

1. SUMMARY OF INFORMATION

The information contained in this summary is derived from, and should be read in conjunction with the full text of this Prospectus.

1.1 History and Business

AHB was incorporated in Malaysia on 3 December 1998 under the Companies Act, 1965 as a public company under the same name.

AHB is principally an investment holding company, whilst the principal activities of its subsidiaries are as follows:-

Name	Date and Country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
XSSB	18 August 1969 / Malaysia	7,000,000	100.00	Manufacturing of pharmaceutical products
APM	17 April 1979 / Malaysia	500,000	100.00	Marketing and distribution of pharmaceutical products
APSB	17 October 1969 / Malaysia	4,000,000	100.00	Retailing of pharmaceutical products
APEM	10 January 1970 / Malaysia	200,000	100.00	Retailing, marketing and distribution of pharmaceutical products in East Malaysia
Subsidiary of XSSB				
XSPL	24 July 1999 / Singapore	SGD200,000	100.00	Marketing and distribution of pharmaceutical products

As at the date hereof, AHB does not have any associated company.

Further information on the AHB Group is set out in Section 8 of this Prospectus.

1.2 Ownership and Management

The AHB Group was founded by Mr. Kee Tah Peng @ Hee Teck Peng as a retail pharmacy outlet in Melaka in early 1962. Today, the AHB Group is a vertically integrated Malaysian pharmaceutical group consisting of four (4) wholly-owned subsidiaries involved in manufacturing, marketing, distribution and retailing of pharmaceutical products. Presently, APH, a company controlled by the founder and the Executive Directors, is the largest shareholder of AHB holding approximately 48.72% of the Company's issued and fully paid-up share capital. Following the Public Issue, APH will remain the largest shareholder of AHB with a shareholding of 38.05%.

The Company and the Group are managed on a day-to-day basis by a senior management team headed by the Executive Chairman, Mr. Kee Tah Peng @ Hee Teck Peng and assisted by AHB's Managing Director, Dr. Kee Kirk Chin.

1. SUMMARY OF INFORMATION (Continued)

1.3 Financial Highlights

The following table sets out a summary of the pro forma consolidated results of the AHB Group for the past five (5) financial years ended 31 December 1999 based on the assumption that the AHB Group had been in existence throughout the years under review. The pro forma consolidated results are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	<----- Year ended 31 December ----->				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	86,665	97,378	96,720	94,986	108,798
Profit before taxation	4,509	6,129	8,586	7,206	8,766
Taxation	(1,137)	(1,803)	(2,195)	(1,938)	(180)
Profit after taxation but before EI	3,372	4,326	6,391	5,268	8,586
EI	750	-	-	-	-
Profit after taxation and EI	4,122	4,326	6,391	5,268	8,586
Assumed number of ordinary shares in issue ('000)	33,890	33,890	33,890	33,890	33,890
Gross EPS (RM)	0.13	0.18	0.25	0.21	0.26
Net EPS (RM)	0.12	0.13	0.19	0.15	0.25

Note:-

- (i) *The pro forma consolidated results are presented for illustrative purposes only and are based on the audited accounts of XSSB, APSB, APM and APEM.*
- (ii) *The EI for the FY 1995 represented profit upon disposal of XSSB's old factory land and building, and profit upon disposal of subsidiaries by APSB.*
- (iii) *The effective tax rates for the FY 1995, 1997 and 1998 were lower than the statutory rates mainly due to reinvestment allowances claimed by XSSB.*
- (iv) *The increase in profit before taxation for the FY 1996 by 35.92% was mainly due to new products launched by APM's major principal, Pharmacia, and increased sales from OTC products manufactured by XSSB. Another factor was improved margins from distribution and retailing activities.*
- (v) *Despite the slight decrease in turnover for the FY 1997 due to loss of the product agency, Pharmacia, the profit before taxation have increased by 40.09% due to contributions from higher margin products and good export sales. Further contributory factor was increased local purchases in the fourth quarter by hospitals, clinics and pharmacies.*
- (vi) *The lower profit before taxation for the FY 1998 by 16.07% was due to lower XSSB sales as a result of price increases as well as accumulated inventory in hospitals, clinics and pharmacies from unseasonal purchases in the last quarter of 1997. Further contributory factor was increased raw material costs which could not be fully absorbed by price increases.*
- (vii) *For the FY 1999, the increase in turnover and profit before taxation by 14.54% and 21.65%, respectively was mainly due to the higher sales volume from XSSB and several new products launched by the agencies handled by APM in addition to an upward revision in the selling prices of XSSB's products during the year. The taxation charge in the FY 1999 was due to the Group's underprovision for taxation in the earlier years. However, no taxation was provided for the FY 1999 as the financial year falls in the Year of Assessment 2000 where taxation on business income earned is waived.*
- (viii) *There were no exceptional items during the financial years under review.*

1. SUMMARY OF INFORMATION *(Continued)*

1.4 Principal Statistics Relating to the Public Issue

(i) Share Capital	
<i>Authorised</i>	RM
100,000,000 ordinary shares of RM1.00 each	<u>100,000,000</u>
<i>Issued and fully paid-up</i>	RM
33,890,000 ordinary shares of RM1.00 each	33,890,000
<i>To be issued and fully paid-up pursuant to the Public Issue</i>	
9,510,000 new ordinary shares of RM1.00 each	<u>9,510,000</u>
	<u>43,400,000</u>
(ii) Issue price per ordinary share (RM)	1.50
(iii) Pro Forma Group NTA as at 31 December 1999	
Pro Forma Group NTA (RM) <i>(after deducting listing expenses of RM1,500,000)</i>	57,928,868
Pro Forma Group NTA per ordinary share (RM) <i>(Based on the enlarged issued and paid-up share capital of 43,400,000 ordinary shares of RM1.00 each)</i>	1.33
(iv) Consolidated Profit Forecast for the year ending 31 December 2000	
Consolidated profit before taxation (RM)	9,679,328
Consolidated profit after taxation (RM)	7,831,695
Gross EPS (sen)*	22.30
Net EPS (sen)*	18.05
Net PE multiple (times) <i>(based on the issue price of RM1.50 per ordinary share)</i>	8.31
* <i>Based on the enlarged issued and paid-up share capital of 43,400,000 ordinary shares of RM1.00 each</i>	
(v) Dividend Forecast for the year ending 31 December 2000	
Gross dividend per ordinary share (sen)	7.00
Net dividend per ordinary share (sen)#	5.04
Net dividend yield (%) <i>(based on the issue price of RM1.50 per ordinary share)</i>	3.36
Net dividend cover (times)	3.58
* <i>Based on the enlarged issued and paid-up share capital of 43,400,000 ordinary shares of RM1.00 each</i>	
# <i>Based on 7% less tax at 28%</i>	

1. SUMMARY OF INFORMATION *(Continued)*

1.5 Risk Factors

The following are risk factors (which may not be exhaustive) which applicants for the Issue Shares should carefully consider in addition to other information contained elsewhere in this Prospectus, before applying for the Issue Shares:-

- (i) No prior market for AHB ordinary shares.
- (ii) Business risks inherent in the pharmaceutical industry.
- (iii) Competition.
- (iv) Achievability of forward-looking statements.
- (v) Dependence on key personnel.
- (vi) Foreign exchange fluctuations.
- (vii) Political, Economic and Legislative considerations.

The above risk factors are elaborated in Section 4 of this Prospectus.

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2. CORPORATE INFORMATION

Directors

Name	Address	Nationality	Occupation
Kee Tah Peng @ Hee Teck Peng <i>(Executive Chairman)</i>	80, Jalan Seaview Singapore 438393	Singaporean	Company Director
Dr. Kee Kirk Chin <i>(Managing Director)</i>	82, Jalan Seaview Singapore 438395	Singaporean	Company Director
Ki Tak Sang @ Kee Tak Sang, PJK <i>(Executive Director and Financial Controller)</i>	36F, Lorong 2 Jalan Laksamana Cheng Ho 75000 Melaka	Malaysian	Company Director
Tan Yan Meng, Warren <i>(Executive Director)</i>	320-I, Jalan Pulau Ujong Pasir 75050 Melaka	Malaysian	Company Director
Jackson Chevalier Yap-Kit-Siong <i>(Non-Executive Director)</i>	55, Oriole Crescent Singapore 288646	Singaporean	Company Director
Robert Dobson Millner <i>(Non-Executive Director)</i>	"Highfields" George Russel Drive Woodstock New South Wales 2793 Australia	Australian	Company Director
Peter Raymond Robinson <i>(Non-Executive Director)</i>	8, Blue Crane Close West Pennant Hills New South Wales 2125 Australia	Australian	Company Director
Mohd Ramli bin Samian <i>(Non-Executive Director)</i>	8, Jalan Permata Satu Taman Permata Ulu Kelang 53300 Selangor Darul Ehsan	Malaysian	Bank Officer
Md. Diah bin Mohammad <i>(Non-Executive Director)</i>	15, Jalan Pejal Taman Melewar 68100 Gombak Kuala Lumpur	Malaysian	Bank Officer
Leong Khai Cheong <i>(Independent Non-Executive Director)</i>	20, Jalan SS22/20B Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Md. Ali bin Md. Dewal <i>(Independent Non-Executive Director)</i>	10, Taman Hillview Jalan Ulu Klang 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Michael John Millner <i>(Alternate Director to Robert Dobson Millner)</i>	"Rosedale" Browns Creek Road Blaynay New South Wales 2799 Australia	Australian	Company Director
Rokiah bte. Rajak <i>(Alternate Director to Mohd Ramli bin Samian)</i>	338, Jalan B7 Taman Melawati 53000 Kuala Lumpur	Malaysian	Bank Officer

2. CORPORATE INFORMATION *(Continued)*

Audit Committee

Name	Responsibility	Directorship
Leong Khai Cheong	Chairman of the Committee	Independent Non-Executive Director
Ki Tak Sang @ Kee Tak Sang, PJK	Member of the Committee	Executive Director
Md. Ali bin Md. Dewal	Member of the Committee	Independent Non-Executive Director

Company Secretaries

Tan Sook Mei
(LS 2892)
10, Jalan Daya 1
Taman Daya, Kepong
52100 Kuala Lumpur

Yeoh Chong Keat
(MIA 2736)
4, Jalan 12/19
46200 Petaling Jaya
Selangor Darul Ehsan

Registered Office

134/2, Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Principal Bankers

HSBC Bank Malaysia Berhad
777, Jalan Hang Tuah
75300 Melaka

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

OCBC Bank (Malaysia) Berhad
6, Lorong Hang Jebat
75200 Melaka

Auditors and Reporting Accountants

PricewaterhouseCoopers
Public Accountants
12th Floor, Bangunan Yayasan Melaka
Jalan Hang Tuah
75300 Melaka

Solicitors

Chee Siah Le Kee & Partners
Advocates & Solicitors
105, Taman Melaka Raya
75000 Melaka

2. CORPORATE INFORMATION *(Continued)*

Issuing House	Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
Share Registrar	PFA Registration Services Sdn. Bhd. Level 13, Uptown 1 No. 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan
Valuers	C H Williams Talhar & Wong Sdn. Bhd. Chartered Surveyors and International Property Consultants No. 56, 1st Floor Madonna Building Jalan Laksamana 75000 Melaka
Adviser and Managing Underwriter	Commerce International Merchant Bankers Berhad 10th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur
Underwriters	CIMB Securities Sdn. Bhd. 9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur MIDF Sisma Securities Sdn. Bhd. 18th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur
Listing Sought	Second Board of KLSE

3. INTRODUCTION

This Prospectus is dated 15 May 2000.

A copy of this Prospectus has been lodged with and registered by the Registrar of Companies, Malaysia who takes no responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act 1965, KLSE has prescribed AHB as a CDS counter. In consequence thereof, the shares offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

Approval-in-principle has been obtained from KLSE for admission to the Official List of the Second Board of KLSE and for permission to deal in and quotation for the entire issued and fully paid-up ordinary shares of AHB, including the Issue Shares which are the subject of this Prospectus. The AHB ordinary shares will be admitted to the Official List of the Second Board of KLSE and official quotation of will commence upon receipt of confirmation from the MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

For an application using Application Form, an applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. Where an applicant already has a CDS account, he should not complete the preferred ADA Code. For an application via the Electronic Share Application, an applicant must have a CDS account.

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

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian laws and the Company and its Adviser take no responsibility for the distribution of this Prospectus and the sale of the Issue Shares outside Malaysia.

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

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any Issue Shares in any jurisdiction where such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restriction.

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

4. RISK FACTORS

Applicants for the Issue Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus, before applying for the Issue Shares:-

(i) No prior market for AHB ordinary shares

Prior to this Public Issue, there was no public market for AHB ordinary shares. There can be no assurance that an active market for AHB shares will develop upon its listing on the Second Board of KLSE or that such market, if developed, will be sustained. The price at which AHB ordinary shares will trade on the Second Board of KLSE upon or subsequent to its listing will be dependent upon market forces. The issue price of RM1.50 per Issue Shares has been determined after taking into consideration a number of factors, including, but not limited to, the Group's financial and operating history and conditions, the Group's prospects and the prospects of the industry in which the Group operates in, the management of the Group, the market prices for shares of companies engaged in businesses similar to that of the Group and the prevailing market condition. There can be no assurance that the price at which AHB ordinary shares will trade on the Second Board of KLSE upon or subsequent to its listing will correspond to the issue price.

(ii) Business risks inherent in the pharmaceutical industry

The AHB Group is subject to risks inherent in the pharmaceutical industry. These include changes in general economic conditions such as, but not limited to, Government regulations, inflation, taxation, interest rates and exchange rates of foreign currencies, and constraints in labour supply and changes in business conditions such as, but not limited to, deterioration in prevailing market conditions, machinery breakdown, technological and facilities obsolescence, industrial disputes and raw materials shortage. Although the Group seeks to limit these risks through, inter-alia, vertical and horizontal integration of its business, diversification of its markets, continual upgrading of its facilities and development of new products, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

(iii) Competition

The rapid growth in the health care and pharmaceutical industries over the last few years has attracted many new entries, local and foreign, thus increasing competition which continues to exert pressure on profit margin.

Though AHB seeks to maintain its competitive position through vertical and horizontal integration, there is no assurance that AHB will not be affected by the competitive strategy adopted by other companies within the same industry.

(iv) Achievability of forward-looking statements

This Prospectus includes forward-looking statements i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will materialise. Any deviation of its actual performance from the expectations may have adverse effect to the Group's financial and business performance.

4. RISK FACTORS *(Continued)*

(v) Dependence on key personnel

The Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The loss of any key member of the Board of Directors and senior management could adversely affect the Group's continued ability to compete in the pharmaceutical industry. One of the strong aspects of the Group is the large number of long-serving key personnel and low turnover of skilled staff. Every effort is presently made to groom younger members of the senior management to ensure a smooth transition in the management team, should changes occur.

(vi) Foreign exchange fluctuations

The majority of the Group's transactions in its operations is in RM. However, the transactions in its overseas market are also executed in USD and SGD. Currently, about 25.32% of XSSB's turnover is for export purposes. Approximately 59.77% of XSSB's purchases of raw materials is denominated in USD and SGD. Presently, XSSB's export revenue is close to the value of its purchase in foreign currency and as such, the strengthening of USD and SGD will not have much impact on the Group's profit.

