.
12. There will be no disruption in the supply of services by major suppliers and there will be no material changes in the prices that will adversely affect the activities of A-Rank Group.
13. The existing contracts and licences of A-Rank Group will not be terminated or suspended and there will be no significant changes to the terms and conditions of these contracts and licences.
14. The statutory income tax rate for the forecast year is 28%. The subsidiary, Formosa Shyen Horng Metal Sdn Bhd is eligible for the incentive for small and medium scale companies where chargeable income is subject to a reduced tax rate of 20% on first RM500,000 of its chargeable income. The reduced tax rate of 20% and the threshold for chargeable income of RM500,000 will remain unchanged for the forecast year.
15. The finalisation of tax computations, in particular, the capital and reinvestment allowances will be agreed by the tax authorities without any major revision.
16. There will be no material liabilities arising from any legal action, instituted against A-Rank Group in the forecast year.



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

17. The proposed flotation will be completed by early May 2005 and the proceeds from the proposed flotation will be utilised in the following manner:-

	RM'000
Expansion plan	12,680
Estimated listing expenses *	<u>1,600</u>
	<u>14,280</u>

\* Any unutilised amount shall be used for working capital purposes of the A-Rank Group. Any shortfall will be met via internally-generated funds.



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

The Directors expect the Group's revenue to increase for the financial year ending 31 July 2005, due to increase in sales to both its existing customers as well as new customers, especially in the overseas market. The overseas market is expected to play an important role in the future performance of the Group and efforts are being expended in further developing this market. To support this increase in sales, the Group is embarking on an expansion plan which is expected to increase the Group's production capacity by 29% from an average of 58,000 tonnes per annum for the financial year ended 31 July 2004 to an average of 75,000 tonnes per annum for the financial year ending 31 July 2005. *(Further information on the expansion plan comprising the construction of a new remelt plant equipped with various equipment is set out in Section 2.7 of the Prospectus.)*

Therefore, total Group revenue is projected to increase to approximately RM185.4 million in the financial year ending 31 July 2005 representing an increase of approximately RM64.3 million or approximately 53.1% over the previous financial year ended 31 July 2004. This expected increase is mainly attributable to the following:-

- (i) an expected increase in price of aluminium billets due to the the Group's anticipation of a price increase in its raw materials;
- (ii) an expected increase in sales tonnage by 29% from 40,130 tonnes to 51,610 tonnes.

Based on the above, the Group is projected to record a PBT and PAT of RM11.0 million and RM9.3 million respectively in the financial year ending 31 July 2005, in tandem with the increase in sales and production.

The Board confirms that the consolidated profit forecast of A-Rank and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful inquiries, 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 as well as the underlying bases and assumptions used in preparing the consolidated profit forecast, are of the opinion that the consolidated profit forecast of the Group is fair and reasonable.

Nevertheless, the underlying bases and assumptions used in preparing the consolidated profit forecast cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of A-Rank. Therefore, certain assumptions used in the preparation of the consolidated profit forecast may differ significantly from the date of this Prospectus and this may have a material impact on the consolidated profit forecast.

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**9. FINANCIAL INFORMATION (Cont'd)****9.8 DIVIDEND FORECAST**

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Based on the consolidated profit forecast for the financial year ending 31 July 2005 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors of A-Rank anticipate that the Company will be in a position to propose a dividend of 3.50 sen per Share or 7.00% per Share for the financial year ending 31 July 2005, based on the enlarged issued and paid-up share capital of 80,000,000 Shares.

The intended appropriation of the forecast consolidated PAT for the financial year ending 31 July 2005 would be as follows:-

Financial year ending 31 July	Forecast 2005 (RM'000)
Consolidated PBT	11,079
Less : Taxation	(1,736)
Consolidated PAT	9,343
Less : Dividend *	(2,800)
Consolidated retained profits	6,543
Tax-exempt dividend per Share (sen)	3.50
Dividend yield (%) ^	3.50
Dividend cover (times)	3.34

Notes:-

\* Based on the enlarged Share capital of 80,000,000 Shares after the IPO.

^ Based on the IPO price of RM1.00 per Share.

