



ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD

(formerly known as Malaysia British Assurance Berhad)

(Company Number 12428-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Level 41, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

3 September 2002

Directors

Tan Sri Razali Ismail (*Chairman*)
Dato' Dr. Mohd Shahari Ahmad Jabar (*Deputy Chairman*)
Dato' Seri Nik Abidin bin Nik Omar
Alan John Wilson
Dung Tri Nguyen
Craig Anthony Ellis
Olaf Tileman Andreas Fischer
Neil Bassett Emery (*Alternate Director to Alan John Wilson*)

To: The Shareholders of Allianz General Insurance Malaysia Berhad (formerly known as Malaysia British Assurance Berhad)

Dear Sir/Madam

RENOUNCEABLE RIGHTS ISSUE OF UP TO 98,964,560 NEW ORDINARY SHARES OF RM1.00 EACH HELD IN ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD (FORMERLY KNOWN AS MALAYSIA BRITISH ASSURANCE BERHAD) ("ALLIANZ GENERAL") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE, PAYABLE IN FULL UPON ACCEPTANCE, ON THE BASIS OF NINE (9) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN ALLIANZ GENERAL AT 5.00 P.M. ON 27 AUGUST 2002

1. INTRODUCTION

The Board of Directors of Allianz General is pleased to inform you that at an EGM of Allianz General held on 5 August 2002, the shareholders of the Company had approved the following:

- (i) rights issue of up to 98,964,560 Rights Shares at an issue price of RM1.00 per Rights Share on the basis of nine (9) Rights Shares for every five (5) existing Allianz General Shares held;
- (ii) utilisation of proceeds to be derived from the Rights Issue mentioned in (i) above; and
- (iii) increase in the authorised share capital of Allianz General from RM100,000,000 comprising 100,000,000 Allianz General Shares to RM200,000,000 comprising 200,000,000 Allianz General Shares.

A certified true extract of the ordinary resolution pertaining to the Rights Issue passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

The Rights Issue and the listing of and quotation for the Rights Shares on the Main Board of the KLSE were approved by the SC on 3 May 2002 subject to, the following conditions:

- (i) Allianz and its group of companies which have substantial interest in Allianz General are required to provide to the SC an irrevocable undertaking letter to subscribe for their respective rights entitlements. In the event Allianz is unable to furnish the undertaking letter, CIMB as the adviser is required to arrange for the underwriting of those portion of the Rights Shares that need to be underwritten and be one of the underwriters;
- (ii) In the event the issue price per Rights Share is fixed at a discount of more than 30% from the theoretical ex-rights price based on the weighted average market price of Allianz General Shares for five (5) consecutive trading days preceding the price fixing date, the promoter and the Directors of Allianz General will have to provide their undertaking letters to the SC stating that they will not dispose of their respective shareholdings in Allianz General, from the ex-date of the shares until ten (10) Market Days after the listing of the Rights Shares;
- (iii) Allianz General is required to allocate the unsubscribed shares arising from the Rights Issue, including the excess shares, in a fair and just manner;
- (iv) Allianz General is required to seek the SC's approval should there be changes in the utilisation of the proceeds from the Rights Issue that result in the proceeds being used for non-core business of Allianz General;
- (v) Approval from the shareholders of Allianz General is required for the utilisation of proceeds from the Rights Issue and for any variation that amounts to 25% or more of the said intended utilisation of proceeds. In the event that the variation amounts to less than 25% of the intended utilisation of proceeds, an appropriate disclosure has to be made to the shareholders of Allianz General;
- (vi) Any extension of time for the utilisation of proceeds has to be approved via a clear resolution of the Board of Directors of Allianz General and has to be disclosed to the KLSE;
- (vii) The status of the utilisation of the proceeds from the Rights Issue is required to be appropriately disclosed in Allianz General's Quarterly Report and Annual Report until all proceeds received are fully utilised;
- (viii) CIMB is required to submit to the SC a copy of the Abridged Prospectus for registration and a copy of the final draft circular to shareholders of Allianz General for its perusal; and
- (ix) Allianz General and CIMB are required to comply with the relevant requirements in relation to the Rights Issue, as prescribed under the SC's Policies and Guidelines on the Issue/Offer of Securities.

The Company has complied/will comply with the aforesaid conditions imposed by the SC.

The approval of the SC shall not be taken to indicate that the SC recommends the Rights Issue and investors should rely on their own evaluation to assess the merits and risks of any investment.

Approval from BNM for the issuance, the circulation or the distribution of the prospectus in relation to the Rights Issue and the increase in the authorised share capital was obtained on 6 March 2002.

On 8 August 2002, CIMB, on behalf of Allianz General, announced that the issue price for the Rights Share has been fixed at RM1.00 per Rights Share and that the Entitlement Date has been fixed at 5.00 p.m. on 27 August 2002.

Approval-in-principle has been obtained from the KLSE on 9 August 2002 for the listing of and quotation for the Rights Shares on the Main Board of the KLSE. The listing of and quotation for the Rights Shares will commence after receipt of confirmation from MCD that all the CDS accounts of the Entitled Shareholders or their renouncee(s) (if applicable) have been duly credited, notices of allotment have been dispatched to them and the public shareholding spread based on the entire enlarged issued and paid up share capital of the Company which is in compliance with Paragraph 3.05(1) of the Listing Requirements has been met.