(vii) Political, Economic and Legislative considerations

Development in political and economic conditions in Malaysia and other countries where the Group is currently operating or where the Group may undertake projects in the future could materially affect the financial prospects of the Group. Other political and economic uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, changes in interest rates and methods of taxation.

In Malaysia, the Group's operations are subject to the jurisdiction of numerous Governmental agencies with respect to health care and other regulatory matters. Apart from the rules and regulations of the MoH, the Group is also subject to the following legislations:-

- Poisons Act 1952 (Revised 1989)
- Dangerous Drugs Act 1952 (Revised 1980)
- Registration of Pharmacists Act 1951 (Revised 1989)
- Medicines (Advertisement and Sale) Act 1956 (Revised 1983)
- Trade Descriptions Act 1972
- Weights and Measures Act 1972
- Sale of Drugs Act 1952 (Revised 1989)
- Medicine Act (Chapter 176)
- Occupational Safety and Health Act 1994
- Indecent Advertisements Act 1953 (Revised 1981)
- Patents Act 1983

The Group always endeavours to comply with the above legislations and all other relevant rules and regulations.

Although the Group seeks to limit these business risks, no assurance can be given that any changes to these factors will not have a material adverse effect on the Group's businesses. However, save as disclosed above and apart from normal commercial risk, the Group is not vulnerable to any specific factors or events.

5. SHARE CAPITAL

	RM
Authorised:-	
100,000,000 ordinary shares of RM1.00 each	100,000,000
	<hr style="border-top: 1px solid black;"/>
Issued and fully paid-up:-	
33,890,000 ordinary shares of RM1.00 each	33,890,000
To be issued and fully paid-up pursuant to the Public Issue:-	
9,510,000 ordinary shares of RM1.00 each	9,510,000
	<hr style="border-top: 1px solid black;"/>
	43,400,000
	<hr style="border-top: 1px solid black;"/>

The Issue Shares, which are to be issued at RM1.50 per Issue Share, are payable in full on application.

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each. The Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and be entitled to all rights and dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of ordinary shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company, in accordance with its Articles of Association.

At every general meeting of AHB, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder, shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

6. PARTICULARS OF THE PUBLIC ISSUE

6.1 Opening and Closing of Application List

The Application List for the Public Issue will open at 10:00 a.m. on 29 May 2000 and will remain open until 8:00 p.m. on the same day or for such further period or periods as the Directors of AHB in their absolute discretion may decide.

6.2 Details of the Public Issue

The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the Issue Shares will be allocated in the following manner:-

(i) **Eligible Directors, Employees and/or Other Persons of the AHB Group**

2,170,000 of the Issue Shares have been reserved for the eligible Directors, employees and/or other persons (such as suppliers, distributors, dealers or customers) of the AHB Group;

(ii) **Bumiputera Investors Approved by MITI**

2,865,000 of the Issue Shares have been reserved for Bumiputera investors approved by MITI; and

(iii) **Malaysian Investing Public**

4,475,000 of the Issue Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

The Issue Shares under paragraphs (i) and (ii) above will not be underwritten. Any Issue Shares not subscribed for under paragraph (i) will be reallocated to the other eligible Directors, employees and/or other persons of the AHB Group until all such Issue Shares are fully subscribed by persons in that category. The Issue Shares under paragraph (iii) above will be underwritten by the Managing Underwriter and Underwriters as set out in Section 2 of this Prospectus at an underwriting commission of one and a half percent (1.5%) of the issue price of RM1.50 per ordinary share.

6.3 Purposes of the Public Issue

The purposes of the Public Issue are as follows:-

- (i) To provide an opportunity for the eligible Directors, employees and/or other persons of the AHB Group and the Malaysian public to participate in the continuing growth of the Group by way of equity participation;
- (ii) To enable AHB to gain access to the capital market in order to tap external sources of equity funds and borrowings for future expansion and continued growth of the Group; and
- (iii) To obtain a listing of and quotation for the entire issued and paid-up share capital of AHB on the Second Board of KLSE.

6. PARTICULARS OF THE PUBLIC ISSUE (Continued)

6.4 Proceeds of the Public Issue

The Public Issue is expected to raise total gross proceeds of RM14,265,000.

The gross proceeds from the Public Issue amounting to RM14,265,000 will accrue entirely to the Company. The Company shall bear the underwriting commission, brokerage, registration and transfer fee in respect of the Issue Shares and the expenses and fees incidental to the listing of and quotation for the entire issued and paid-up ordinary share capital of AHB on the Second Board of KLSE, estimated at RM1,500,000.

The proceeds accruing to the Company will be utilised as follows:-

	RM
• Construction of building ⁽ⁱ⁾	3,000,000
• Part finance purchase of plant, machinery and equipment ⁽ⁱⁱ⁾	4,000,000
• Working capital ⁽ⁱⁱⁱ⁾	5,765,000
• Defray listing expenses ^(iv)	1,500,000
	14,265,000

Note:-

(i) This represents the proposed construction of a building with approximately 20,000 sq. ft. built-up area comprising warehousing, laboratories and ancillary facilities. The building will be located adjacent to the existing factory at Cheng Industrial Estate and will be designed to comply with the GMP Standards similar to the existing building. Construction is scheduled to begin by May 2000 and is anticipated to be completed by December 2000.

(ii) This represents the proposed purchase of plant, machinery and equipment for the Group's operations and expansion. The plant, machinery and equipment proposed to be acquired are as follows:-

Company	Description & Country of origin	Functions	Expected date of installation	Expected date of operation	Quantity	Amount utilised from proceeds of Public Issue RM
XSSB	Tablet Press Machine - Germany	Compresses a mix of raw materials to form tablets	December 2000	February 2001	1	900,000
XSSB	Integrated Automatic Packaging Line - Italy	Forms blisters and fills products	June 2000	August 2000	1	2,000,000
XSSB	Film-coating Machine - Italy	Produces film-coated tablets	March 2001	May 2001	1	1,100,000

(iii) As stated in Section 8.1.2 and in conjunction with the restructuring exercise, a portion of the proceeds from the Public Issue amounting to RM1,963,918 will be utilised by AHB to satisfy the consideration for the acquisitions of APM and APEM from APSB. However, the cash consideration received by APSB will ultimately be utilised by APSB for working capital.

(iv) Listing expenses include, inter-alia, underwriting commission and brokerage fees, publications, fees for professional advisers of the restructuring and flotation scheme, registration fee and fees of the approving authorities.

6. PARTICULARS OF THE PUBLIC ISSUE (Continued)

6.5 Brokerage and Underwriting Commission

Brokerage relating to the Issue Shares will be paid by the Company, at the rate of one percent (1%) of the issue price of RM1.50 per ordinary share in respect of successful applications which bears the stamp of either CIMB, a member company of KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and the Underwriters as mentioned in Section 2 of this Prospectus have agreed to underwrite 4,475,000 of the Issue Shares. Underwriting commission is payable by the Company at the rate of one and a half percent (1.5%) of the issue price of RM1.50 per ordinary share of the Issue Shares being underwritten.

6.6 Basis of Arriving at the Issue Price

The issue price of RM1.50 per ordinary share was determined and agreed upon by the Company and the Managing Underwriter, after taking into consideration the following factors:-

- (i) the Group's operating and financial history and conditions as outlined in Sections 8 and 9 of this Prospectus;
- (ii) the prospects of the Group and the pharmaceutical industry as outlined in Section 7 of this Prospectus;
- (iii) the prevailing stock market conditions;
- (iv) the forecast net PE multiple of 8.31 times based on the forecast net EPS of 18.05 sen computed using the enlarged issued and fully paid-up share capital of 43,400,000 ordinary shares and the issue price of RM1.50 per ordinary share;
- (v) the pro forma Group NTA per share of RM1.33 as at 31 December 1999; and
- (vi) the forecast net dividend yield of 3.36%.

6.7 Moratorium on the Sale of Shares

It is a condition of the SC via their approval letter dated 4 January 2000 that the promoters of AHB will not be allowed to sell, transfer or assign their shareholdings amounting to forty five percent (45%) of the enlarged issued and paid-up capital in AHB within one (1) year from the date of admission of AHB to the official list of the Second Board of KLSE.

Thereafter, in every subsequent year, each of the aforesaid shareholders is permitted to sell, transfer or assign only up to a maximum of one-third ($\frac{1}{3}$), on a straight-line basis, of their respective shareholdings in AHB which are under moratorium.

The moratorium imposed by the SC and KLSE are as follows:-

	Shareholding after the <-----Public Issue----->		Shares placed under <-----Moratorium----->	
	No. of ordinary shares held	% of issued and paid-up share capital	No. of ordinary shares held	% of issued and paid-up share capital
APH	16,512,604	38.05	10,851,000	25.00
WHSP & Co.	7,211,427	16.62	4,739,000	10.92
Bank Pembangunan	5,997,104	13.82	3,940,000	9.08
	29,721,135	68.49	19,530,000	45.00

6. PARTICULARS OF THE PUBLIC ISSUE *(Continued)*

The above-mentioned substantial shareholders have agreed to the moratorium arrangement and the restrictions imposed.

The remarks to be endorsed on the share certificates of the shares placed under moratorium are as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a 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 certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

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7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview of the World Economy

Global economic and financial conditions have improved significantly after two (2) years of economic and financial turbulence in emerging markets and a marked slowdown in the world economy. In the industrial countries, accommodating policies, low inflation, buoyant equity markets and relatively strong employment in key developed economies have contributed to domestic demand expansion and reduced the effects from the financial crisis in the emerging economies. In the Asian emerging economies, sustained fiscal and monetary stimulus has helped spur demand growth with these economies recovering stronger than expected. Financial markets have settled and capital flows have resumed to a number of emerging markets. In 1999, world output is expected to grow to 3.0% from 2.5% in 1998. The advanced countries are expected to register a growth rate of 2.8% in 1999 (1998 : 2.2%), while the developing countries are expected to recover gradually from sharp deceleration in 1998 to reach a growth of 3.5% (1998 : 3.2%). The countries-in-transition are expected to return to a positive growth rate of 0.8% from a contraction of 0.2% in 1998.

(Source: Malaysian Economic Report 1999/2000)

7.2 Overview of the Malaysian Economy

The Malaysian economy and financial sector turned around in 1999 from the severe regional financial crisis which resulted in a 7.5% contraction of the GDP in 1998. While the first quarter of 1999 saw a mild contraction of 1.3%, the country's real GDP recovered with a positive growth of 4.1% in the second quarter, strengthened further and became more broad-based to 8.2% in the third quarter and 10.6% in the fourth quarter. This represents a significant recovery given the five consecutive quarters of contractions, beginning the first quarter of 1998. This strong recovery is supported by the rapid expansion in output and export of manufactured goods, in addition to the recovery in the construction sector. At the same time, domestic demand is on the increase, supported by both public and private expenditure. The latest results from Bank Negara Malaysia revealed that economic activity in Malaysia rebounded in 1999 to record a strong real GDP growth of 5.4% higher than the earlier forecast of 4.3%. The value of GDP has returned to almost the same level as in 1997. The nation's external trade position continues to register surpluses for 28 consecutive months since November 1997 as it raked in trade surplus of RM4.7 billion in February 2000 versus an export growth of 24.4% or RM5.3 billion.

Malaysia's prospect for economic growth in the year 2000 is increasingly promising with the recovery expected to gain further momentum in 2000 while the external sector will continue to strengthen. Against the more favourable external environment and strengthening domestic economy, the forecast for GDP growth for 2000 has been revised upwards to 5.8%, from the earlier estimate of 5.0%. The government's initiatives and policy measures to strengthen the nation's external reserves, banking system and corporate sector have restored financial stability, revived economic activities and improved the resilience of the economy to external shocks and systematic risks. With the pragmatic measures implemented and stronger growth of the domestic demand, manufacturing sector, private investment and private consumption, the Malaysian economy should continue to improve further to achieve the projected real GDP growth of 5.8% in year 2000.

(Source: Malaysian Economic Report 1999/2000; Business Times, 4 April 2000; Bank Negara Malaysia Report 1999)

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (Continued)

7.3 Pharmaceutical Industry

The pharmaceutical industry is one of the most highly regulated industries in the country. Growing affluence and rising living standards in Malaysia and throughout the world have fuelled a strong demand for pharmaceutical and health care products and services. The Malaysian Government, in realising this vast opportunity and immense growth potential in the pharmaceutical industry, have identified the pharmaceutical manufacturing industry as one of the strategic sectors in the economy that should be developed in line with the Seventh (7th) Malaysian Plan (1995-2000) and the Second Industrial Master Plan (1995-2005).

The pharmaceutical sector imports and exports an enormous variety of products ranging from human to veterinary medicaments, in pharmaceutical presentations of tablets, capsules, liquids, powders, ointments and injectables. Although Malaysia still relies heavily on imported medicines, exports of Malaysian-made pharmaceutical products has been growing quite rapidly since 1990 as the consumption and manufacture of the more common generic pharmaceutical products becoming increasingly more advanced locally. These are largely exported to a few ASEAN countries.

(Source: Dynaquest (M) Sdn. Bhd., July 1999)

Total ex-factory sales of drugs and medicine grew at an average rate of 4.22% between 1995 to 1999. Imports had an average growth of 12.61% while exports growth was at 10.70%, from 1995 to 1999. In the domestic market, the demand for imported drugs and medicine increased from RM711 million in 1994 to RM1.23 billion in 1999. Meanwhile, domestic sales grew from RM685 million in 1994 to RM1.441 billion in 1999, as forecasted by IMS Survey - Malaysia Pharmaceutical Audit.

(Source: Department of Statistics, Malaysia; IMS Survey - Malaysia Pharmaceutical Audit)

The growth rates of the export and import of drugs and medicine from 1994 to 1999 in term of RM value are summarised as follows:-

Year	Manufacturing (Ex-factory sale of drugs & Medicine) RM'000	*Total Export RM'000	*Total Import RM'000	Total Domestic Sales RM'000
1994	290,600	178,078	711,021	685,000
1995	307,301	201,116	798,598	790,000
1996	334,398	211,940	838,092	1,044,000
1997	344,914	202,812	1,034,759	1,199,000
1998	352,881	271,385	1,009,947	1,266,000
1999	#356,712	286,853	1,235,617	†1,441,000

Note:-

* Medical and pharmaceutical products including veterinary medicaments

Forecast figure by Dynaquest (M) Sdn. Bhd.

† Forecast figure by IMS Survey - Malaysia Pharmaceutical Audit

(Source: Department of Statistics, Malaysia; Dynaquest (M) Sdn. Bhd. and IMS Survey - Malaysia Pharmaceutical Audit)

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (Continued)

The table above shows that the pharmaceutical sector has been registering a steady growth rate in the last few years. If such rates can be sustained in the near future, the prospects of the pharmaceutical industry is fairly promising.