Investors should note that actual dividends proposed and declared, may vary depending on the financial performance and cash flows of A-Rank Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of the A-Rank Group.

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**9. FINANCIAL INFORMATION (Cont'd)****9.9 SENSITIVITY ANALYSIS**

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 9.6 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the turnover and the cost of sales. Notwithstanding the impacts of the variations in the turnover and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows:-

**9.9.1 Variations in Revenue**

*Forecast for the financial year ending 31 July 2005*

	Revenue (RM'000)	Cost of sales (RM'000)	Gross profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Gross profit margin %
As forecast	185,444	171,765	13,679	11,079	9,343	7.38
Up to 10%	203,988	188,385	15,603	12,940	11,061	7.65
Up to 5%	194,716	180,076	14,640	12,009	10,292	7.52
Down 5%	176,172	163,456	12,716	10,148	8,510	7.22
Down 10%	166,900	155,146	11,754	9,218	7,660	7.04

**9.9.2 Variations in Production Cost**

*Forecast for the financial year ending 31 July 2005*

	Revenue (RM'000)	Production Cost (RM'000)	Gross profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Gross profit margin %
As forecast	185,444	171,765	13,679	11,079	9,343	7.38
Up to 10%	185,444	173,985	11,459	8,859	7,668	6.18
Up to 5%	185,444	172,875	12,569	9,969	8,515	6.78
Down 5%	185,444	170,856	14,788	12,188	10,205	7.97
Down 10%	185,444	169,547	15,897	13,298	11,052	8.57

**9.9.3 Variations in Operating Expenses**

*Forecast for the financial year ending 31 July 2005*

	Revenue (RM'000)	Cost of sales (RM'000)	Gross profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Gross profit margin %
As forecast	185,444	171,765	13,679	11,079	9,343	7.38
Up to 10%	185,444	171,765	13,679	10,818	9,188	7.38
Up to 5%	185,444	171,765	13,679	10,948	9,283	7.38
Down 5%	185,444	171,765	13,679	11,209	9,475	7.38
Down 10%	185,444	171,765	13,679	11,340	9,572	7.38

Based on the above, the sensitivity analysis shows that the Group will continue to remain profitable for the forecast year despite the variations in revenue, production cost and operating expenses.



9. FINANCIAL INFORMATION (Cont'd)

9.10 PROFORMA CONSOLIDATED BALANCE SHEETS OF A-RANK AS AT 31 DECEMBER 2004 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON  
(Prepared for inclusion in the Prospectus)



BDO Binder (AF 0206)  
Chartered Accountants

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1008 Jalan Sultan Ismail  
50250 Kuala Lumpur Malaysia  
Telephone : (603) 2616 2888  
Telefax : (603) 2616 3190, 2616 3191  
Website : www.bdo-malaysia.com

Our Ref: BDOB/TKL/NCH/SHW

Date: 14 APR 2005

The Board of Directors  
A-Rank Berhad  
No. 275 (1st Floor)  
Jalan Haruan 1  
Oakland Industrial Park  
70200 Seremban  
Negeri Sembilan Darul Khusus

Dear Sirs

**A-RANK BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

We have reviewed the presentation of the proforma consolidated balance sheets of A-Rank Berhad ("A-Rank") and its subsidiary company ("A-Rank Group") as at 31 December 2004, together with the notes thereon as set out in the accompanying statement (which we have stamped for the purpose of identification), for which the Directors of A-Rank are solely responsible, for the purpose of inclusion in the Prospectus of A-Rank to be dated 20 APR 2005 in connection with the proposed flotation of A-Rank on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The proposed flotation comprises the following:-

- (a) Acquisition by A-Rank of the entire equity interest in Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") for a total consideration of RM25,978,559 satisfied by the issuance of 51,939,996 new ordinary shares of RM0.50 each at an issue price of approximately RM0.5002 each in A-Rank ("Acquisition").

The Acquisition was completed on 10 March 2005;

- (b) Rights issue of 24,060,000 new ordinary shares of RM0.50 each in A-Rank at an issue price of RM0.50 per ordinary share ("Rights Issue").