On 29 August 2002, CIMB, on behalf of Allianz General, announced that the KLSE, vide its letter dated 29 August 2002, has informed as follows:

- (i) the KLSE has approved a further extension of time until 31 December 2002 for Allianz General to comply with the public shareholding spread requirements pursuant to Paragraphs 8.15(1) and 3.05(1) of the Listing Requirements; and
- (ii) the KLSE has not approved the application for the following:
 - (a) the lifting of suspension of trading in Allianz General Shares with effect from the Market Day following the date of announcement of the Entitlement Date for the Rights Issue; and
 - (b) the commencement of trading of the rights entitlements for a period of seven (7) clear Market Days from the Entitlement Date pursuant to the Rights Issue. The KLSE has advised that Allianz General is allowed to shorten the closing date for the receipt of the application and acceptance in respect of the Rights Issue from at least twenty two (22) Market Days (as required under Paragraph 6.20 of the Listing Requirements) to at least fourteen (14) Market Days after the Entitlement Date.

2. DETAILS OF THE RIGHTS ISSUE

In accordance with the terms of the Rights Issue as approved by the SC and the shareholders of the Company and subject to the conditions of this Abridged Prospectus and the RSF, Allianz General has provisionally allotted up to 98,964,560 Rights Shares on the basis of nine (9) Rights Shares for every five (5) existing Allianz General Shares held at an issue price of RM1.00 per Rights Share, payable in full upon acceptance, for subscription by shareholders of the Company whose names appear in the Record of Depositors at 5.00 p.m. on 27 August 2002. The said number of 98,964,560 Rights Shares excludes the rights entitlements of the new shares arising from the exercise of options which may be granted by the Company pursuant to the Allianz General ESOS. Fractions of the Rights Shares shall be dealt with in such manner by the Board of Directors of the Company as they may deem fit to minimise the incidence of odd lots. The Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess shares applications.

The issue price of RM1.00 per Rights Share represents a discount of approximately 69.79% over the theoretical ex-rights price of RM3.31 per Allianz General Share computed based on the weighted average market price of Allianz General Shares for the five (5) Market Days ended 4 September 2001 (being the date prior to the suspension of the Allianz General Shares on the KLSE), of RM7.47 per Allianz General Share.

As the issue price of the Rights Shares is fixed at a discount of more than 30% from the theoretical ex-rights price and in compliance with the approval of the SC for the Rights Issue, the Directors and the promoter of Allianz General have provided their undertaking letters that they will not dispose of their existing Allianz General Shares during the period from the ex-date of Allianz General Shares until then (10) Market days after the Rights Shares are listed on the KLSE.

There will not be any trading of rights entitlements for the Rights Issue. Accordingly, Allianz General is allowed to shorten the closing date for the receipt of the application and acceptance in respect of the Rights Issue from at least twenty two (22) Market Days (as required under Paragraph 6.20 of the Listing Requirements) to at least fourteen (14) Market Days after the Entitlement Date. However, the Entitled Shareholder(s) can renounce their rights entitlement(s) via transfer requests to the MCD in accordance with the Rules of MCD.

The Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the existing Allianz General Shares save and except that they shall not be entitled to any rights, allotments, dividends and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares pursuant to the Rights Issue.

As the Allianz General Shares are prescribed securities, the Rights Shares will be credited directly into the respective CDS accounts of the Entitled Shareholders or their renouncee(s) (if applicable). **No physical share certificates will be issued to the Entitled Shareholders or their renouncee(s) (if applicable) under the Rights Issue.** However, a notice of allotment will be dispatched to the Entitled Shareholders or their renouncee(s) (if applicable) within fifteen (15) Market Days from the last day for acceptance and payment of the Rights Shares.

As you are an Entitled Shareholder, your CDS account will be duly credited with a Provisional Allotment Letter constituting the number of provisionally allotted Rights Shares which you are entitled to subscribe for under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, a Notice of Provisional Allotment notifying you of the crediting of such number of provisionally allotted Rights Shares for which you are entitled to subscribe for under the terms of the Rights Issue into your CDS account and a RSF to enable you to subscribe for such number of provisionally allotted Rights Shares as well as excess Rights Shares.

3. RATIONALE FOR THE RIGHTS ISSUE AND UTILISATION OF PROCEEDS FROM THE RIGHTS ISSUE

3.1 Rationale

The Rights Issue is being undertaken to raise the required funds to increase the issued and paid-up share capital of Allianz General to at least RM152 million (under a minimum scenario, as explained in Section 5 of this Abridged Prospectus) which will enable the Company to comply with the minimum level of issued and paid-up share capital requirement imposed by BNM on insurance companies of at least RM100 million. In addition, the Rights Issue will contribute towards meeting the minimum margin of solvency requirement set by BNM and increase the issued and paid-up share capital of Allianz General to a level which would be more reflective of the scale of its present and future activities. It also enables the Company to comply with the minimum issued and paid-up share capital requirement of at least RM60 million for companies listed on the Main Board of the KLSE.

3.2 Utilisation of Proceeds

The gross proceeds derived from the Rights Issue is dependent on the level of subscription by the Allianz General shareholders. The estimated amount of the proceeds is arrived at based on the following two (2) scenarios:

(i) Maximum Scenario

Under the maximum scenario, an assumption has been made that the Rights Issue will be fully subscribed by all the shareholders of Allianz General based on their respective entitlements of the Rights Shares under the Rights Issue.

(ii) Minimum Scenario

Under the minimum scenario, an assumption has been made that the Rights Issue is undersubscribed whereby Allianz, AGF Asia and AGF Int. will fully subscribe for their entitlements of the Rights Shares under the Rights Issue while the remaining shareholders of Allianz General do not subscribe for their respective entitlements of the Rights Shares under the Rights Issue.