The growth rates of the export and import of drugs and medicine from 1995 to 1999, in term of percentage, are summarised as follows:-

Year	Manufacturing (Ex-factory sale of drugs & Medicine) %	*Total Export %	*Total Import %	Total Domestic Sales %
1995	5.75	12.94	12.32	15.33
1996	8.82	5.38	4.95	32.15
1997	3.14	(4.31)	23.47	14.85
1998	2.31	33.81	(0.02)	5.59
1999	#1.09	5.70	22.34	†13.23
Average growth	4.22	10.70	12.61	16.23

Note:-

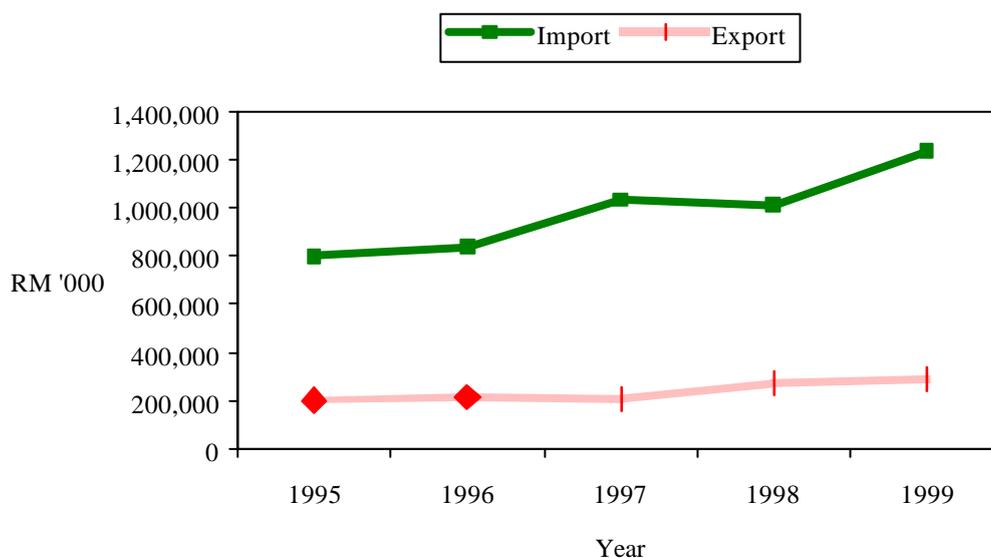
* Medical and pharmaceutical products including veterinary medicaments

Forecast figure by Dynaquest (M) Sdn. Bhd.

† Forecast figure by IMS Survey - Malaysia Pharmaceutical Audit

(Source: Department of Statistics, Malaysia; Dynaquest (M) Sdn. Bhd. and IMS Survey - Malaysia Pharmaceutical Audit)

The external trade statistics of Medical and Pharmaceutical Products including Veterinary Medicament from 1995 to 1999 are set out in the table as follows:-



(Source : Department of Statistics, Malaysia)

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS *(Continued)*

In an effort to improve the health status of Malaysians, the Malaysian Government, through the Seventh Malaysian Plan (1995 - 2000), stated that greater emphasis would be given to promote preventive health. Maintenance of healthy life styles will be further promoted through health education and the mass media as well as through community-based programmes. This should have a positive impact on the AHB Group.

(Source: Seventh Malaysian Plan 1995 - 2000)

In the pharmaceutical manufacturing sector of Malaysia, XSSB, the wholly-owned manufacturing subsidiary of AHB, is one of the leading manufacturers of pharmaceutical products with an international reputation for quality. Their 7-acre site with a modern GMP-certified factory in Melaka is equipped with sophisticated production facilities and quality assurance systems.

(Source: AC Nielsen Retail Measurement Services, April 1999)

7.4 Prospects and Outlook for the AHB Group

In tandem with the recovery of the Malaysian economy, AHB will further intensify its efforts in expanding its export markets and capitalising on the opportunities available in the local market. In the context of AHB's long term prospects, the Directors of AHB expect further growth in demand for its pharmaceutical products in the export and local markets, given their unique features, qualities, wide array of applications and increasing public awareness of the brand name and products. In this respect, AHB has initiated a capital expansion programme which will involve the acquisition of a commercial property, construction of a building and the purchase of plant, machinery and equipment. Details of AHB's capital expansion are further set out in Section 6.4 of this Prospectus. The funding for the expansion programme will be from the proceeds of the Public Issue.

AHB is optimistic of its prospects in the export markets in view of the emerging market opportunities and its competitive edge in terms of its established manufacturing operations with sustainable output in achieving economies of scale, GMP and Good Storage Practice accreditation, design and development capabilities of its R&D Department and the comparative advantage in sourcing of raw materials (i.e. continuity in supply and relatively lower cost), etc.

Overall, AHB is well positioned to capitalise on the opportunities and challenges in the export and local markets. Its strengths lie in its experienced leadership in the business, its emphasis on providing value-added and quality products and services, ability to introduce and develop efficient production methods, technology and wider range of products as well as the continuing dedication and commitment of its employees towards management excellence.

Apart from its strengths, the strong barriers of entry into the pharmaceutical-based business maintain AHB's competitive edge. Such barriers, among others, include the high capital cost of setting up an economically-sized plant, the lack of production know-how, proprietary technology, heavy R&D costs and expertise, the long period of time required to establish a track record in terms of building up relationships with customers and suppliers and to produce consistently high quality products. Furthermore, based on management's business judgement and the market information available, it will be difficult for new entrants to penetrate the local market segment as it is presently dominated by four (4) local key players in the pharmaceutical manufacturing industry namely, UPHA Corporation (M) Sdn. Bhd., XSSB, Hovid Sdn. Bhd. and Duopharma (M) Sdn. Bhd. as well as a few multinational companies.

(Source: Dynaquest (M) Sdn. Bhd., July 1999; AC Nielsen Retail Measurement Services, April 1999)

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS *(Continued)*

Given its quality track record, commitment of its current management and employees, and close relationship with its customers, barring unforeseen circumstances, the Directors of AHB are confident that the Group will be able to maintain its performance and growth in the future. In addition, its future plans of production capacity expansion, improved efficiency in production processes, intensive marketing activities for the local and export markets, and strong emphasis on R&D to develop new products will facilitate its efforts to sustain its competitive edge and to further expand its export and local markets.

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8. INFORMATION ON THE AHB GROUP

8.1 History and Business

8.1.1 Incorporation

AHB was incorporated in Malaysia under the Companies Act, 1965 on 3 December 1998 as a public company. The Company is principally an investment holding company.

The AHB Group started out with the opening of a retail and wholesale pharmaceutical outlet under the name of Apex Pharmacy Pte. Ltd. in early 1962, serving the population of the state of Melaka.

A second outlet was opened in Kuching, Sarawak in 1966 making it the first pharmacy chain in Malaysia. APSB was officially registered under its present name on 17 October 1969 as a private company limited by shares. Since then, APSB spurred further growth of retail cum wholesale pharmacies in Malaysia.

XSSB was incorporated in 1969 with its principal activities being the manufacturing and distribution of pharmaceutical products. A joint-venture business agreement in 1973 with SPL of Australia has put XSSB on the right track to become one of the leading manufacturers of pharmaceutical products with an international reputation for quality. Manufacturing activities commenced in the fourth quarter of 1974 at a two (2)-acre factory site in Ayer Keroh, Melaka. Due to XSSB's rapid expansion and high market demand for its products, this factory was relocated by 1996 to a seven (7)-acre site, with a modern GMP-certified factory, at Cheng Industrial Estate in Melaka Tengah, Melaka.

8.1.2 Restructuring Exercise

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up ordinary shares of AHB on the Second Board of KLSE, the Company undertook a restructuring exercise involving the following:-

(i) Revaluation of properties

XSSB and APSB had conducted a revaluation of their properties which was undertaken by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn. Bhd. Based on the net book value of the respective property as at 31 December 1998, the net surplus arising from the revaluation exercise amounted to RM5,444,490. However, the revaluation surplus will only be incorporated in the accounts of XSSB and APSB in the financial year ending 31 December 2000.

Details of the properties are set out in Section 8.4 of this Prospectus.

(ii) Acquisitions of APSB and XSSB

On 24 June 1999, AHB entered into two (2) separate Conditional Sale and Purchase Agreements to acquire 100% of the issued and paid-up share capital of APSB and XSSB based on the aggregate adjusted NTA of both companies as at 31 December 1998 amounting to RM38,440,956 which was satisfied by the issuance of 33,889,998 new ordinary shares of RM1.00 each at an issue price of approximately RM1.1343 per share.

8. INFORMATION ON THE AHB GROUP (Continued)

The audited NTA and adjusted NTA of APSB and XSSB as at 31 December 1998 are as follows:-

Company	Audited NTA as at 31.12.1998 RM	Revaluation surplus RM	Adjusted NTA as at 31.12.1998 RM
XSSB	22,120,889	3,526,468	25,647,357
APSB	10,875,576	1,918,023	12,793,599
	<u>32,996,465</u>	<u>5,444,491</u>	<u>38,440,956</u>

The allocation of the consideration shares is as follows:-

Vendors	Shareholdings in APSB		New AHB ordinary shares received	Shareholdings in XSSB		New AHB ordinary shares received	Total new AHB ordinary shares received
	No. of ordinary shares	%		No. of ordinary shares	%		
APH	2,800,000	70.00	9,301,175	2,450,175	35.00	7,211,427	16,512,602
YM Tengku Puan Nor Sa'adah binti Al-Marhum Sultan Sulaiman Shah	400,000	10.00	1,328,739	62,057	0.89	182,648	1,511,387
OSB	400,000	10.00	1,328,739	-	-	-	1,328,739
SRSB	400,000	10.00	1,328,739	-	-	-	1,328,739
SPL	-	-	-	2,450,175	35.00	7,211,427	7,211,427
Bank Pembangunan	-	-	-	2,037,593	29.11	5,997,104	5,997,104
	<u>4,000,000</u>	<u>100.00</u>	<u>13,287,392</u>	<u>7,000,000</u>	<u>100.00</u>	<u>20,602,606</u>	<u>33,889,998</u>

None of the Directors and substantial shareholders of AHB then, have any interests, direct or indirect, in the acquisitions of APSB and XSSB.

Subsequent to the acquisitions of APSB and XSSB, the existing two (2) ordinary shares in AHB were transferred to APH and SPL transferred its entire shareholding in AHB to WHSP & Co.

(iii) Acquisitions of APM and APEM

On 24 June 1999, AHB entered into a Conditional Sale and Purchase Agreement with APSB, for the acquisition of 100% of the issued and paid-up share capital of APM and APEM comprising 500,000 ordinary shares and 200,000 ordinary shares of RM1.00 each respectively, for cash consideration of RM1,446,323 and RM517,595, respectively. The purchase considerations are based on the audited NTA of the respective company as at 31 December 1998 and will be sourced ultimately from the Public Issue proceeds. The rationalisation of the AHB Group structure is to streamline the Group's operations such that APSB would only be focusing on retailing activities whilst the manufacturing activities are undertaken by XSSB. APM would focus on marketing and distribution activities in Peninsular Malaysia and APEM concentrates on retailing, distributions and marketing activities in East Malaysia.

The acquisitions of APSB and XSSB were completed on 15 February 2000. The acquisitions of APM and APEM were also completed on 15 February 2000, immediately upon the completion of the acquisitions of APSB and XSSB.

8. INFORMATION ON THE AHB GROUP *(Continued)*

(iv) Public Issue

To complete the restructuring exercise, AHB will implement a Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per ordinary share. Upon completion of the Public Issue, the issued and paid-up share capital of AHB will increase from RM33,890,000 to RM43,400,000, represented by 43,400,000 ordinary shares of RM1.00 each.

The utilisation of the proceeds from the Public Issue is as set out in Section 6.4 of this Prospectus.

The above restructuring and flotation scheme was approved by the SC on 4 January 2000 and 21 April 2000, MITI on 11 September 1999 and FIC on 11 August 1999.

8.1.3 Business

The AHB Group's business activities can be divided into three (3) principal divisions, namely:-

- (i) Manufacturing;
- (ii) Marketing and distribution; and
- (iii) Retailing of pharmaceuticals and personal health care products.

Its unique vertical integration allows the AHB Group to maximise synergies within the Group, resulting in lower overheads through sharing of resources and enhancing productivity with stronger supply chain management.

Manufacturing activities are carried out through XSSB. XSSB's products are marketed under its "Xepa-Soul" brand name to clinics, medical centres, hospitals, pharmacies and OTC consumers. An in-house team of pharmacists and chemists undertakes XSSB's R&D and product development activities. Product formulae and brand names remain the intellectual property of the AHB Group and are not licensed from external parties.

Marketing and distribution activities are carried out through APM and APEM. In Peninsular Malaysia, marketing and distribution activities are carried out under the tradename "Apex Pharma". APM and APEM market and distribute "Xepa Soul" products as well as products by other multinational pharmaceutical companies. The strength of the marketing and distribution operations lies in their wide market coverage and strategic use of Information Technology to enhance operating efficiency and productivity.

Retail activities are carried out through APSB and APEM which operate a chain of 20 retail pharmacies under the "Apex Pharmacy" tradename throughout Malaysia. APSB concentrates its retailing activities in Peninsular Malaysia while APEM focuses on East Malaysia. Besides retailing "Xepa-Soul" products, the retail operations offer a good range of high quality pharmaceutical and personal care products at affordable prices to the Malaysian public.

(i) Manufacturing Activities***Manufacturing Facilities***

The manufacturing facility of XSSB is located at Cheng Industrial Estate in Melaka Tengah, Melaka. The plant comprises a cluster of five (5) buildings on a piece of land measuring 314,995 sq. ft. with a total built-up area of 81,152 sq. ft., of which 49,223.54 sq. ft. is the factory production area. The land has a leasehold tenure of 99 years, expiring in 2096.

8. INFORMATION ON THE AHB GROUP (Continued)

The range of products manufactured by XSSB includes the following:-

Product line	End product
Tablets and capsules	Antibiotics and other Anti-infectives, Anti-ulcerants, Anti-hypertensives, Neuromuscular agents, Respiratory remedies, Corticosteroids and Vitamins.
Oral liquid products	Antibiotics and other Anti-infectives, Neuromuscular agents, Respiratory remedies and Paediatric medicines.
Dermatological products	Antibiotics and other Anti-infectives, Corticosteroids and other Skin preparations.
Ophthalmics	Antibiotics and other Anti-infectives, Corticosteroids and Normal Saline.