The Rights Issue was completed on 28 March 2005;

- (c) Public issue of 4,000,000 new ordinary shares of RM0.50 each in A-Rank at an issue price of RM1.00 per ordinary share ("Public Issue");

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

*A-Rank Berhad  
Proforma Consolidated Balance Sheets  
31 December 2004*



- (d) Offer for sale of 16,600,000 ordinary shares of RM0.50 each comprising: -
- (i) 2,000,000 ordinary shares of RM0.50 each available for application by the Malaysian public;
  - (ii) 3,900,000 ordinary shares of RM0.50 each available for placement to selected investors;
  - (iii) 1,900,000 ordinary shares of RM0.50 each available for application by the eligible directors, employees and business associates of A-Rank Group; and
  - (iv) 8,800,000 ordinary shares of RM0.50 each for placement to Bumiputera investors approved by the Ministry of International Trade and Industry;

at an offer price of RM1.00 per ordinary share payable in full on application pursuant to its listing on the Second Board of Bursa Securities ("Offer for Sale").

In our opinion:-

- (i) the proforma consolidated balance sheets of A-Rank as at 31 December 2004, which are prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheets and such basis is consistent with the accounting policies adopted by the A-Rank Group; and
- (ii) the adjustments to the consolidated balance sheets of A-Rank as at 31 December 2004 are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

**BDO Binder**  
AF : 0206  
Chartered Accountants

**Tan Kim Leong**  
235/06/05 (J/PH)  
Partner

**9. FINANCIAL INFORMATION (Cont'd)****A-RANK BERHAD****PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

The proforma consolidated balance sheets of A-Rank Berhad as at 31 December 2004 as set out below are prepared for illustrative purposes only.

	Audited as at 31 December 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
<b>ASSETS EMPLOYED</b>				
PROPERTY, PLANT AND EQUIPMENT	-	23,438	23,438	23,438
<b>CURRENT ASSETS</b>				
Inventories	-	8,792	8,792	8,792
Trade receivables	-	10,373	10,373	10,373
Other receivables, deposits and prepayments	-	335	335	335
Cash and bank balances	*	632	10,912	13,312
	*	20,132	30,412	32,812
<b>CURRENT LIABILITIES</b>				
Trade payables	-	1,838	1,838	1,838
Other payables and accruals	1	1,469	1,469	1,469
Amounts owing to directors	5	626	5	5
Amounts owing to shareholders	-	1,129	-	-
Amounts owing to shareholders of Formosa before the Acquisition	-	^2,800	^2,800	^2,800
Hire-purchase creditor	-	30	30	30
Bank borrowings	-	5,706	5,706	5,706
Tax liabilities	-	523	523	523
	6	14,121	12,371	12,371
NET CURRENT (LIABILITIES)/ASSETS	(6)	6,011	18,041	20,441
	(6)	29,449	41,479	43,879
<b>FINANCED BY</b>				
SHARE CAPITAL	*	25,970	38,000	40,000
SHARE PREMIUM	-	8	8	408
RESERVES ON CONSOLIDATION	-	229	229	229
ACCUMULATED LOSSES	(6)	(6)	(6)	(6)
(CAPITAL DEFICIENCY)/ SHAREHOLDERS' EQUITY	(6)	26,201	38,231	40,631
<b>LONG TERM AND DEFERRED LIABILITIES</b>				
Hire-purchase creditor	-	5	5	5
Bank borrowings	-	1,493	1,493	1,493
Deferred tax liabilities	-	1,750	1,750	1,750
	(6)	29,449	41,479	43,879
Net (liabilities)/tangible assets	(6)	26,201	38,231	40,631
Net (liabilities)/tangible assets per ordinary share of RM0.50 each (RM)	(1,460.75)	0.50	0.50	0.51

Note:-

\* Represents RM2.00

^ The amount relates to the declaration of the special interim tax exempt dividends of RM2.8 million by Formosa to its existing shareholders prior to the Acquisition on 7 March 2005 ("Special Dividends"). This Special Dividends were subsequently paid on 18 March 2005.