The gross proceeds from the Rights Issue based on an issue price of RM1.00 per Rights Share, are expected to be fully utilised within six (6) months from the listing of the Rights Shares in the following manner:

	Maximum Scenario RM 000	Minimum Scenario RM 000
Working capital purposes of the Allianz General Group*	97,765	96,329
Estimated expenses for the Rights Issue	1,200	1,200
	<u>98,965</u>	<u>97,529</u>

Note:

* Including investment in debt securities, equities and money market which is in the ordinary course of business of an insurance company.

As shown above, the net proceeds from the Rights Issue, after deducting the estimated expenses in relation to the Rights Issue of RM1.2 million is RM97.8 million (under the maximum scenario).

4. INVESTMENT CONSIDERATIONS

Prospective subscribers and purchasers should carefully consider, in addition to the other information contained herein, the following risk factors (which may not be exhaustive) before subscribing for or purchasing the Rights Shares:

4.1 Suspension of Trading in Allianz General Shares, Trading of Rights Entitlements and Rights Shares and Listing Status of Allianz General

The trading in the Allianz General Shares was suspended by the KLSE on 5 September 2001, pursuant to Paragraph 11.09 of the Listing Requirements, following the announcement by Allianz that acceptances received in respect of its voluntary general offer to acquire the Allianz General Shares have resulted in it together with persons acting in concert with it holding approximately 90% of the issued and paid-up share capital of Allianz General.

Paragraph 8.15(1) of the Listing Requirements states that a Company must maintain a spread of shareholdings as required under Paragraph 3.05(1) of the Listing Requirements. Paragraph 3.05(1) of the Listing Requirements further states that at least 25% of its issued and paid-up share capital of the Company must be held by a certain minimum number of public shareholders holding not less than one thousand (1,000) shares each. In addition, Paragraph 16.09 of the Listing Requirements, provides, inter alia, that the KLSE is entitled to de-list a listed issuer for failure to comply with Paragraph 8.15 of the Listing Requirements.

Following an application made to the KLSE, the KLSE has on 28 January 2002 approved the following:

- (i) an extension of six (6) months until 21 April 2002 for Allianz General to comply with Paragraphs 8.15(1) and 3.05(1) of the Listing Requirements;
- (ii) non-delisting of the Allianz General Shares; and
- (iii) upliftment of the suspension imposed on Allianz General Shares three (3) Market Days after receipt of confirmation from Allianz General that the public shareholding spread requirement has been met.

In a letter to KLSE dated 10 April 2002, CIMB, on behalf of Allianz General, applied for a further extension of time for Allianz General to comply with Paragraphs 8.15(1) and 3.05(1) of the Listing Requirements to 31 December 2003. An application was also made for the lifting of suspension of trading in Allianz General Shares with effect from the Market Day following the date of announcement of the Entitlement Date for the Rights Issue ("Lifting of Suspension") and the trading of the rights entitlements to commence one (1) clear Market Day after the dispatch of notices of provisional allotment and rights subscription form and cease seven (7) clear Market Days before the last date of acceptance pursuant to the Rights Issue ("Trading of Rights Entitlements"). The KLSE, vide its letter dated 29 August 2002, has, inter alia, informed as follows:

- (i) the KLSE has approved a further extension of time until 31 December 2002 for Allianz General to comply with the public shareholding spread requirements pursuant to Paragraphs 8.15(1) and 3.05(1) of the Listing Requirements; and
- (ii) the KLSE has not approved the application for the Lifting of Suspension and Trading of Rights Entitlements.

Trading in Allianz General Shares will remain suspended and there will be no trading of the rights entitlements and Rights Shares on the KLSE. No assurance can be given that such suspension will be lifted or that such public shareholding spread will be met in the immediate future although various options are being considered to address the aforesaid matters.

4.2 Business Risks

The Allianz General Group is principally involved in the business of underwriting general and life insurance. Accordingly, the Allianz General Group is subject to certain risks inherent in the insurance industry. These risks include the volatility of the debt and equities market, changes in general economic conditions such as, but not limited to, government regulations, changes in business conditions such as deterioration in prevailing market conditions, entry of new market participants, changes in consumers' preference and changes in disposable income within which the insurance industry operates. Any change to these factors may have an adverse effect on the operations of the Group. Notwithstanding the aforesaid, the Group had instituted strategic planning and risk management to minimise the possibility of the Group being subject to such risks.

4.3 Competition

The Malaysian insurance industry is competitive and the Allianz General Group faces competition from both foreign and local insurers in view of the similarity of the services offered. The insurance industry is characterised by the dominance of major insurers and stiff premium rate competition. In order to maintain its competitive standing in the insurance industry, the Allianz General Group continuously seeks to improve the quality of its services and introduce new and innovative insurance products. Whilst no assurance can be given that the Group will be able to maintain its existing market share in the long term, the Group believes that its strategy of venturing into the underwriting of large industrial and personalised risks while maintaining its market position in underwriting commercial risk will increase or at least maintain its market share over the foreseeable future.

4.4 Political and Economical Factors

The growth and profitability of the Allianz General Group is expected to be closely linked to the future economic conditions and development in Malaysia which, in turn, may be affected by political and economic uncertainties including but not limited to the changes in inflation, interest rates, taxation methods, currency rules and contracts and government regulations. No assurance can be given that changes to any of these factors will not have a material adverse effect on the Allianz General Group's business.