XSSB's production output, in term of units, for the past five (5) years from 1995 to 1999 is set out below:-

Product line	1995	1996	1997	1998	1999
Tablets and capsules	518,100	655,200	583,000	467,600	843,200
Oral liquids	2,247,900	2,069,900	3,029,500	2,190,900	3,552,300
Dermatologicals	680,000	431,600	877,700	686,300	574,300
Ophthalmics	154,200	182,300	218,400	205,300	180,900
Total	3,600,200	3,339,000	4,708,600	3,550,100	5,150,700

Analysis of the contribution of each product line to the turnover and operational profit of XSSB for the past five (5) years are as follows:-

▪ Contribution to Turnover

Product line	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Tablets and capsules	10,653	11,642	12,877	12,180	15,403
Oral liquids	7,598	8,524	9,703	9,004	12,458
Dermatologicals	2,199	2,492	3,532	3,429	3,614
Ophthalmics	1,709	2,104	2,535	2,797	2,462
Total	22,159	24,762	28,647	27,410	33,937

▪ Contribution to Operational Profit

Product line	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Tablets and capsules	1,088	1,635	2,715	1,834	2,428
Oral liquids	830	1,192	1,982	1,283	2,160
Dermatologicals	349	520	990	742	881
Ophthalmics	206	334	607	466	502
Total	2,473	3,681	6,294	4,325	5,971

8. INFORMATION ON THE AHB GROUP (Continued)

A further analysis of XSSB's sales in 1999, by product lines is as follows:-

Product line	No. of unit sold	Percentage unit sold %	Sales Value RM'000	Percentage share of sales %
Tablets and capsules	815,300	15.66	15,403	45.39
Oral liquids	3,587,100	68.91	12,458	36.71
Dermatologicals	615,600	11.83	3,614	10.65
Ophthalmics	187,700	3.60	2,462	7.25
Total	5,205,700	100.00	33,937	100.00

Currently, the plant operates on one 8-hour daily shift, five day-a-week work shift and has the following lines and production machines:-

Product lines	Type of machines	Nominal capacity units	Maximum capacity units
Tablets and capsules	Mixers, Granulators, Fluid bed dryers, Presses, Fillers, Coaters, Blister and Packing lines	709,200	851,600
Oral liquids	Blenders, Homogenisers, Mills and Automatic filling lines	3,024,000	3,631,200
Dermatologicals	Blenders, Homogenisers, Mills and Automatic filling lines	832,000	999,000
Ophthalmics	Blenders, Filtration systems and Autoclaves Automatic filling lines	252,000	302,600
Total		4,817,200	5,784,400

In meeting the demand from its clients, the production lines can be easily reconfigured and working hours extended beyond the 8-hour, five day-a-week work shift. In 1999, utilisation capacity was 5,150,700 units, or approximately 89% of the total maximum capacity of 5,784,400 units.

Principal Markets and Demand for XSSB's Products

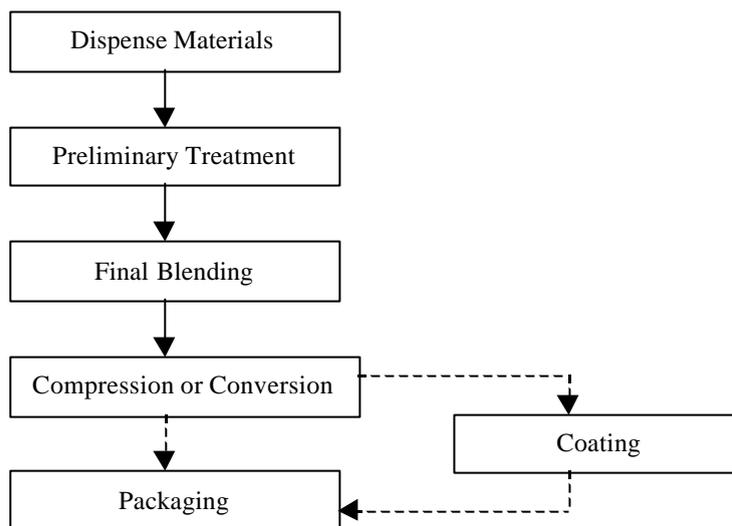
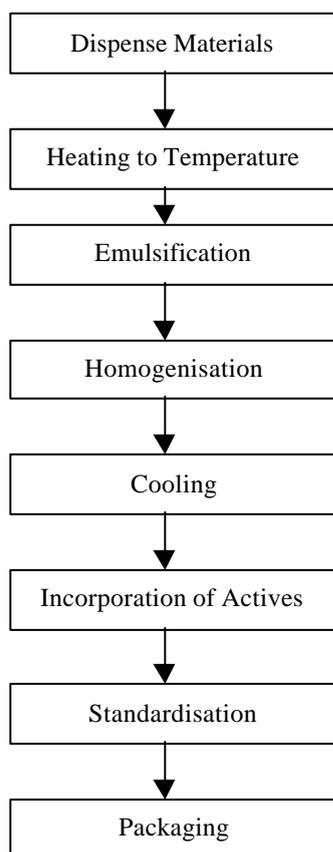
Apart from Malaysia, XSSB exports its products to 16 countries in the Asia-Pacific region, the Middle East and Africa. XSSB's domestic and export markets, by sales value is set forth below:-

	1995		1996		1997		1998		1999	
	RM'000	%								
Domestic	15,527	70.07	17,853	72.10	21,486	75.00	20,049	73.14	25,345	74.68
Export	6,632	29.93	6,909	27.90	7,161	25.00	7,361	26.86	8,592	25.32
Total	22,159	100.00	24,762	100.00	28,647	100.00	27,410	100.00	33,937	100.00

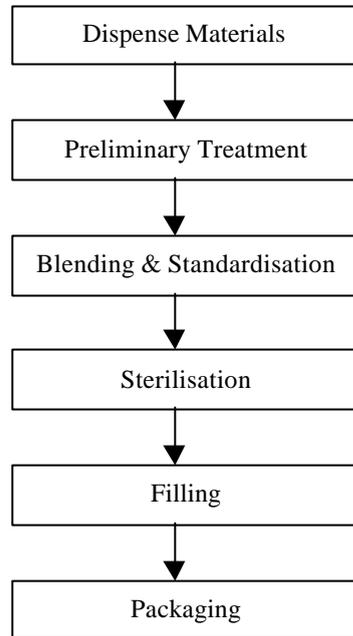
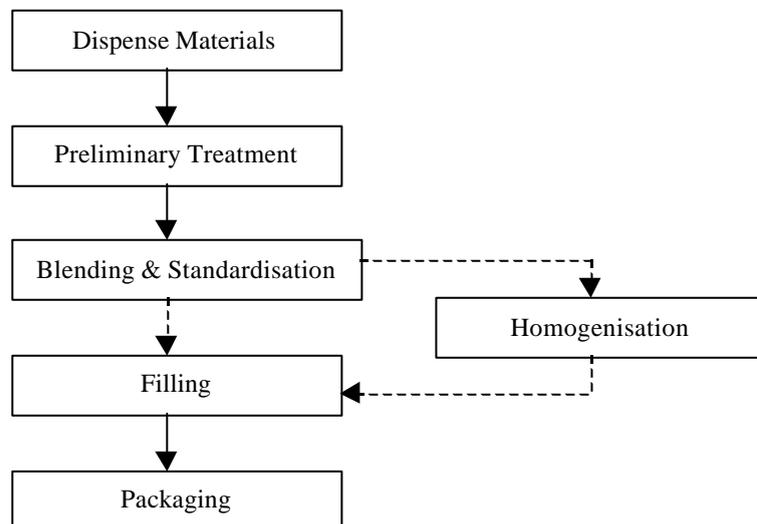
8. INFORMATION ON THE AHB GROUP *(Continued)*

The Production Process

Several processes are involved in the production of the four (4) main product categories, namely Tablets and capsules, Oral liquid, Dermatologicals and Ophthalmics. The respective production flowchart is shown below:-

(a) Flowchart for production of Tablets and capsules**(b) Flowchart for production of Oral liquids**

8. INFORMATION ON THE AHB GROUP (Continued)

(c) Flowchart for production of Dermatologicals**(d) Flowchart for production of Ophthalmics****Raw Materials Sourcing**

The raw materials used by XSSB's in its manufactured products include active materials, excipients and gelatine capsules, bottles and other packaging materials.

Sourcing and purchasing of raw materials is done by the purchasing department, which adheres to strict procedures to ensure tight quality and cost control of materials obtained from approved vendors. XSSB has a policy of working closely with suppliers to ensure timely delivery of materials.

8. INFORMATION ON THE AHB GROUP (Continued)

Raw materials, component usage, origin of suppliers and percentage of contribution are set out below:-

Raw material/component	Supplier	%
Active materials	Vendors from Europe, USA and Asia	49
Excipients and gelatine capsules	Vendors from Malaysia, Europe, USA and Asia	23
Bottles and other packaging materials	Malaysian sources	28

R&D

Preliminary design and formulation of new products to be manufactured are conceived and developed by XSSB's R&D team which consists of eight (8) qualified pharmacists and chemists. They are then analysed by XSSB's quality control team to determine safety, efficacy and compliance with MoH's quality standards. Approved formulations are then evaluated and scaled up to find a reliable, cost effective and efficient method of manufacturing. This is to enhance the production process of the new products, as well as ensuring compliance with regulatory requirements and customers' expectations.

XSSB focuses its R&D activities on developing high-end ethical pharmaceutical products, innovative packaging, better dose delivery systems and efficient manufacturing processes.

XSSB employs R&D equipment such as state-of-the-art tablet press specially fitted for R&D purposes and High-Performance Liquid Chromatographs. XSSB has already taken steps to focus on firm-wide R&D activities under a separate department, to further enhance effectiveness and knowledge management.

As the result of these activities, XSSB has successfully developed many new pharmaceutical products registered with MoH and the Registrar of TradeMarks. Some of the products XSSB has registered with the Registrar of TradeMarks are as follows:-

Product name	Drug type	Registration date
Fluen	Cold and flu remedy	8 June 1982
Kellis	External use preparation	8 June 1982
Progesic	Analgesic	8 June 1982
Sedilix	Cough remedy	8 June 1982
Zofen	Non-steroidal anti-inflammatory	8 May 1985
Bena	Cough remedy	8 June 1989
Bronchodil	Anti-asthmatic	8 June 1982
Coughen	Cough remedy	8 June 1982
Delix	Cough remedy	8 June 1982
Avorax	Antiviral	12 November 1993
Trico	Cough remedy	19 January 1995
Euderm	External use preparation	19 January 1995

Many other trade marks are pending registration.

A team of internal specialists ensure that quality standards meet or exceed guidelines set by MoH as well as ensuring that manufacturing processes adhere to the codes of GMP. XSSB's products are currently distributed to a growing list of countries in the Asia-Pacific region, the Middle East and Africa.

For the financial year ended 31 December 1999, XSSB spent approximately RM662,000 for its R&D activities.

8. INFORMATION ON THE AHB GROUP *(Continued)*

Quality Control and Assurance

XSSB is committed to organisation wide quality control and assurance processes, involving everyone from senior management right through to the line operators. XSSB's quality strategy includes an efficient combination of technology and skilled personnel to produce quality products that meet customer requirements and Governmental regulatory standards for safety, efficacy and quality.

XSSB's Quality Assurance & Control Department's major responsibilities include design control for new products, incoming quality control, in-process quality control and out-going quality control. Incoming quality control covers activities that check the quality of materials supplied through inspection and stringent tests in the laboratories, while in-process quality control is responsible for regular monitoring and testing of work-in-progress to ensure quality is maintained. Out-going quality control inspects and tests finished products to ensure conformance with performance specifications.

XSSB's pharmaceutical operations have been inspected and approved for GMP and Good Storage Practice by MoH since 1987. XSSB's ethical products are registered with the MoH and the respective Government authorities where XSSB exports its products.

(ii) Marketing and Distribution Activities***Nature of Business***

APM and APEM undertake the Group's marketing and distribution activities. APM is involved in the trading, marketing, wholesaling and distribution of pharmaceuticals, OTC and consumer products in Peninsular Malaysia while APEM oversees the East Malaysian market.

With the extensive marketing and distribution network, APM is able to serve approximately 4,000 wholesale customers, including private hospitals, public hospitals, pharmacies, healthfood stores, druggists, wholesalers, supermarkets, department stores, estates, factories and government institutions throughout the country. The top 20% customers contribute to approximately 60% of APM's turnover and the company's long term relationships and close rapport with its customers have contributed significantly to sustain growth. For the financial year ended 31 December 1999, the sales to the public and private sectors, in terms of percentage, is approximately 2.6% and 97.4%, respectively.

Network of Warehouses

New agency lines aiming to secure rapid market access can benefit from APM's network of dedicated warehouses. Each warehouse is equipped to handle date-sensitive and thermo-labile products, as well as meeting all the standards set by Drug Control Authority of Malaysia. A team of experienced and dedicated staff ensures efficient inventory management and proper warehousing administration. APM's fleet of delivery vans, lorries and courier services ensure on-time deliveries.

Currently APM and APEM has a network of five (5) and two (2) warehouses in Peninsular Malaysia and East Malaysia, respectively.

8. INFORMATION ON THE AHB GROUP *(Continued)*

Johor Bahru Warehouse

21, Jalan Permas
9/12 Bandar Baru Permas Jaya
81750 Johor Bahru
Johor Darul Takzim

Petaling Jaya Warehouse

24-26-28-30, Jalan PJS 11/5
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan

Kota Bharu Warehouse

789J, Jalan Gajah Mati
15000 Kota Bharu
Kelantan Darul Naim

Kota Kinabalu Warehouse

(operated by APEM)
2, Jalan Pantai
P.O. Box 10101
88801 Kota Kinabalu
Sabah

Melaka Warehouse

134 & 134/1
Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Ipoh Warehouse

2-4, Medan Bendahara 2
Medan Bendahara
31650 Ipoh
Perak Darul Ridzuan

Kuching Warehouse

(operated by APEM)
Lot 332, Jalan Ang Cheng Ho
93100 Kuching
Sarawak

The northern states of Malaysia are served by the Ipoh Warehouse whilst the Kota Bharu Warehouse supports the marketing and distribution activities in the state of Kelantan Darul Naim. In tandem with the growing demand in the northern states of Malaysia, APM plans to establish a warehouse in Penang by the year 2002.

Information Technology System

To manage the extensive logistics involved, APM's marketing and distribution system is fully computerised and linked. The Pronto Application information technology system enables real-time tracking of stock movement and quick information retrieval. This system enables the company to provide timely sales and stocks reports to its principals.

Marketing Activities

APM has used its sales and marketing expertise to secure market access for the products of many multinational principals. Products marketed range from generic pharmaceuticals, specialised pharmaceuticals to consumer health care products.

One of APM's most successful agency line is Agnesia Medicated Powder from Grafton Laboratories Private Limited. Since acquiring the marketing rights in 1990, sales has increased manifold and Agnesia is now the market leader in Malaysia, surpassing other international brands of medicated powders by a significant margin.

(Source: AC Nielsen Retail Measurement Services, April 1999)

In order to support its principals, APM provides regular sales and stock reports, manages product registration, product license renewal and other licensing requirements. APM also works closely with its principals to organise seminars, trade shows, exhibitions and market research.

8. INFORMATION ON THE AHB GROUP *(Continued)*

Distribution Activities

A major component of APM's turnover is derived from its distribution activities, especially in the wholesale division. APM enjoys a synergistic relationship with many multinational drug companies based in Malaysia as its extensive customer reach allows wider market penetration and faster deliveries.

Today, APM has one of the most extensive networks for the distribution of pharmaceuticals, OTC and consumer products in Malaysia. Its competitors are mainly smaller proprietor-owned wholesale pharmacies.

(iii) Retail Activities

AHB's retail activities are undertaken by APSB and APEM, which operate in Peninsular Malaysia and East Malaysia, respectively. In total APSB and APEM operates 20 retail pharmacies under the tradename "Apex Pharmacy".

Fulfilling the role of a "family pharmacy", APSB and APEM caters for all health as well as personal needs and wants, offering a wide range of health care and personal care products from prescription medicines, healthfood, fitness, beauty care to home care and rehabilitation aids. Its comprehensive range of pharmaceutical products and reputable friendly service has set itself apart from other chain pharmacies. Pharmaceuticals and healthfoods contribution in daily turnover ranges from approximately 30% to 50%.