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Kuala Lumpur

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

**NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 2004**

**(A) BASIS OF PREPARATION**

The proforma consolidated balance sheets are presented for illustrative purposes only and have been prepared:-

- (i) based on the audited balance sheets of A-Rank and Formosa as at 31 December 2004;
- (ii) based on the accounting policies and basis adopted by A-Rank Group; and
- (iii) after incorporating the transactions referred to in (B) to (D) below as though they were effected on 31 December 2004.

**(B) PROFORMA I**

*Acquisition*

Proforma I incorporates the acquisition by A-Rank of the entire equity interest in Formosa:-

- (i) for a total consideration of RM25,978,559 satisfied by the issuance of 51,939,996 new ordinary shares in A-Rank of RM0.50 each at an issue price of approximately RM0.5002 per ordinary share; and
- (ii) declaration of the Special Dividends of RM2.8 million by Formosa to its existing shareholders prior to the Acquisition on 7 March 2005, which were paid on 18 March 2005.

The Acquisition was completed on 10 March 2005.

**(C) PROFORMA II**

*Rights Issue*

Proforma II is stated after proforma I and incorporates the effects of the rights issue of 24,060,000 new ordinary shares of RM0.50 each in A-Rank at an issue price of RM0.50 per ordinary share.

As at 31 December 2004, shareholders' and directors' advances of A-Rank Group amounted to RM1.129 million and RM0.626 million respectively. RM1,750,000 out of these amounts were settled by A-Rank on behalf of Formosa by way of set-off against the respective portion of the required cash outlay of the affected shareholders and directors for the Rights Issue. Hence, the net proceeds from the Rights Issue to the Company after setting-off the shareholders' and directors' advances totalling RM1,750,000, was RM10,280,000, instead of RM12,030,000.

The Rights Issue was completed on 28 March 2005.

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**9. FINANCIAL INFORMATION (Cont'd)****NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 2004****(D) PROFORMA III*****Public Issue and Offer for Sale***

Proforma III is stated after proforma I and II and incorporates the effects of the following:-

- (a) Public issue of 4,000,000 new ordinary shares of RM0.50 each in A-Rank at an issue price of RM1.00 per ordinary share.
- (b) Offer for sale of 16,600,000 ordinary shares of RM0.50 each comprising: -
  - (i) 2,000,000 ordinary shares of RM0.50 each available for application by the Malaysian public;
  - (ii) 3,900,000 ordinary shares of RM0.50 each available for placement to selected investors;
  - (iii) 1,900,000 ordinary shares of RM0.50 each available for application by the eligible directors, employees and business associates of A-Rank Group; and
  - (iv) 8,800,000 ordinary shares of RM0.50 each for placement to Bumiputra investors to be approved by the Ministry of International Trade and Industry;

at an offer price of RM1.00 per ordinary share payable in full on application pursuant to its listing on the Second Board of Bursa Securities.

The proceeds from the Rights Issue and Public Issue will be utilised as follows:-

	<b>RM'000</b>
Expansion plan <sup>^</sup>	12,680
Estimated listing expenses*	<u>1,600</u>
	<u>14,280</u>

<sup>^</sup> As at 31 December 2004, Formosa has not utilised any term loan facility for the expansion plan. For the purpose of this proforma, as the term loan has not been utilised, the proceeds from the Rights Issue and Public Issue of RM12.680 million are included in cash and bank balances.

\* Any unutilised amount shall be used for working capital purposes of A-Rank Group. Any shortfall will be met via internally-generated funds.





**9. FINANCIAL INFORMATION (Cont'd)****(E) SHARE CAPITAL AND RESERVES**

The movement of the issued and paid-up share capital and reserves of A-Rank are as follows:-

	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Accumulated losses RM'000
As at 31 December 2004	*	-	-	(6)
Arising pursuant to the Acquisition	25,970	8	229	-
Proforma I	25,970	8	229	(6)
Rights Issue	12,030	-	-	-
Proforma II	38,000	8	229	(6)
Public Issue	2,000	2,000	-	-
Estimated listing expenses	-	(1,600)	-	-
Proforma III	40,000	408	229	(6)

Note:-

\* Represents RM2.00

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