4.5 Global Terrorism

The terrorist attacks in the US on 11 September 2001 that disrupted securities markets worldwide, have adversely affected economic conditions in the US and elsewhere and have contributed to political and economic uncertainty worldwide. The evolving response of the US and other nations is likely to result in continuing political and economic uncertainty and could result in potential further terrorist attacks and increased volatility in the world's financial markets. All of these factors may have an adverse impact on the insurance industry including increases in premiums for reinsurance difficulties in ceding insurance risk and decline in the value of investments held by insurers. Global political or economic developments related to this crisis could adversely affect the Malaysian economy which could also have an adverse effect on the business of the Allianz General Group.

4.6 Control by Certain Substantial Shareholders

Based on the Record of Depositors as at 20 August 2002, Allianz, directly and indirectly through its subsidiaries collectively hold approximately 99% of the issued and paid-up share capital of Allianz General. Allianz and its subsidiaries, will therefore be able to jointly control the outcome of all matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

4.7 Dependence on Key Personnel

The Allianz General Group believes that its continuing success depends, to a significant extent, upon the abilities and continuing efforts of its existing Directors and senior management. Although the loss of any of any key members could adversely affect the Group's continuing ability to compete in the industry, the Group is in the process of implementing a management succession plan to ensure continuity and support at its management level. The Group's future success will depend upon its ability to attract and retain skilled personnel. In this regard, the Group has implemented the ESOS for eligible employees of the Allianz General Group as an incentive to attract and retain skilled personnel. The Board of Directors of Allianz General believes that with these measures along with other human resource policies such as incentive bonuses, medical benefits and personal accident insurance policies, the Group will be able to retain its key personnel.

4.8 Forward-looking Statements

Certain statements in this Abridged Prospectus are based on historical data which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Company, and although the Board of Directors of Allianz General believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such forward looking statements include, inter alia, effects of the Rights Issue, prospects of the Allianz General Group and statements on working capital requirement. In the light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the Allianz General Group will be achieved.

4.9 Risks Associated with Investment Activities

The Group's investment income from its investment activities in the capital and money markets, comprise amongst others, interest received from investment in bonds, debt securities and short term deposits, dividends received from quoted securities and gains or losses from disposals of quoted securities. Income from these investments is subject to, inter alia, credit risk of the issuer of the said securities whereby the issuer of the said securities may default on its payment of coupon or principal upon maturity and the performance of the Kuala Lumpur Composite Index. Exposure to such risks may have a material adverse effect on the Group's investment income. Whilst the Group is aware of such risks, the sound investment policies, strategies and management practices adopted by the Group will minimise the possibility of the Group being subject to such risks.

4.10 Financial Performance Risk

The Group does not foresee risks relating to its financial performance which may include, but are not limited to the following:

- (i) covenants under borrowings facility agreements which limit the Group's operating and financial flexibilities; and
- (ii) foreseeable capital commitments.

5. EFFECTS OF THE RIGHTS ISSUE

For illustrative purposes, the effects of the Rights Issue are shown based on the maximum and minimum scenarios as described earlier in Section 3.2(i) and (ii) of this Abridged Prospectus.

5.1 Issued and Paid-up Share Capital

The following sets out the effects of the Rights Issue on the issued and paid-up share capital of Allianz General:

	Maximum Scenario No. of Allianz General Shares	Minimum Scenario No. of Allianz General Shares
Existing share capital as at 20 August 2002	54,980,311	54,980,311
To be issued pursuant to the Rights Issue	98,964,560	97,529,333
Resultant enlarged issued and paid-up share capital	<u>153,944,871</u>	<u>152,509,644</u>

5.2 Proforma NTA

Based on the audited consolidated balance sheets of Allianz General as at 31 December 2001, the following sets out the proforma effects of the Rights Issue on the consolidated NTA per share of Allianz General based on the issue price of RM1.00 per Rights Share and that the Rights Issue had been effected on that date:

Maximum Scenario

	As at 31 December 2001 RM 000	After the Rights Issue RM 000
Issued and paid-up share capital	54,980	@153,945
Reserves ⁺	73,272	*72,072
Shareholders' fund	128,252	226,017
Less: Intangibles	(7,807)	(7,807)
Consolidated NTA	120,445	218,210
Number of Allianz General Shares in issue (000)	54,980	153,945
Consolidated NTA per share (RM)	2.19	1.42

Minimum Scenario

	As at 31 December 2001 RM 000	After the Rights Issue RM 000
Issued and paid-up share capital	54,980	#152,509
Reserves ⁺	73,272	*72,072
Shareholders' fund	128,252	224,581
Less: Intangibles	(7,807)	(7,807)
Consolidated NTA	120,445	216,774
Number of Allianz General Shares in issue (000)	54,980	152,509
Consolidated NTA per share (RM)	2.19	1.42

Notes:

@ The number of Rights Shares have been computed using the number of Allianz General Shares as at the date of the audited consolidated accounts, i.e. 31 December 2001.

* After deducting estimated expenses of approximately RM1.2 million for the Rights Issue.

+ Consists of share premium, asset revaluation, capital and translation reserves and unappropriated profit.

Based on total number of Allianz General Shares held by Allianz, AGF Int. and AGF Asia as at 20 August 2002 of 54,182,963 shares.

5.3 Earnings

The Rights Issue is expected to contribute positively to the future earnings of the Allianz General Group.