APSB and APEM customers are mainly well educated and health-conscious. The majority of "Apex Pharmacy" customers are upper and middle-income consumers residing in cities and major towns of Malaysia. The affluence, purchasing habits, lifestyle and spending power of its end-consumer determine the trend of business.

The Retail Pharmacy Sector

Increasing consumer health awareness and rising cost of health care has led many consumers to turn to self-medication, by purchasing medicines, healthfoods and supplements over the counter. This has fuelled the expansion of growth of retail pharmacy outlets in Malaysia.

It is estimated that in 1998, there was an average of one (1) community pharmacy for every 23,703 people in Malaysia. In city and major urban areas such as Kuala Lumpur and Penang, where the population is more affluent with higher disposable income, the community pharmacy to population ratio is 1:8,531 and 1:9,400 respectively. As a comparison, the Klang and Gombak districts have ratios of only 1:29,922 and 1:34,107 respectively. These statistics indicate the vast difference and potential existing in the retail pharmacy market.

(Source: MoH)

Growing Demand for Retail Pharmacists

The current shortage of pharmacists, particularly in the urban area, is a limiting factor in the growth of the retail pharmacy business. This is a temporary constraint and will be overcome as approximately 340 pharmacists will graduate from Malaysian universities annually commencing year 2000. This will bring the total number of registered pharmacists from 2,320 in 1999 to 4,220 by the year 2005.

By the year 2005, the pharmacist to population ratio is expected to decrease to 1:5,829 making it easier for retail pharmacies to employ pharmacists and to provide better services to the consumers.

(Source: MoH)

8. INFORMATION ON THE AHB GROUP (Continued)

Retail Pharmacies in Malaysia

Majority of the outlets of the top four (4) pharmacy chains are located in the Klang Valley while "Apex Pharmacy" outlets are spread throughout Malaysia. The top nine (9) major pharmacy chain stores in Malaysia, measured by the number of outlets are as follows:-

	No. of outlets	Ranking
Guardian Pharmacy	56	1
Watson	41	2
Pharmacare	32	3
Georgetown Pharmacy	29	4
Apex Pharmacy	20	5
Prima Health	15	6
Vitacare	12	7
City Chemist	10	8
Dewma Pharmacy	10	9

(Source: AC Nielsen Retail Measurement Services, April 1999)

Apex Pharmacy Outlets

Apex Pharmacy outlets located throughout Malaysia are as follows:-

Klang Valley

Lot G03, Ground Floor
Ampang Point Shopping Centre
Jalan Mamanda 3
68000 Ampang
Selangor Darul Ehsan

B6, Block B
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

115, Jalan Mega Mendung
Bandar Complex
Overseas Union Garden
Jalan Klang Lama
58200 Kuala Lumpur

Melaka

Ground Floor
Pasaraya Ocean Melaka
Plaza Hang Tuah
Jalan Tun Mamat
75300 Melaka

83-A, Jalan Munshi Abdullah
Bandar Melaka
75150 Melaka

LG Floor
Sogo Pernas Departmental Store
190, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

Level 1
Metrojaya Sinar Kota
Jalan Tun Perak
50500 Kuala Lumpur

No. 9, Jalan Barat
Bangunan Kon Kee San
46200 Petaling Jaya
Selangor Darul Ehsan

Negeri Sembilan Darul Khusus

No. 32, Jalan Dato Sheikh Ahmad
70000 Seremban
Negeri Sembilan Darul Khusus

Ground Floor
Pasaraya Ocean Seremban
Center Point Kompleks
Jalan Dato Siamang Gagap
70100 Seremban
Negeri Sembilan Darul Khusus

8. INFORMATION ON THE AHB GROUP (Continued)**Johor Darul Takzim**

24, Jalan Tengku Ahmad
85000 Segamat
Johor Darul Takzim

52 & 53, Jalan Jenang
83000 Batu Pahat
Johor Darul Takzim

3, Jalan Syed Abdul Hamid Sagaf
86000 Kluang
Johor Darul Takzim

Ground Floor
Pasaraya Ocean Johor Bahru
Kompleks Lian Hoe
Jalan Sutera, Taman Sentosa
80150 Johor Bahru
Johor Darul Takzim

Lot 17-19, Ground Floor
Kompleks Tun Abdul Razak
Jalan Wong AhFook
80000 Johor Bahru
Johor Darul Takzim

Lot M2-17, Level 2
Johor Bahru City Square
Jalan Wong AhFook
80000 Johor Bahru
Johor Darul Takzim

Perak Darul Ridzuan

Lot 11-12
Yik Foong Shopping Complex
Jalan Laxamana
30300 Ipoh
Perak Darul Ridzuan

Sabah (operated by APEM)

2, Jalan Pantai
P. O. Box 10101
88801 Kota Kinabalu
Sabah

Sarawak (operated by APEM)

15, Ground Floor, Electra House
Power Street
93000 Kuching
Sarawak

Unit 125, 1st Floor
Sarawak Plaza
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak

Established Relationships with Suppliers

Apex Pharmacy enjoys a strong relationship with the major suppliers and distributors of pharmaceuticals and personal care products in Malaysia. The following table summarises the top ten (10) suppliers of products to the Apex Pharmacy chain in Malaysia.

Supplier	Length of relationship
Johnson & Johnson Sdn. Bhd.	More than 30 years
Abbott Laboratories (M) Sdn. Bhd.	More than 30 years
SmithKline Beecham Sdn. Bhd.	More than 30 years
Zeullig Pharma Sdn. Bhd.	More than 30 years
Diethelm Holdings (M) Bhd.	More than 30 years
Summit Company (M) Sdn. Bhd.	More than 30 years
Cambert (M) Sdn. Bhd.	More than 10 years
21 st Century Products Sdn. Bhd.	More than 10 years
Bionax Malaysia Sdn. Bhd.	More than 5 years
LOCM Sdn. Bhd.	More than 5 years*

Note:-

* *Products presently marketed by LOCM Sdn. Bhd. were previously distributed by Nestle Products (M) Sdn. Bhd. Until then, APSB had approximately 15 years of business relationship with Nestle Products (M) Sdn. Bhd.*

8. INFORMATION ON THE AHB GROUP *(Continued)*

8.1.4 Movements in Share Capital

The authorised share capital of AHB is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of AHB is RM33,890,000 comprising 33,890,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of AHB since incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Resultant total RM
03.12.1998	2	1.00	Subscribers' shares	2
15.02.2000	33,889,998	1.00	Issued for Acquisitions of APSB and XSSB	33,890,000

Pursuant to the Public Issue, 9,510,000 new ordinary shares of RM1.00 each in AHB will be issued.

8.1.5 Profit and Dividend Records

The following table sets out a summary of the pro forma consolidated results of the AHB Group for the past five (5) financial years ended 31 December 1999 based on the assumption that the AHB Group had been in existence throughout the years under review. The pro forma consolidated results are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	<----- Year ended 31 December ----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	86,665	97,378	96,720	94,986	108,798
Profit before taxation	4,509	6,129	8,586	7,206	8,766
Taxation	(1,137)	(1,803)	(2,195)	(1,938)	(180)
Profit after taxation but before EI	3,372	4,326	6,391	5,268	8,586
EI	750	-	-	-	-
Profit after taxation and EI	4,122	4,326	6,391	5,268	8,586
Assumed number of ordinary shares in issue ('000)	33,890	33,890	33,890	33,890	33,890
Gross EPS (RM)	0.13	0.18	0.25	0.21	0.26
Net EPS (RM)	0.12	0.13	0.19	0.15	0.25

Note:-

- (i) *The pro forma consolidated results are presented for illustrative purposes only and are based on the audited accounts of APSB, XSSB, APEM and APM.*
- (ii) *The EI for the FY 1995 represented profit upon disposal of XSSB's old factory land and building and profit upon disposal of subsidiaries by APSB.*
- (iii) *The effective tax rates for the FY 1995, 1997 and 1998 were lower than the statutory rates mainly due to reinvestment allowances claimed by XSSB.*

8. INFORMATION ON THE AHB GROUP (Continued)

- (iv) *The increase in profit before taxation for the FY 1996 by 35.92% was mainly due to new products launched by APM's major principal, Pharmacia, and increased sales from OTC products manufactured by XSSB. Another factor was improved margins from distribution and retailing activities.*
- (v) *Despite the slight decrease in turnover for the FY 1997 due to loss of the product agency, Pharmacia, the profits before taxation have increased by 40.09% due to contribution from higher margin products and good export sales. Further contributory factor was increased local purchases in the fourth quarter by hospitals, clinics and pharmacies.*
- (vi) *The lower profit before taxation for the FY 1998 by 16.07% was due to lower XSSB sales as a result of price increases as well as accumulated inventory in hospitals, clinics and pharmacies from unseasonal purchases in the last quarter of 1997. Further contributory factor was increased raw material costs which could not be fully absorbed by price increases.*
- (vii) *For the FY 1999, the increase in turnover and profit before taxation by 14.54% and 21.65%, respectively was mainly due to the higher sales volume from XSSB and several new products launched by the agencies handled by APM in addition, to an upward revision in the selling prices of XSSB's products during the year. The taxation charge in the FY 1999 was due to the Group's underprovision for taxation in the earlier years. However, no taxation was provided for the FY 1999 as the financial year fell in the Year of Assessment 2000 where taxation on business income earned is waived.*
- (viii) *There were no exceptional items during the financial years under review.*

8.2 Subsidiaries of AHB

AHB has the following subsidiaries:-

Name	Date and Country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
XSSB	18 August 1969 / Malaysia	7,000,000	100.00	Manufacturing of pharmaceutical products
APM	17 April 1979 / Malaysia	500,000	100.00	Marketing and distribution of pharmaceutical products
APSB	17 October 1969 / Malaysia	4,000,000	100.00	Retailing of pharmaceutical products
APEM	10 January 1970 / Malaysia	200,000	100.00	Retailing, marketing and distribution of pharmaceutical products in East Malaysia
Subsidiary of XSSB				
XSPL	24 July 1999 / Singapore	SGD200,000	100.00	Marketing and distribution of pharmaceutical products

As at the date hereof, AHB does not have any associated company.

Further information on the subsidiaries of AHB is as follows:-

8.2.1 XSSB

(i) History and Business

XSSB was incorporated in Malaysia under the Companies Act, 1965 as a private company limited by shares on 18 August 1969 under the name of Xepa Laboratories (Malaysia) Sendirian Berhad. It subsequently assumed its present name on 13 September 1973. The principal activity of the company is manufacturing of pharmaceutical products.

XSSB is a member of Malaysian Organisation of Pharmaceutical Industries.

8. INFORMATION ON THE AHB GROUP (Continued)

As at 5 May 2000, XSSB had 145 employees and one (1) subsidiary namely XSPL. XSSB does not have any associated company as at the date hereof. Further information on XSPL is furnished in Section 8.2.5.

(ii) Share Capital

The authorised share capital of XSSB is RM7,000,000 comprising 7,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

The changes in the issued and paid-up share capital of XSSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Resultant total RM
19.08.1969	3	1.00	Subscriber's shares	3
01.04.1974	399,997	1.00	Cash	400,000
08.11.1974	350,000	1.00	Cash	750,000
24.03.1975	50,000	1.00	Cash	800,000
10.10.1975	8,000	1.00	Cash	808,000
06.08.1977	80,800	1.00	Bonus issue of 1 for 10	888,800
06.08.1977	121,200	1.00	Rights issue of 3 for 20 at par, before the bonus issue	1,010,000
05.04.1979	330,000	1.00	Cash	1,340,000
15.09.1980	670,000	1.00	Rights issue of 1 for 2 at par	2,010,000
30.06.1984	1,206,000	1.00	Bonus issue of 3 for 5 at par	3,216,000
21.12.1984	784,000	1.00	Rights issue of 1 for 4 at par	4,000,000
14.08.1991	1,000,000	1.00	Rights issue of 1 for 4 at par	5,000,000
18.07.1992	1,000,000	1.00	Rights issue of 1 for 5 at par	6,000,000
09.02.1993	1,000,000	1.00	Rights issue of 1 for 6 at par	7,000,000

8. INFORMATION ON THE AHB GROUP (Continued)

(iii) Profit and dividend records

The following is a summary of the audited profit and dividend records of XSSB for the past five (5) financial years ended 31 December 1999:-

	<----- Year ended 31 December ----->				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	22,159	24,762	28,647	27,410	33,937
Profit before taxation	2,473	3,681	6,294	4,325	5,971
Taxation	(407)	(1,120)	(1,482)	(1,042)	-
Profit after taxation but before EI	2,066	2,561	4,812	3,283	5,971
EI	730	-	-	-	-
Profit after taxation and EI	2,796	2,561	4,812	3,283	5,971
No. of ordinary shares in issue ('000)	7,000	7,000	7,000	7,000	7,000
Gross EPS (RM)	0.35	0.53	0.90	0.62	0.85
Net EPS (RM)	0.40	0.36	0.69	0.47	0.85
Gross dividend rate (%)					
- Interim dividend	-	-	-	5	5
- Final dividend	15	15	15	10	15
- Special dividend	-	-	10	-	-

Note:-

- (i) For the FY 1995, as XSSB fully shifted its manufacturing operations from Ayer Keroh Industrial Estate, Melaka to Cheng Industrial Estate in Melaka Tengah, Melaka in 1996, the old factory land and building in Ayer Keroh Industrial Estate was subsequently sold and resulted in the EI of RM730,000 net of real property gains tax.
- (ii) The increase in turnover and profit before taxation for the FY 1996 by 11.74% and 48.85%, respectively was mainly due to the improvement in the OTC sales and further growth in the export market.
- (iii) The increase in turnover and profit before taxation by 15.68% and 70.98%, respectively for the FY 1997 was mainly attributed to the OTC sales, higher gross margin for OTC sector and stringent cost control on operating expenditures. It is also due to a number of local doctors and pharmacists stocking up their inventories in the fourth quarter of 1997.
- (iv) The decrease in turnover and profit before taxation by 4.32% and 31.28%, respectively for the FY 1998 was mainly due to the significant decline in contracts, tenders and grants as the Malaysian Government spending for the health and other sectors contracted and lower gross margin achieved for the year due to a weaker RM as most of the raw materials consumed were purchased in foreign currency. The decrease was also due to the stocking-up of inventories by local doctors and pharmacist during the fourth quarter of 1997.
- (v) The increase in turnover and profit before taxation for the FY 1999 by 23.81% and 38.06%, respectively was mainly due to the increase in the sales volume which was in line with the recovery in the Malaysian economy and better profit margins realised by XSSB.
- (vi) No taxation is provided for the FY 1999 as the financial year fell in the Year of Assessment 2000 where taxation on business income earned is waived.
- (vii) There were no exceptional items during the financial years under review.

8. INFORMATION ON THE AHB GROUP (Continued)

8.2.2 APM

(i) History and Business

APM was incorporated as a private company limited by shares in Malaysia under the Companies Act, 1965 on 17 April 1979 under the name of Apex Pharmacy (Selangor) Sdn. Bhd. On 8 July 1993 the company's name was changed to Medipex Marketing Services Sdn. Bhd. and later to its present name on 10 January 1994. The principal activities of the company are marketing and distribution of pharmaceutical products.

As at 5 May 2000, APM had 110 employees and it does not have any subsidiary or associated company.