5.4 Substantial Shareholders

The following sets out the effects of the Rights Issue on the shareholdings of the substantial shareholders of Allianz General:

Maximum Scenario

Name	As at 20 August 2002			After the Rights Issue		
	Direct*	Indirect	Percentage of share capital %	Direct	Indirect	Percentage of share capital %
Allianz	42,082,964	(1)12,099,999	76.54	117,832,299	33,879,996	22.01
AGF Holding	-	(1)12,099,999	-	-	33,879,996	22.01
Assurance Generales de France	-	(1)12,099,999	-	-	33,879,996	22.01
AGF Int.	1,433,333	(2)10,666,666	2.61	4,013,332	29,866,664	19.40
AGF Asia	10,666,666	-	19.40	29,866,664	-	-

Minimum Scenario

Name	As at 20 August 2002			After the Rights Issue		
	Direct*	Indirect	Percentage of share capital %	Direct	Indirect	Percentage of share capital %
Allianz	42,082,964	(1)12,099,999	76.54	117,832,299	33,879,996	22.21
AGF Holding	-	(1)12,099,999	-	-	33,879,996	22.21
Assurance Generales de France	-	(1)12,099,999	-	-	33,879,996	22.21
AGF Int.	1,433,333	(2)10,666,666	2.61	4,013,332	29,866,664	19.58
AGF Asia	10,666,666	-	19.40	29,866,664	-	-

Notes:

* Based on the Record of Depositors as at 20 August 2002.

(1) Deemed interested by virtue of Section 6A(4)(c) of the Companies Act, 1965 via AGF Asia and AGF Int..

(2) Deemed interested by virtue of Section 6A(4)(c) of the Companies Act, 1965 via AGF Asia.

5.5 Dividends

No dividend has been paid or declared by Allianz General for the financial year ended 30 June 2001. Dividends for the financial period ending 31 December 2002 will depend on the performance of the Allianz General Group.

Note:

On 21 November 2001 the Company announced that it has changed its financial year end from 30 June to 31 December to coincide with the financial year end of its new holding company, Allianz.

5.6 Gearing

Based on the consolidated audited accounts of Allianz General as at 31 December 2001, the Group does not have any material borrowings other than borrowings by a subsidiary in the amount of RM475,000. The Rights Issue is not expected to have any material effect on the bank borrowings and gearing level of the Group.

6. INDUSTRY REVIEW AND PROSPECTS OF THE ALLIANZ GENERAL GROUP

6.1 Industry Review

Allianz General is principally involved in the business of underwriting general classes of insurance and its wholly-owned subsidiary, Allianz Life is principally involved in the business of underwriting life insurance. As at 20 August 2002, the non-life insurance operations of Allianz General had 35 branches and operated an agency force of approximately 4,500 agents nationwide while the life insurance operations under Allianz Life have 18 branches with approximately 1300 agents.

The prospects of Allianz General can be linked to the growth of the following:

- (i) the Malaysian economy; and
- (ii) the insurance industry.

6.1.1 Overview of the Malaysian Economy

The Malaysian economy is expected to strengthen in 2002 following a strengthening of external demand. Past trends show that there is a brief lag between the recovery in the major economies and recovery in Malaysian exports. As such, the timing and magnitude of the recovery would have a significant impact on the Malaysian economy. Current indications suggest that external demand will not pick up as strongly as in the 1999-2000 period, where recovery was mainly led by the internet-boom and the Year 2000 (Y2K) factor. The current economic upturn is taking place amidst global excess capacity, particularly in the technology sector. External demand is, therefore, expected to strengthen gradually. Against this background, the recovery in the Malaysian economy would be modest, with real Gross Domestic Product ("GDP") expanding by 3.5% in 2002.

At this juncture, latest indicators show signs of stabilisation in the Malaysian economy. The index of leading economic indicators compiled by the Department of Statistics, Malaysia, which provides early indications on the direction of economic growth, has already registered five (5) consecutive months of positive growth since July 2001. This suggests that the Malaysian economy would turn around in the first quarter of 2002. Indications, however, are that growth would strengthen in the second half-year when external demand improves more significantly.

The growth projection for 2002 is based on stronger growth in private consumption, a modest recovery in private investment, sustained public sector expenditure and a moderate growth in exports. If the positive trend in the latest indicators for the US economy is sustained, the bias to the growth projection would be on the upside. On the domestic front, aggressive policy measures to enhance the role of the services sector, particularly in the education, tourism and information, communication and technology sub-sectors, would benefit these sectors, which in turn could improve further the GDP growth.

Expansionary fiscal policy and accommodative monetary policy already in place are expected to sustain growth in domestic demand. Growth in private consumption is expected to pick up to 5% following the improved growth and employment outlook as well as the cumulative effects from the Government's measures that have raised disposable income. Additional measures announced by the Government in the 2002 Budget such as the 1-2 percentage points across-the-board reduction in individual income tax rates, raising the income threshold before the maximum income tax rate takes effect and an increase in civil servants' salaries should all further increase disposable income. Growth in private consumption is projected to be stronger in the second half-year when export demand gathers momentum.

(Source: BNM Annual Report 2002)

6.1.2 Overview of the Insurance Industry

Malaysia's insurance industry has achieved significant progress in the last decade.

The insurance industry was brought under the supervision of BNM in 1988. The close supervision of solvency and market conduct and the strengthened regulatory framework enforced in the 1990s were aimed to enhance the professional standards in the industry and consumer confidence. Marked improvements are evident in the operational management and financial standing of insurers as well as the more positive public perception of the industry as demonstrated by the trends that have emerged. During the period from 1988 to 1999, key insurance indicators show that:

- the market penetration increased significantly from 11.4% to 31%;
- the total paid-up capital of the industry and average capitalisation per insurer increased by 532.4% and 476%, respectively;
- the industry's trading ratio improved from 308.5% to 175.7%, indicating that insurers are much less highly geared;
- the total insurance fund assets and average asset base per insurance fund increased by 545.9% and 521%, respectively;
- the technical reserves of general insurers strengthened from 122.6% of net premiums to 170.3%; and
- the retention ratio of general insurance business rose from 75.6% to 87.8%.