(ii) Share Capital

The authorised share capital of APM is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of APM since its incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Resultant total RM
17.04.1979	2	1.00	Subscribers' shares	2
01.05.1979	119,998	1.00	Cash	120,000
01.07.1981	50,000	1.00	Cash	170,000
01.09.1982	30,000	1.00	Cash	200,000
10.01.1985	200,000	1.00	Cash	400,000
01.09.1987	100,000	1.00	Cash	500,000

(iii) Profit and dividend records

The following is a summary of the audited profit and dividend records of APM for the past five (5) financial years ended 31 December 1999:-

	<----- Year ended 31 December ----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	42,112	46,362	44,018	42,297	51,076
Profit before taxation	1,163	8	1,486	1,609	2,060
Taxation	(340)	(14)	(434)	(517)	(65)
Profit/(loss) after taxation	823	(6)	1,052	1,092	1,995
No. of ordinary shares in issue ('000)	500	500	500	500	500
Gross EPS (RM)	2.33	0.02	2.97	3.22	4.12
Net EPS (RM)	1.65	(0.01)	2.10	2.18	3.99
Gross dividend rate (%)					
- Interim dividend	-	-	100	-	50
- Final dividend	150	50	100	100	200
- Special dividend	-	-	-	175	-

8. INFORMATION ON THE AHB GROUP (Continued)

Note:-

- (i) *The increase in turnover for the FY 1996 by 10.09% was due to the acquisition of additional line of products introduced by a major principal under the brand name of "Pharmacia". However, the substantial decline in the profit before taxation by 99.31% in the same year was because "Pharmacia" has very low profit margin contribution.*
- (ii) *The decrease in turnover by 5.06% for the FY 1997 was mainly attributed to the loss of the "Pharmacia" agency. However, the substantial improvement on the profit before taxation in the same year was attributed to the decrease in direct overhead cost and increased retail sales from the Kota Bharu outlet which was transferred from APSB.*
- (iii) *The decrease in turnover by 3.91% for the FY 1998 was mainly attributed to the low sales from agencies lines as imported drugs became more expensive. However, the improvement in profit before taxation by 8.28% in the same year was attributed to sales of products with higher profit margins.*
- (iv) *The increase in turnover and profit before taxation for the FY 1999 by 20.76% and 28.03%, respectively was mainly due to the positive market response for new products which were introduced by several principals and agencies coupled with better margin realised from bulk purchase discounts. The taxation charge was due to the company's underprovision for taxation in the FY 1998. No taxation was provided for the FY 1999 as the financial year fell in the Year of Assessment 2000 where taxation on business income earned is waived.*
- (v) *There were no EI or exceptional items during the financial years under review.*

8.2.3 APSB

(i) History and Business

APSB was incorporated in Malaysia under the Companies Act, 1965 on 17 October 1969 as a private company limited by shares. The principal activity of the company is retailing of pharmaceutical products.

As at 5 May 2000, APSB had 117 employees and it does not have any subsidiary or associated company.

(ii) Share Capital

The authorised and issued and paid-up share capital of APSB is RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of APSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Resultant total RM
17.10.1969	3	1.00	Subscriber's shares	3
01.08.1972	140,000	1.00	Cash	140,003
04.01.1975	109,997	1.00	Cash	250,000
28.02.1976	35,000	1.00	Cash	285,000
24.07.1976	15,000	1.00	Cash	300,000
01.10.1984	100,000	1.00	Cash	400,000
17.11.1989	2,637,189	1.00	Issued to APH for the acquisition of shares in five (5) companies and properties	3,037,189
30.11.1991	962,811	1.00	Cash	4,000,000

8. INFORMATION ON THE AHB GROUP (Continued)

(iii) Profit and dividend records

The following is a summary of the audited profit and dividend records of APSB for the past five (5) financial years ended 31 December 1999:-

	<----- Year ended 31 December ----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	31,631	33,470	27,870	26,555	26,210
Profit before taxation	1,785	2,129	1,697	2,637	2,218
Taxation	(559)	(669)	(534)	(760)	(116)
Profit after taxation but before EI	1,226	1,460	1,163	1,877	2,102
EI	20	-	-	-	-
Profit after taxation and EI	1,246	1,460	1,163	1,877	2,102
No. of ordinary shares in issue ('000)	4,000	4,000	4,000	4,000	4,000
Gross EPS (RM)	0.45	0.53	0.42	0.66	0.55
Net EPS (RM)	0.31	0.37	0.29	0.47	0.53
Gross dividend rate (%)					
- Interim dividend	-	-	25	15	6
- Final dividend	20	25	7.5	20	9

Note:-

- (i) *The increase in turnover and profit before taxation by 5.81% and 19.27%, respectively for the FY 1996 was mainly contributed by the increase in retail sales through the set up of new retail outlets in 1995. The EI for the FY 1995 represents profit upon disposal of a subsidiary.*
- (ii) *The decrease in turnover and profit before taxation by 16.73% and 20.29%, respectively for the FY 1997 was mainly attributed to the decrease in wholesale turnover resulting from the transfer of Kota Bharu wholesale and retail operations and Seremban wholesale operations to APM.*
- (iii) *The slight decrease in turnover by 4.72% for the FY 1998 was mainly attributed to the lower sales made to APM and APEM which were then subsidiaries of APSB. However, the profit before taxation improvement by 55.39% in the same year was attributed to the company's concerted effort in concentrating on higher margin products and implementing central purchases to enjoy better discount from its suppliers. The company also received higher dividend income from its subsidiaries.*
- (iv) *The decrease in profit before taxation by 15.89% for the FY 1999 was mainly attributed to the decrease in sales of certain APSB retail outlets located in the older shopping complexes coupled with lower dividend income from its then subsidiaries, APM and APEM. The taxation charge was due to the company's underprovision for taxation in the earlier years. No taxation is provided for the FY 1999 as the financial year fell in the Year of Assessment 2000 where taxation on business income earned is waived.*
- (v) *There were no exceptional items during the financial years under review.*

8.2.4 APEM

(i) History and Business

APEM was incorporated as a private company limited by shares in Malaysia under the Companies Act, 1965 on 10 January 1970 under the name of Apex Pharmacy (East Malaysia) Pte. Sdn. Bhd. and assumed its present name on 3 July 1979. The principal activities of the company are retailing, marketing and distribution of pharmaceutical products in East Malaysia

As at 5 May 2000, APEM had 34 employees and it does not have any subsidiaries or associated companies.

8. INFORMATION ON THE AHB GROUP (Continued)**(ii) Share Capital**

The authorised share capital of APEM is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 200,000 ordinary shares of RM1.00 each are issued and fully paid-up.

The changes in the issued and paid-up share capital of APEM since its incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Resultant total RM
10.01.1970	3	1.00	Subscribers' shares	3
04.01.1971	80,000	1.00	Cash	80,003
04.09.1976	10,000	1.00	Cash	90,003
10.11.1976	4,997	1.00	Cash	95,000
01.11.1977	55,000	1.00	Cash	150,000
16.07.1979	50,000	1.00	Cash	200,000

(iii) Profit and dividend records

The following is a summary of the audited profit and dividend records of APEM for the past five (5) financial years ended 31 December 1999:-

	Year ended 31 December				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	5,943	7,079	10,395	10,269	9,746
Profit before taxation	149	256	179	213	197
Taxation	(45)	(80)	(51)	(61)	1
Profit after taxation	104	176	128	152	198
No. of ordinary shares in issue ('000)	200	200	200	200	200
Gross EPS (RM)	0.75	1.28	0.90	1.07	0.99
Net EPS (RM)	0.52	0.88	0.64	0.76	0.99
Gross dividend rate (%)					
- Final dividend	50	60	30	30	50
- Special dividend	-	-	-	70	-

Note:-

- (i) The increase in turnover and profit before taxation by 19.11% and 71.81%, respectively for the FY 1996 was due to increase in tender sales.
- (ii) The increase in turnover by 46.84% for the FY 1997 was mainly attributed to the acquisition of the business operation at Kota Kinabalu from Sandakan Chemist Sdn. Bhd. and an increase in tender sales. However, the decline in the profit before taxation by 30.07% in the same year was attributed to the lower profits recorded at the Kota Kinabalu branch coupled with an increase in overheads, mainly on rental and payroll costs.
- (iii) The slight decrease in turnover by 1.21% for the FY 1998 was mainly attributed to the lower revenue from the general wholesale. However, the profit before taxation improvement by 18.99% in the same year was attributed to the lower overheads with savings on payroll as a result of payment of lower bonuses and commission.
- (iv) The slight decrease in turnover and profit before taxation by 5.09% and 7.51%, respectively for the FY 1999 was mainly attributed to lower tender contracts secured and increased competition from existing and newly established pharmacies. No taxation was provided for the FY 1999 as the financial year fell in the Year of Assessment 2000 where taxation on business income earned is waived.

8. INFORMATION ON THE AHB GROUP *(Continued)*

(v) *There were no EI or exceptional items during the financial years under review.*

8.2.5 XSPL

(i) History and Business

XSPL was incorporated as a private company limited by shares in Singapore under Section 28(2) of the Singapore Companies Act, Chapter 50 on 24 July 1999. The principal activities of the company are marketing and distribution of pharmaceutical products. XSPL commenced its operations on 1 January 2000.

As at 5 May 2000, XSPL had 8 employees and it does not have any subsidiary or associated company.

(ii) Share Capital

The authorised share capital of XSPL is SGD500,000 comprising 500,000 ordinary shares of SGD1.00 each, of which 200,000 ordinary shares of SGD1.00 each are issued and fully paid-up.

The changes in the issued and paid-up share capital of XSPL since its incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value SGD	Consideration	Resultant total SGD
24.07.1999	2	1.00	Subscribers' shares	2
24.12.1999	24,998	1.00	Cash	25,000
24.04.2000	175,000	1.00	Cash	200,000

(iii) Profit and dividend records

XSPL has not prepared any profit and loss account nor paid any dividends since its incorporation on 24 July 1999.

8.3 Directors, Senior Management and Employees

8.3.1 Board of Directors

Details of the Board of Directors of AHB are as follows:-

Kee Tah Peng @ Hee Teck Peng, aged 69, is the Executive Chairman of AHB since 3 March 2000. He graduated with a Pharmaceutical Chemist Certificate issued by the Pharmacy Board of New South Wales, Australia from University of Sydney, Australia in 1958.

He started his career by working with Federal Dispensary of Singapore, a company principally involved in retail and wholesale pharmaceutical services, in 1958 as the Pharmacist-In-Charge of Dispensary. In 1962, he left Federal Dispensary of Singapore to establish APSB and became the Group Managing Director. Over the years, Mr. Kee diversified the business of APSB from wholesale and retail pharmaceutical services to manufacturing pharmaceutical products and distributor of pharmaceuticals, toiletries and surgical equipments. Due to Mr. Kee's entrepreneurship and hard work, the Group has grown to be what it is today.

Currently, he sits on the board of several private limited companies in Malaysia including subsidiaries of AHB.

8. INFORMATION ON THE AHB GROUP (Continued)

Dr. Kee Kirk Chin, aged 38 was appointed as the Managing Director of AHB since 3 March 2000. He obtained a Bachelor in Arts with Honours in 1985, a M.B.B. Chir. in 1987, a Master of Arts in 1989 from University of Cambridge, UK and a Master of Business Administration ("MBA") with distinction in 1993 from University of Hull, UK.

He began his career with National University Hospital, Singapore as a House Officer in 1988 and later became a Resident Medical Officer in the Department of Medicine in the same hospital in 1989. In 1990, he joined Medical Hall Limited, Singapore (now known as *United MediCorp Pte. Ltd.* ("*United MediCorp*")), a company principally involved in management services and investment holding, as Director of Business Development. United MediCorp has interests in several healthcare companies in six (6) Asian countries involved in pharmaceuticals, clinical equipment, hospital support services and private hospitals. He was later appointed as the Director of Operations. In 1996, he was appointed Chief Executive Officer of United MediCorp.

Currently, he sits on the board of several private limited companies in Malaysia including subsidiaries of AHB.

He is an ordinary member of the Singapore Medical Association and also a registered Medical Practitioner with the Singapore Medical Association and the General Medical Council of UK.

Ki Tak Sang @ Kee Tak Sang, PJK, aged 56, was appointed as the Executive Director of AHB since 3 March 2000. He is a Fellow of the Association of International Accountants, UK since 1984.

He started his career with APSB as the Financial Controller in 1970 and later was promoted to the position of Financial Director in 1980. In tandem with his designation in APSB, he was also appointed as the Accounts Executive in XSSB in 1974 and was later promoted to Finance Director of XSSB in 1992. He is also the Finance Director of APH since 1979.

Currently, he sits on the Board of Polymate Holdings Bhd., an investment holding company which is listed on the Second Board of KLSE, and several other private limited companies in Malaysia including subsidiaries of AHB. He was conferred with a PJK medal by the Yang Di Pertua Negeri Melaka in 1996.

Tan Yan Meng, Warren, aged 67, was appointed as the Executive Director of AHB since 3 March 2000. He was instrumental in the establishment of XSSB and is its Deputy Managing Director today.

He graduated with an Honours Degree of Bachelor of Pharmacy from the University of Malaya in Singapore in 1961. He began his career as a pharmacist in Kuching General Hospital, Sarawak. He next worked as the Pharmaceutical Chemist of the Singapore General Hospital and later became its Pharmacist-in-Charge. In 1966, he joined University Hospital, Petaling Jaya as Chief Pharmacist.

In 1968, he joined Xepa Laboratories Pte. Ltd. of Singapore as the Factory Manager where he was responsible for its product development and operations. Subsequently, he was appointed the Factory Manager with the formation of XSSB in 1974 and later was promoted to General Manager. In 1992, he was appointed as the Deputy Managing Director of XSSB.

Currently, he sits on the board of several private limited companies in Malaysia and Singapore including subsidiaries of AHB.

8. INFORMATION ON THE AHB GROUP *(Continued)*

Jackson Chevalier Yap-Kit-Siong, aged 48, was appointed as the Director of AHB since 15 February 2000. He graduated with a Bachelor of Engineering with Honours from University of Auckland, New Zealand in 1974 under a Colombo Plan Scholarship.

He started his career with Shell Eastern Pte. Ltd. in 1977 as a Technologist and was later promoted to the post of Assistant Process Manager in 1982. He then joined Petrochemical Corporation of Singapore in 1984 as the Planning Manager and subsequently moved to Vanol F.E. Marketing Pte. Ltd. in 1988 as the Trading Manager. He joined Exxon Chemical (Singapore) Pte. Ltd. in 1993 as an Intermediates Manager and was later transferred to become a Manager in the Planning Department in 1995. Then in 1997, he joined United Engineers Limited ("UEL"), a company listed on the Singapore Stock Exchange ("SES") whose principal activities consist of investment holding, property ownership and property developer, and assumed the position of Chief Operating Officer.

Presently, he sits on the boards of several private limited companies in Malaysia and Singapore. In 1999, he was appointed to the Board of UEL.

Throughout his career, he has attended several senior management seminars and courses both locally and internationally.

Robert Dobson Millner, aged 49, was appointed as the Director of AHB since 23 February 2000.