Notwithstanding this, the insurance industry in Malaysia is relatively small by international standards. However, with the projected economic growth, a large proportion of the population will reach levels of per capita income that will significantly increase the demand for risk and savings-type products. The ability of the domestic insurance industry to capture a share of this growth will depend on the ability of insurers to maintain their competitive positions both within the industry specifically, as well as the financial sector generally, in the face of new challenges and the changing financial and economic environment.

The major challenges facing the insurance industry going forward are:

- increasing competition from traditional players as global trends of consolidation and specialisation create international insurers that are larger, better skilled and more focused on core areas of competence;
- competition from new players such as asset managers, captive insurers (general insurance), independent financial advisers and internet players who, through disintermediating core elements of the insurance value chain, are improving product range and performance, and lowering the costs to consumers;
- adapting to technological advances that have fundamentally changed the way business is conducted; and
- meeting the needs of more sophisticated and more informed consumers.

Significant changes must be made to raise performance standards in the Malaysian insurance industry in tandem with the global advances in order to narrow the gap between the standards and performance of Malaysian insurers with the established international best practices and performance standards.

(Source: Financial Sector Masterplan, BNM)

In terms of financial performance, the insurance industry continued to improve in 2000 in line with the growth of the Malaysian economy. In 2000, the combined premium income of the insurance industry recorded a significant growth of 28.6% in contrast to 1999 of 8.5% to reach RM15,216 million as opposed to 1999 of RM11,833.3 million. The rapid growth was driven by the life sector which accounted for RM10,151.3 million for 2000 in comparison to RM7156.1 million in 1999, while the remaining balance of RM5064.7 million in 2000 accounted for by the general sector. As a result of the rapid growth, premium income of the insurance industry as a proportion of nominal gross national product ("GNP") increased to 4.9% in 2000, compared with 4.2% in 1999. Total benefits and net claims paid by the industry during 2000 increased by 15.7% to RM5,702.9 million in contrast to 1999 of 9.3%, representing 37.5% and 41.7% of the premium income of the industry, respectively.

The higher benefits and claims payments in 2000, besides lower investment returns, increase provisions for diminution in value of investment and losses due to disposal of assets largely contributed to a lower pre-tax profit of RM1,174.9 million compared with a pre-tax profit RM1,889.6 million in 1999. The lower pre-tax profit coupled with the increase in the capitalisation of insurers (including the working capital of foreign insurers) resulted in lower return to equity (ratio of pre-tax profit to the shareholders' fund) which declined from 25.6% in 1999 to 15.1%. The combined insurance fund assets expanded at a slower growth rate of 15% to RM52,203.2 million in comparison to 1999 growth of 15.4% to RM45,401.4 million, representing 4.2% of the assets of the financial system versus 3.9% as of 1999. Life fund assets accounted for 73.2% of the industry's assets as compared to 1999 of 69.8%.

In line with the slowdown in the economy, preliminary data for 2001 showed that the growth rate for combined premium income slowed down to 12.4%, compare with 28.6% in 2000. The combined premium income increased to RM17,101.2 million to account for 5.4% in comparison to 2000 growth of 4.9% of GNP. Total benefits and claims paid out in 2001 increased by 12.6% to RM6,423.5 million while combined insurance fund assets of both life and general businesses expanded at a slower growth rate of 14.6% to reach RM59,848.5 million.

(Source: Insurance Annual Report 2001, BNM)

6.2 Prospects of the Allianz General Group

The Board of Directors of Allianz General is of the opinion that the entry of Allianz as the controlling shareholder of the Company will further enhance the prospects of the Group. Allianz's vast financial resources, extensive global expertise and reinsurance capacity will enable the Group to explore new and larger business ventures and provide more value added and innovative products and services to its valued customers. For example, Allianz General plans to leverage on the expertise of Allianz to venture into industrial risk assurance for sectors such as power plants, petrochemical complexes and airports. Allianz is already a major player in such sectors on a global basis. With the financial and technical support of Allianz in Allianz General's business and Allianz General Group's large branch network and agency force on a nationwide basis for both the non-life and life insurance operations, the prospects of the Allianz General Group are expected to be good.

7. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

7.1 Working Capital

The Directors of Allianz General are of the opinion that, after taking into account the funds generated from the existing operations of the Allianz General Group and the proceeds from the Rights Issue, the Allianz General Group will have adequate working capital for its present and foreseeable future requirements.

7.2 Borrowings

As at 20 August 2002 (being the last practicable date at which such amounts could be calculated prior to the registration of this Abridged Prospectus), save for the borrowings by a subsidiary in the amount of RM475,000, the Allianz General Group does not have any material bank borrowings.

7.3 Contingent Liabilities

As at 20 August 2002 (being the last practicable date at which such amounts could be calculated prior to the registration of this Abridged Prospectus), the Allianz General Group does not have any material contingent liabilities.

7.4 Capital Commitments

As at 20 August 2002 (being the last practicable date at which such amounts could be calculated prior to the registration of this Abridged Prospectus), the Allianz General Group has the following capital commitments:

	RM 000
Approved and contracted for	5,221
Approved but not contracted for	12,865

Note:

The material commitments are expected to be funded through internal funds and/or borrowings.

8. SHAREHOLDERS' UNDERTAKINGS

Allianz and its subsidiaries, the substantial shareholders of Allianz General, who collectively hold 54,182,963 Allianz General Shares based on the Record of Depositors representing 99% of the issued and paid-up share capital of Allianz General as at 20 August 2002, has given an irrevocable written undertaking to subscribe for its entitlement of 97,529,333 Rights Shares representing 99% of the Rights Shares to be issued pursuant to the Rights Issue.

9. PROCEDURE FOR APPLICATION AND ACCEPTANCE

9.1 RSF and Provisional Allotment Letter

The RSF together with the Notes and Instructions therein, issued pursuant to the Rights Issue together with this Abridged Prospectus is deemed to form an integral part of this Abridged Prospectus.

The Provisional Allotment Letter is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Allotment Letter will be by book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of MCD.

9.2 Procedure for Application

Acceptance of and payment for the Rights Shares provisionally allotted to the Entitled Shareholders or their renounees (if applicable) must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the Notes and Instructions contained therein. Acceptances which do not strictly conform to the terms of this Abridged Prospectus or RSF and the Notes and Instructions contained therein or which are illegible may not be accepted at the absolute discretion of the Company.

Entitled Shareholders or their renounee(s) (if applicable) who lose, misplace or for any other reason require another copy of the RSF, may obtain additional copies from their stockbrokers, the KLSE website at [http:// www.klse.com.my](http://www.klse.com.my) or the Share Registrars at the following address:

Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata (*formerly known as IGB Plaza*)
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO THE ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) AND THE PROCEDURES TO BE FOLLOWED SHOULD THE ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) WISH TO TRANSFER OF ALL OR ANY PART OF THEIR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE RSF. ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

9.3 Procedure for Acceptance

Entitled Shareholders or their renouncee(s) (if applicable) who wish to accept the provisionally allotted Rights Shares in full or in part must complete Part I of the RSF by specifying the number of Rights Shares which the Entitled Shareholders or their renouncee(s) (if applicable) will be accepting and Part III of the RSF, in accordance with the Notes and Instructions printed therein.

Each completed RSF, together with the remittance, must be dispatched by **ORDINARY POST** or **DELIVERED BY HAND USING THE ENVELOPE PROVIDED** to the Share Registrars at the following address:

Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata (*formerly known as IGB Plaza*)
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on Monday, 16 September 2002 (or such later time and day as determined and announced by the Board of Directors of Allianz General).

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM BY BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA AND MUST BE MADE OUT IN FAVOUR OF "ALLIANZ GENERAL RIGHTS ISSUE ACCOUNT" CROSSED "ACCOUNT PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH THE CDS ACCOUNT NUMBER, NAME AND ADDRESS OF THE ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) IN BLOCK LETTERS FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE COMPANY. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE SPACE PROVIDED.

If acceptance of and payment for the Rights Shares provisionally allotted to any Entitled Shareholders or their renouncee(s) (if applicable) is not received by the Share Registrars, Tenaga Koperat Sdn Bhd, the address of which is stated in Section 9.2 of this Abridged Prospectus on Monday, 16 September 2002 by 5.00 p.m. (or such later time and day as determined and announced by the Board of Directors of Allianz General) being the last day and time for acceptance and payment, the provisional allotment of that Entitled Shareholders or their renouncee(s) (if applicable) will be deemed to have been declined and will be cancelled and such Rights Shares not validly taken up will be allotted to Entitled Shareholders or their renouncee(s) (if applicable) applying for the excess Rights Shares. Where the Rights Shares are allotted to excess Rights Shares applications, the rounding-up of odd lots would be the main criterion for the allotment of such Rights Shares and the Board of Directors of Allianz General reserves the right to allot any balance of the Rights Shares not taken up by the Entitled Shareholders or their renouncees (if applicable), as the case may be, applied for under Part II of the RSF, in such manner as they deem fit.

The minimum number of Rights Shares that can be accepted is one (1) Rights Share. Fraction of a Rights Share will not be accepted. However, Entitled Shareholders or their renouncee(s) (if applicable) should take note that a trading board lot will comprise one thousand (1,000) Rights Shares.

One (1) RSF must be used for acceptance of the provisionally allotted Rights Shares standing to the credit of one (1) CDS account belonging to an Entitled Shareholder or his/her/its renouncee(s) (if applicable). The provisionally allotted Rights Shares accepted/applied for will be credited into the CDS account where the provisionally allotted Rights Shares are standing to the credit.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WILL BE MADE BY THE COMPANY OR TENAGA KOPERAT SDN BHD. HOWEVER, NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN ON THE MCD'S RECORD WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE OF ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

9.4 Procedure for Transfer of the Provisional Allotment of Rights

As the Provisional Allotment Letter is a prescribed security, Entitled Shareholders who wish to transfer all or part of their provisional allotment of rights to more than one (1) person, may do so immediately without first having to request for a split of the Provisional Allotment Letter standing to the credit of their CDS accounts. Entitled Shareholders who wish to transfer such provisional allotment of rights to such persons as may be allowed pursuant to the Rules of MCD.

In transferring all or part of the provisional allotment of rights, Entitled Shareholders need not deliver any document, including the RSF, to the stockbroker. However, the Entitled Shareholders must ensure that they have sufficient provisional allotment of Rights Shares standing to the credit of their CDS account(s) that are available for the transfer. If the Entitled Shareholders have transferred (in accordance with the Rules of MCD) only part of the provisional allotment of Rights Shares, the Entitled Shareholders may still accept the balance of the provisional allotment of Rights Shares by completing Parts I and III of the RSF.