He was a farmer and grazier prior to joining the Board of WHSP & Co., a company listed on the Australian Stock Exchange ("ASE") with principal activities consisting of ownership of shares and properties, coal mining, bulk handling, commercial television licensee and operator, program and commercial television production, manufacturing, wholesaling and retailing of pharmaceutical products, manufacture, processing and marketing of essences, food colours, perfumes and aromatic chemicals, fruit juices and reconstitution and extrusion of polyethylene; and has been a director of WHSP & Co. since 1984. He was appointed Deputy Chairman of WHSP & Co. in 1997 and finally appointed as Chairman in 1998.

Presently, he is also the Chairman of Brickworks Limited ("Brickworks"), a company which principal activities consist of manufacturing clay products and investment, Keith Harris & Co. Limited, ("Keith Harris"), a company which is principally involved in the processing and marketing of fruit juice products, manufacture and marketing of essences, seasonings, food colours and perfumes and Choiseul Investments Limited ("Choiseul"), a company which is principally an investment company. Brickworks, Keith Harris and Choiseul are listed on the ASE. He is a Director of Clover Corporation Limited, a company principally involved in the manufacture and supplier of functional food ingredients to the health care and nutrition markets and Milton Corporation Limited, both of which are investment companies, listed on the ASE. He is also a Director of Queensland Bulk Handling Pty. Ltd., Queensland Commodity Exports Pty. Ltd. and XSSB.

He is a member of the Institute of Company Directors, New South Wales, Australia.

Peter Raymond Robinson, aged 47 was appointed Director of AHB in 23 February 2000. He graduated with a Bachelor of Commerce from the University of New South Wales, Australia in 1973.

8. INFORMATION ON THE AHB GROUP *(Continued)*

From 1973 to 1978, he was a Junior Sales/Marketing Manager in the wholesales liquor industry. He joined WHSP & Co. in 1978 as General Manager of its Wholesale division and was later promoted to General Manager - Pharmacy, where he was responsible for all three division in the Group, namely wholesaling, manufacturing and retailing. In 1993, he was appointed as the Group General Manager and Chief Executive Officer of WHSP & Co.

He has over 20 years of experience in the pharmaceutical industry and business management and presently sits on the board of WHSP & Co., Keith Harris, and Clover Corporation Limited.

During his employment, he has attended several senior management seminars and courses both locally and internationally including Australian Institute of Pharmacy Management courses, Guild Pharmacy workshops and Institute of Directors workshops. He is a member of the Australian Institute of Pharmacy Management and a fellow of the Australian Institute of Directors.

Mohd Ramli bin Samian, aged 49, was appointed as the Director of AHB since 25 February 2000. He is a Chartered Management Accountant from the Chartered Institute of Management Accountants, UK since 1975 and obtained a Post-Graduate Diploma in Advertising Administration from Watford University, UK in 1976.

He started his career in 1974, when he joined Urban Development Authority ("UDA") (*now known as UDA Holdings Berhad*) as a Business Development Officer. He left UDA in the same year to pursue his Post-Graduate studies in the UK. Upon returning to Malaysia in 1976, he joined Bank Pembangunan where he held various positions in the Bank such as Project Officer, Branch Manager, Manager for Finance, Planning, Funding and Monitoring, Investment and Research, Senior Manager of Regional Office and Branch Operations. In 1999, he was promoted to become the General Manager of Infrastructure Banking Sector of Bank Pembangunan.

Overall, he has over 23 years of experience in various departments of the banking industry. Presently, he sits on the boards of several private limited companies.

During his employment, he has attended several banking and senior management seminars and courses both locally and internationally.

Md. Diah bin Mohammad, aged 42, was appointed as the Director of AHB since 25 February 2000. He graduated with a Diploma in Business Studies from Institut Teknologi Mara (*now known as University Teknologi Mara*) in 1980, a Bachelor in Business Administration with Honours from Universiti Kebangsaan Malaysia in 1983 and an MBA majoring in Banking from University of Sterling, Scotland, UK in 1987.

He started his career in 1983 when he joined Bank Pembangunan as a Project Officer in the Entrepreneurial Development Department. His career progressed onwards through experience in various departments of the bank and later was promoted as Branch Manager of Kuala Terengganu branch in 1989. In 1993, he was transferred back to the Head Office to assume the position of Assistant Branch Manager of Kuala Lumpur and Selangor regions; and was later promoted to become the Regional Manager of the Branch Operations Department I. In 1998, he was promoted to become the Senior Manager of the Operations II Department of the bank.

Overall, he has over 16 years of experience in various departments of the banking industry. Presently, he sits on the boards of several private limited companies.

8. INFORMATION ON THE AHB GROUP *(Continued)*

During his employment with Bank Pembangunan, he has attended several banking and senior management seminars and courses both locally and internationally including the Financial Analysis and Restructuring Seminar, Training Seminar on Industrial Project Preparation and Appraisal in India and Project Appraisal Seminar in USA.

Leong Khai Cheong, aged 49, was appointed as the Director of AHB since 18 February 2000. He is a qualified Certified Accountant and a Fellow of the Association of Chartered Certified Accountants, UK.

He was with UEL from September 1988 to August 1996 holding the positions of General Manager - Group Finance and Administration, Company Secretary and Head of UEL's Malaysian Operations. He later became a Corporate Consultant to UEL from September 1996 to February 1998. While in UEL, he sits on the Boards of various subsidiaries of UEL involved in health care, property development, engineering & construction and manufacturing & trading based the ASEAN region and China. Currently, he is the Director of a private company involved in the manufacture and assembly of engineering and other equipment and provision of engineering services for the water industries. He also sits on the boards of other private limited companies. He was employed in George Kent (M) Bhd. in various positions including that of General Manager - Finance and Control between 1975 to 1988.

During his career, he also worked in several Chartered and Certified Public Accounting firms in Malaysia and UK. He is a Certified Public Accountant, Singapore, as well as a registered member of the Malaysia Institute of Accountants. He also holds associate membership of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators.

Throughout his career, he has attended various short-term courses including a three (3)-week Residential Management Development Programme in Ashridge Management College in the UK.

Md. Ali bin Md. Dewal, aged 59, was appointed as the Independent Non-Executive Director of AHB since 29 February 2000. He graduated with a Diploma in Estate Management in 1967 and an MBA majoring in Corporate Finance from Tulane University in New Orleans, United States of America in 1973.

He started his career with Kumpulan Guthrie Sdn. Bhd. (*now known as Kumpulan Guthrie Berhad*) in 1961 as an executive and subsequently joined Esso Malaya Berhad (*now known as Esso Malaysia Berhad*) in 1969 as an Employee Relations Co-ordinator. In 1974, he joined Malaysian International Merchant Bank Berhad as a Corporate Finance Officer and subsequently was promoted to the post of Manager in 1975. He then joined Sime Darby Holdings Limited ("SDHL") (*now known as Sime Darby Group Berhad ("SDGB")*) in 1977 holding the position of Special Assistant to the Chairman and Group Chief Executive of SDHL and subsequently was appointed to become the Managing Director of Sime Darby (West Asia) Sdn. Bhd. ("SDWA"), a subsidiary of SDGB in 1979. He was then transferred to Tractors Malaysia Berhad, a subsidiary of SDGB in 1981 and was appointed as the Director of Planning and Development. He joined United Malayan Banking Corporation Berhad in 1982 as their Senior General Manager in the Domestic Banking and Planning & Development Department. In 1987, he established Madon Sdn. Bhd. ("Madon"), a company which was involved in investment, construction and trading activities, and became its Chairman and Chief Executive. In 1998, he left Madon to join Cahya Mata Sarawak Berhad as their Director and Group Chief Executive. He subsequently rejoined Madon in March 2000 and reassumes the post of Chairman and Chief Executive.

Presently, he sits on the boards of several private limited companies in Malaysia.

8. INFORMATION ON THE AHB GROUP *(Continued)*

Michael John Millner, aged 46, was appointed to the Board of AHB as an alternate Director to Robert Dobson Millner on 23 February 2000.

He is a farmer and grazier since 1980. He was appointed to joined the Board of WHSP & Co. as a Non-Executive Director in 1997 and is at present the Deputy Chairman of WHSP & Co.

He is a Director of Brickworks and Keith Harris; and has been the Director of XSSB since 1998.

He is also a Director of the Royal Agricultural Society of New South Wales, Australia.

Rokiah bte. Rajak, aged 41, was appointed to the Board of AHB as an alternate Director to Mohd Ramli bin Samian on 25 February 2000. She graduated with a degree in Food Science and Technology from Universiti Pertanian Malaysia (*now known as Universiti Putra Malaysia*) in 1981 and a Master in Economics majoring in Business Administration from Wakayama University in Japan.

She started her career with Bank Pembangunan in 1981 as a Project Officer in the Loans Section and was later transferred to become the Investment Officer in the Investment and Research Section in 1985. In 1991, after completing her Masters programme, she served as a Project Officer in the Bank's Corporate Loans Section. In 1992, she was transferred to become the Manager of the Melaka branch and later was transferred again to serve as the Head of the Banking Secretariat Unit of the bank in 1996. In 1999, she was appointed to become the Manager of the Planning and Research Section of the Bank.

Overall, she has over eighteen (18) years of banking experience in various departments. During her employment with Bank Pembangunan, she has attended several banking and senior management seminars and courses both locally and internationally.

8.3.2 Senior Management

The management team in charge of the daily operations of the AHB Group is headed by its Executive Chairman, Kee Tah Peng @ Hee Teck Peng, who is assisted by the Managing Director, Dr. Kee Kirk Chin, and two (2) Executive Directors, namely Tan Yan Meng, Warren and Ki Tak Sang @ Kee Tak Sang and a team of experienced management and professional personnel. Particulars of the key management personnel of the AHB Group are as follows:-

Tong Yew Sum, aged 58, is the Executive Director of APSB. He graduated with a Bachelor of Pharmacy from the University of Singapore in 1964 and is a registered Pharmacist.

He started his career with APSB as a Pharmacist in 1965 and later was promoted to the position of Manager in 1968 and subsequently appointed as a Director in 1969. In 1973, in tandem with his designation in APSB, he was also appointed as the Sales Manager in XSSB and in 1979, appointed as a Director of XSSB until his retirement in 1998. Currently he is a director in several subsidiaries of APHSB and sits on the board of a few private companies in Malaysia.

8. INFORMATION ON THE AHB GROUP *(Continued)*

In total, he has more than 34 years of experience in various capacities in the pharmaceutical business in Malaysia and in the region. He has attended several international professional seminars such as the World Pharmacy Congress in USA, Commonwealth Pharmaceutical Association Conferences in Canada, Zimbabwe and Australia, and the American Society of Health System Pharmacist conference in the USA. In addition he has attended several marketing seminars and courses organised by various associations and companies in Malaysia.

He has also served as Council member of the Commonwealth Pharmaceutical Association (1991 to 1998), President of the Malaysian Organisation of Pharmaceutical Industries (1994 to 1997), Member of the Council of Advisers - Malaysian Pharmaceutical Society (1996 to 1997), member of Malaysia Industry-Government Group for High Technology ("MiGHT") Interest Group on Pharmaceuticals (MiG Pharma) from 1995 to 1998, member of MoH Public- Private Sector panel (1994 to 1998) and as University Associate, School of Pharmacy, University Sains Malaysia (1995 to 1996).

Kee Tuck Chuan, aged 60, is the Executive Director of APEM. He completed his education up to Chinese Senior Middle Three.

He joined Apex Pharmacy Pte. Ltd. in 1962 and subsequently moved to Kuching, Sarawak in 1966 to oversee and manage the operation of Apex Pharmacy second outlet in Malaysia. In the past five (5) years, he has been actively involved in monitoring and overseeing the day-to-day retail, wholesale and distribution operations of the AHB Group in Kuching and Kota Kinabalu. In total, he has more than thirty six (36) years of experience in the pharmaceutical business.

He is a member of Kuching Chinese Chamber of Business.

Felicia Kwong Lien Wah, aged 44, is the Accountant of AHB. She graduated with a Diploma in Commerce (with Distinctions) from Tunku Abdul Rahman College, Kuala Lumpur in 1978 and is a Fellow member of The Association of Chartered Certified Accountants, UK.

She began her career with Price Waterhouse ("PW") (*now known as PricewaterhouseCoopers*) as an Audit Clerk in 1979 and was later promoted to Assistant Manager. In August 1990, she joined APSB as a Group Accountant and was appointed as APSB's Group Company Secretary in 1993 and later as the Company Secretary of XSSB in September 1997.

Throughout her career, she has attended various seminars on leadership & motivational skills, tax budgeting and planning, auditing skills and Company Secretarial.

She is a member of the Malaysian Institute of Accountants and a Licentiate of the Institute of Chartered Secretaries & Administrators (UK).

Goh Ser Heng, aged 45, is the Executive Director of XSSB. He graduated with a Bachelor in Science (Pharmacy) from Singapore University (*now known as National University of Singapore*) in 1977.

He began his career with Hospital Besar Johor Bahru, Johor Darul Takzim as a Pupil Pharmacist in 1977 and later joined XSSB in 1978 as a Production Pharmacist. He was promoted to Operations Manager in 1982, General Manager-Operations in 1989 and General Manager 1996.

8. INFORMATION ON THE AHB GROUP *(Continued)*

Overall, he has over 22 years of experience in the pharmaceutical industry spanning manufacturing, marketing, research and development. He sits on several technological, industrial and professional panels including being an Exco member of the Malaysian Organisation of Pharmaceutical Industries. Throughout his career, he has attended several senior management seminars and courses both locally and internationally. He is registered with the Pharmacy Board, Malaysia.

How Niou Suan, aged 47, is the Finance and Administration Manager of XSSB. He graduated with a Diploma in Business Administration from Stamford College in Kuala Lumpur.

He started his career as an Assistant Cost Accountant in National Electronics Sdn. Bhd., a Multinational electronic firm in 1974 and joined XSSB in 1975 as the Chief Clerk in the Accounts Department. In 1980, he was promoted to become XSSB's company Accountant overseeing the overall accounting functions. In 1993, he was promoted to assume his current position where he is responsible for the general administrative management, accounting & finance, Information Technology and human resources management of XSSB.

He has participated in various seminars and his interactive approach with other practitioners in areas of human resources practices and labour law, personal development and motivation, foreign exchange management, taxation and project management has further enhanced his practical skill.

Sharon Lim Mei Lin, aged 38, is the General Manager (Manufacturing) of XSSB. She graduated with a Bachelor of Pharmacy (Hons) degree from University of Bath, UK in 1983 and was trained in the National Hospital, Queen Square, London. In 1993, she obtained a MBA degree from the University of Bath, an associate programme with Malaysian Institute of Management ("MIM").

As the General Manager of Manufacturing, she is responsible for product development, the production & packaging of pharmaceutical products in the XSSB plant, related training and regulatory compliance.

She started her career in Hospital and later in Retail Pharmacy before joining the pharmaceutical industry in XSSB. She joined XSSB as a Pharmacist in 1987, and was promoted to Production Manager in 1989.

She is involved in the technical developments in the pharmaceutical industry and is a member of organisations such as the Parenteral Drug Association, the Industrial Pharmacists Group, the Royal Pharmaceutical Society of Great Britain and the Malaysian Organisation of Pharmaceutical Industries. She is registered with the Pharmacy Board, Malaysia.

Tan Hing Tai, aged 39, is the General Manager of APM. He holds a Bachelor of Pharmacy (Hons) degree from Universiti Sains Malaysia in 1985.