The transferee(s)/renounee(s) of the provisional allotment of Rights Shares may obtain a copy of the RSF for the acceptance of his/her/its rights from his/her/its stockbroker(s), the Share Registrars, the addresses of which are stated in Section 9.2 of this Abridged Prospectus. This Abridged Prospectus and the RSF are also available on the KLSE website at <http://www.klse.com.my>.

9.5 Procedure for Excess Rights Shares Application

Entitled Shareholders or their renounee(s) (if applicable) may apply for the excess Rights Shares in addition to the Rights Shares provisionally allotted to them by completing Part II of the RSF (in addition to Parts I and III of the RSF) and forwarding it (together with a separate remittance for the full amount payable in respect of the excess Rights Shares applied for) to the Share Registrars at the following address:

Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata (*formerly known as IGB Plaza*)
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on Monday, 16 September 2002 (or such later time and day as determined and announced by the Board of Directors of Allianz General).

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER DESCRIBED ABOVE IN RM WHERE THE BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA MUST BE MADE OUT IN FAVOUR OF "ALLIANZ GENERAL EXCESS RIGHTS SHARES APPLICATION ACCOUNT" CROSSED "ACCOUNT PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH THE CDS ACCOUNT NUMBER, NAME AND ADDRESS OF THE ENTITLED SHAREHOLDER(S) OR THEIR RENOUNCEE(S) (IF APPLICABLE) IN BLOCK LETTERS FOR THE FULL AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES APPLIED FOR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE COMPANY. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE SPACE PROVIDED.

The Board of Directors of Allianz General reserves the right to allot any balance of the Rights Shares not taken up by the Entitled Shareholders or their renounees (if applicable), as the case may be, applied for under Part II of the RSF, in such manner as they deem fit. It is the intention of the Board of Directors of Allianz General to allot the excess Rights Shares in such manner that the incidence of odd lots will be minimised. Where the Rights Shares are allotted to excess Rights Shares application, the rounding-up of odd lots would be the main criterion for the allotment of such Rights Shares.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WILL BE MADE BY THE COMPANY OR TENAGA KOPERAT SDN BHD. HOWEVER, NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN ON THE MCD'S RECORD WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE OF APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

In respect of unsuccessful or partially unsuccessful excess Rights Shares application, the full amount or the balance of the application monies (as the case maybe) will be refunded without interest and shall be dispatched to the Entitled Shareholders or their renounee(s) (if applicable) at their own risk by ordinary post to the address shown on the MCD's Record within fifteen (15) Market Days from the last date of application and payment for the excess Rights Shares.

9.6 Application and Acceptance

The Board of Directors of Allianz General reserves the right not to accept any application or to accept in part only any application without assigning any reason therefor.

ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH TENAGA KOPERAT SDN BHD SHALL BE IRREVOCABLE AND SHALL NOT BE WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DISPATCHED TO THE ENTITLED SHAREHOLDERS OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK BY ORDINARY POST TO THE ADDRESS SHOWN ON THE MCD'S RECORD WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE OF ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

THE LAST DAY AND TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS ISSUE IS 5.00 P.M. ON MONDAY, 16 SEPTEMBER 2002 OR SUCH LATER TIME AND DAY AS DETERMINED AND ANNOUNCED BY THE BOARD OF DIRECTORS OF ALLIANZ GENERAL. WHERE THE CLOSING DATE OF ACCEPTANCE AND PAYMENT IS EXTENDED FROM THE ORIGINAL CLOSING DATE, THE NOTICE OF SUCH EXTENSION WILL BE MADE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE ORIGINAL CLOSING DATE.

Further instructions to complete the various parts of the RSF are set out therein.

9.7 Form of Issuance

The KLSE has prescribed the Allianz General Shares listed on the Main Board of the KLSE to be deposited with MCD. Accordingly, the Rights Shares are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991 and the Rules of MCD shall apply in respect of dealings in the said Rights Shares.

Failure to comply with these specific instructions or inaccuracy in the CDS account number may result in the application being rejected.

No physical share certificates will be issued to the Entitled Shareholders or their renouncee(s) (if applicable) under the Rights Issue and the Rights Shares will be credited directly into the respective CDS accounts of the Entitled Shareholders or their renouncee(s) (if applicable). A notice of allotment will be dispatched to the Entitled Shareholder or their renouncee(s) (if applicable) at the address shown on the MCD's Record within fifteen (15) Market Days from the final applications closing date.

Subscription of Rights Shares by Entitled Shareholders

Where the RSF is issued to Entitled Shareholders in respect of the relevant Rights Shares deposited with MCD which are standing to the credit of their CDS accounts, the acceptance of the Rights Shares by such Entitled Shareholders shall mean that such Entitled Shareholders consent to receiving such Rights Shares as prescribed securities credited directly into their CDS accounts. Hence, the Rights Shares will be credited directly into the CDS accounts of such Entitled Shareholders.

Subscription of Rights Shares by a Transferee/Renouncee

The subscription of Rights Shares as a transferee/renouncee by transferring all or part of the provisional allotment of rights from an Entitled Shareholder shall state his/her/its CDS account number in the space provided in the RSF whereupon the Rights Shares will be credited directly as prescribed securities into his/her/its CDS account.

Application for Excess Rights Shares by Entitled Shareholders or Renouncee(s) (if applicable)

The excess Rights Shares, if allotted to the Entitled Shareholders or their renouncee(s) (if applicable) who apply for the excess Rights Shares, will be credited directly as prescribed securities into their respective CDS account.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and the RSF enclosed herewith.

11. ADDITIONAL INFORMATION

Shareholders are requested to refer to the enclosed Appendices for further information.

Yours faithfully
for and on behalf of the Board

Tan Sri Razali Ismail
Chairman