He began his career as a Pupil Pharmacist in Kuala Pilah District Hospital in 1985. In 1986, after completion of his one-year Housemanship, he joined APSB as a Retail Pharmacist in Johor Bahru, Johor Darul Takzim. In 1988, he was promoted to Branch Manager of Holiday Plaza Branch in Johor Bahru and subsequently, was appointed as the Area Manager in charge of all distribution depots in the southern states including Johor Darul Takzim, Melaka and Negeri Sembilan Darul Khusus in 1995. Later, he was promoted to General Manager of APM on 1 January 1998.

8. INFORMATION ON THE AHB GROUP (Continued)

During his employment, he has attended several management seminar and courses conducted locally including Leadership, Team Building and Finance for Non-Finance managers. He is currently pursuing his MBA at Universiti Teknologi Malaysia, Johor Darul Takzim on part-time basis.

He was a Secretary of Malaysian Pharmaceutical Society (Johor Area Committee) from 1994 to 1996 and a currently an ordinary member of the parent body.

Sarah Chan, aged 40, is the Finance & Administration Manager of APM. She began her career with PW in 1980 as Audit Trainee and progressed onwards to an Audit Senior. In 1986, she entered the commercial sector as the Business Controls Co-ordinator with IBM World Trade Corporation and later in 1990, she joined Matrix Asia (M) Sdn. Bhd. as the Finance & Administration Manager. She then moved on to UPS (M) Sdn. Bhd. in 1991 in similar capacity and finally in 1996 assumed her current position in APM.

During her employment, she has attended several management courses conducted locally including Management & Leadership workshop, People Skills Workshop, Marketing Workshop and Team Building & Leadership Workshop.

She is an ordinary member of the Malaysian Association of Certified Public Accountant and the MIA since 1989.

Leighton Kee, aged 37, is the Finance Manager of APSB since 1989. He holds a Bachelor of Business Studies, majoring in Accounting from the Victoria University of Technology, Australia in 1985. Prior to his appointment in APSB, he had a two (2) year stint as a management trainee in Desamal Sdn. Bhd. and an internal auditor in Wing Teik Hardware Sdn. Bhd.

He is a member of the Australian Society of Accountants and has attended seminars in Motivation, Team Building and Leadership, Credit Management and Towards Customer Service Excellence.

8.3.3 Family Relationship

Save as disclosed below, none of the other Directors and senior management are related to each other.

- Kee Tah Peng @ Hee Teck Peng is the father to Dr. Kee Kirk Chin.
- Leighton Kee is the nephew of Dr. Kee Kirk Chin.
- Kee Tah Peng @ Hee Teck Peng and Ki Tak Sang @ Kee Tak Sang are cousins.
- Ki Tak Sang @ Kee Tak Sang and Kee Tuck Chuan are brothers.
- Robert Dobson Millner and Michael John Millner are cousins.
- Peter Raymond Robinson is brother-in-law to Michael John Millner.

8.3.4 Employees

As at 5 May 2000, the AHB Group has a workforce of 417 employees. The employees do not belong to any trade union and they enjoy a good and harmonious relationship with the management.

8. INFORMATION ON THE AHB GROUP (Continued)**8.4 Properties**

Details of properties of the AHB Group are as follows:-

Beneficial owner / Address	Land area sq. ft.	Built-up area sq. ft.	Existing use / Description	Tenure / Age of building	Method of valuation	Net book value as at 31.12.1998 RM	Net book value as at 31.12.1999 RM	Market value as at 08.06.1999 RM	Approved value by SC on 04.01.2000 RM	#Revaluation surplus as approved by the SC on 04.01.2000 RM	Surplus to be incorporated in the accounts of AHB Group for the year ending 31.12.2000 RM
APSB											
Unit No. F120 First Floor, Holiday Plaza Jalan Dato' Sulaiman Century Garden Johor Bahru Johor Darul Takzim	-	1,707.91	Pharmacy outlet / 1 parcel of commercial space located on the 1 st floor of Holiday Plaza	Freehold / 15 years old	Comparison / Investment	293,247	284,900	920,000	920,000	626,753	635,100
*Unit Nos. B5 & B6 Level 1, Block B Pusat Bandar Damansara Jalan Damanlela Kuala Lumpur	-	2,688.04	Pharmacy outlet / 2 units of intermediate shoplots	Freehold / 15 years old	Comparison / Investment	1,035,928	1,008,858	1,400,000	1,400,000	364,072	391,142
Lot No. 99 Town Area XXXVIII (38) District of Melaka Tengah Melaka	1,679.17	2,928.00	Pharmacy outlet and office space / 2-storey shophouse	Leasehold (exp. 2075) / 25 years old	Comparison / Investment	107,396	105,010	190,000	190,000	82,604	84,990
Lot Nos. 564, 569 & 571 Town Area XIX (19) District of Melaka Tengah Melaka	1,398.02	3,557.07	Pharmacy outlet and office space / 3-storey shophouse	Freehold / 35 years old	Comparison / Investment	440,603	435,928	450,000	450,000	9,397	14,072
Unit No. 48 Erected on Lot No. PT 1718 Town Area XXI (21) District of Melaka Tengah Melaka	1,469.92	6,489.00	Pharmacy outlet and office space / 4½ storey shop office	Leasehold (exp. 2084) / 9 years old	Comparison / Investment	498,493	487,840	750,000	750,000	251,507	262,160

8. INFORMATION ON THE AHB GROUP (Continued)

Beneficial owner / Address	Land area sq. ft.	Built-up area sq. ft.	Existing use / Description	Tenure / Age of building	Method of valuation	Net book	Net book	Market	Approved	#Revaluation	Surplus to be
						value as at 31.12.1998 RM	value as at 31.12.1999 RM	value as at 08.06.1999 RM	value by SC on 04.01.2000 RM	surplus as approved by the SC on 04.01.2000 RM	incorporated in the accounts of AHB Group for the year ending 31.12.2000 RM
Lots Nos. PT 1889, PT 1890 and PT 1891 Town of Bandar Sunway District of Petaling Selangor Darul Ehsan	8,347.00	8,919.48	Warehouse / 2 adjoining intermediate units and 1 corner unit of 1½ storey light industrial terrace factory	Leasehold (exp. 2096) / 6 years old	Comparison / Investment	826,311	808,364	1,410,000	1,410,000	583,689	601,636
XSSB											
Lot Nos. PT 1375, PT 1376 and PT 1377 Mukim of Bertam District of Melaka Tengah Melaka (Cheng Industrial Estate - Phase 1)	314,995	81,152.00	Factory Complex / 1½-storey factory building	Leasehold (exp. 2096) / 7 years old	Comparison / Investment	7,473,532	7,361,281	11,000,000	11,000,000	3,526,468	3,638,719
		107,441.50				10,675,510	10,492,181	16,120,000	16,120,000	5,444,490	5,627,819

Note:-

* The Damansara Town Centre ("DTC") subject property is currently occupied under a temporary Certificate of Fitness for Occupancy ("CFO"). The current owner of DTC is in the process of fulfilling the conditions imposed by Dewan Bandaraya Kuala Lumpur to attain the permanent CFO.

Revaluation surplus as approved by the SC on 4 January 2000 is based on the net book value as at 31 December 1998.

The market valuation of each property was based on comparative and investment methods of valuation, or a combination of these methods and was carried out in June 1999 by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn. Bhd. Based on the net book value of the respective property as at 31 December 1998, the net surplus arising from the revaluation exercise amounted to RM5,444,490. This was approved by the SC on 4 January 2000. However, the revaluation surplus will only be incorporated in the accounts of XSSB and APSB in the financial year ending 31 December 2000. The Valuers' Letter is set out in Section 10 of this Prospectus.

9. FINANCIAL INFORMATION

9.1 Working Capital, Borrowings, Contingent Liabilities and Capital Commitments

(i) Working Capital

The Directors of AHB are of the opinion that, after taking into account the pro forma consolidated cash flow and forecast and the banking facilities available, the Group will have adequate working capital for its present and foreseeable requirements.

(ii) Borrowings

Save for the total utilised credit facilities amounting to approximately RM6,532,000 which have been obtained from local financial institutions, including overdraft, import and export credit lines and term loan, the Group does not have any other loan capital outstanding or loan capital created but unissued, mortgages or charges outstanding as at 5 May 2000 (being the latest practicable date at which such amounts could be calculated prior to the registration of this Prospectus).

(iii) Contingent Liabilities and Capital Commitments

As at 5 May 2000 (being the latest practicable date at which such amounts could be calculated prior to the registration of this Prospectus), the Directors are not aware of any contingent liabilities. The capital commitments approved and contracted for as at 5 May 2000 (being the latest practicable date at which such amounts could be calculated prior to the registration of this Prospectus) amounted to approximately RM4.506 million while the capital commitments approved but not contracted amounted to approximately RM3.752 million.

	RM'000
Approved and contracted for :-	
Factory building	2,800
Freehold shop unit	86
Plant, machinery and factory equipment	1,600
Furniture, fittings and office equipment	20
	<u>4,506</u>
Approved but not contracted for :-	
Plant, machinery and factory equipment	2,258
Furniture, fittings and office equipment	1,139
Motor vehicles	355
	<u>3,752</u>

9.2 Consolidated Profit Forecast Together with Bases and Assumptions

The Directors of AHB forecast that, barring unforeseen circumstances, the consolidated profit after taxation but before EI of the AHB Group for the financial year ending 31 December 2000 will be as follows:-

	RM'000
Consolidated profit before taxation	9,679
Taxation	<u>(1,847)</u>
Consolidated profit after taxation	<u>7,832</u>
Gross EPS* (sen)	22.30
Net EPS* (sen)	18.05
Gross PE multiple based on issue price of RM1.50 per ordinary share (times)	6.73
Net PE multiple based on issue price of RM1.50 per ordinary share (times)	8.31

* Based on the enlarged issued and paid-up share capital of 43,400,000 ordinary shares of RM1.00 each

9. FINANCIAL INFORMATION *(Continued)*

The Group consists of XSSB, APM, APSB and APEM. On 15 February 2000, AHB completed the acquisition of these subsidiaries. The purchase consideration was equivalent to the adjusted NTA of the respective companies as at 31 December 1998. The acquisitions of the subsidiaries are accounted for under the merger accounting method. Under this method, the existing business of the companies are deemed to have been always combined together.

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

1. The proceeds of RM14,265,000 raised from the Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share will be received by end of June 2000 and utilised for the proposed capital expenditure and other purposes approved by the authorities.
2. The share issue expenses arising from the above proposals estimated at RM1,500,000 will be written off against the share premium account.
3. There will be no significant changes in current demand and the prevailing market conditions in Malaysia and other parts of the world where the products of the Group are sold, which will adversely affect the Group.
4. There will be no material changes in present legislations or regulations, rates and bases of duties, levies and taxes affecting the Group.
5. There will be no material changes in the principal activities and structure of the Group.
6. There will be no material changes in the accounting policies currently adopted by the Group.
7. There will be no material changes in the present management of the Group.
8. There will be no major industrial disputes or any abnormal factors which will adversely affect the operations of the Group.
9. There will be no major breakdowns or disruptions of the Group's manufacturing activities which would adversely affect the operations of the Group.
10. The prices of raw materials will not change materially from their prevailing levels and there will be no adverse time lag in supply scheduling.
11. There will be no major changes in the present product agencies distributed by the Group which will continue to be renewed in the due course of business.
12. The existing financing facilities will remain available with no significant changes in their prevailing interest rates.
13. There will be no significant changes in the prevailing inflation rates and exchange rates of foreign currencies. In particular, the exchange rate of USD to RM will remain pegged at the prevailing level of USD1.00 : RM3.80.
14. There will be no material acquisitions and disposals of fixed assets other than as planned in the forecast.
15. There will be no major changes in the continuity of the present retail outlets of the Group, other than as planned in the forecast.

9. FINANCIAL INFORMATION (*Continued*)

9.3 Reporting Accountants' Letter on the Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)

PricewaterhouseCoopers
Public Accountants
12th Floor, Bangunan Yayasan Melaka
Jalan Hang Tuah
75300 Melaka

5 May 2000

The Board of Directors
APEX HEALTHCARE BERHAD
134/2, Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Dear Sirs,

APEX HEALTHCARE BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER
2000

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Apex Healthcare Berhad ("AHB") and its subsidiaries ("the Group"), for which the Directors are solely responsible, for the year ending 31 December 2000 as set out in the Prospectus to be dated 15 May 2000. The consolidated profit forecast has been prepared for the purpose of inclusion in the Prospectus in connection with the Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share and the listing and quotation of the entire enlarged issued and fully paid-up share capital of 43,400,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by AHB and its subsidiaries which includes a new policy of the Group to revalue its land and buildings for the year ending 31 December 2000.

Yours faithfully,

PRICEWATERHOUSECOOPERS
(No. AF-1146)
Public Accountants

P'NG BENG HOE
(No. 1563/8/01(J))
Partner of the firm

9. FINANCIAL INFORMATION *(Continued)*

9.4 Dividend Forecast

It is the policy of the Directors of AHB in recommending dividends to allow shareholders to participate in the profit of the Company as well as leaving adequate reserves for future growth of the Group.

Based on the forecast consolidated profit after taxation for the year ending 31 December 2000, the Directors of AHB anticipate that in the absence of unforeseen circumstances, the Company will be in a position to propose a final gross dividend of 7.0 sen per ordinary share for the said financial year based on the issued and paid-up share capital of 43,400,000 ordinary shares of RM1.00 each.

The intended appropriation of the forecast consolidated profit after taxation for the year ending 31 December 2000 will be as follows:-

Year ending 31 December 2000	Forecast RM'000
Consolidated profit before taxation	9,679
Taxation	<u>(1,847)</u>
Consolidated profit after taxation	7,832
Proposed final net dividend of 5.04%#	<u>2,187</u>
Retained profits	<u>5,645</u>
Gross dividend per share (sen)	7.00
Net dividend per share (sen)	5.04
Net dividend yield (%) <i>(based on the issue price of RM1.50 per ordinary share)</i>	3.36
Net dividend cover (times)	3.58

Note:-

Based on 7% less tax at 28%.

9. FINANCIAL INFORMATION (Continued)

9.5 Pro Forma Consolidated Balance Sheets

The pro forma consolidated balance sheets of AHB and its subsidiaries as set out below are provided solely for illustrative purposes to show the effects of the acquisitions of 100% of the issued and paid-up share capital of XSSB, APM, APSB and APEM ("Proposed Acquisitions") and the Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share payable in full on application, on the assumption that these transactions were completed on 31 December 1999 and should be read in conjunction with the accompanying notes.

	Audited Balance Sheet of AHB as at 31 December 1999 RM'000	Pro Forma Consolidated Balance Sheets	
		Pro Forma I After the Proposed Acquisitions RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000
CURRENT ASSETS	*	51,256	64,021
LESS: CURRENT LIABILITIES	489	28,933	28,483
NET CURRENT (LIABILITIES) / ASSETS	(489)	22,323	35,538
FIXED ASSETS	-	23,182	23,182
DEFERRED EXPENDITURE	484	484	34
PRELIMINARY AND PRE-OPERATING EXPENSES	5	13	13
	*	46,002	58,767
Financed by:-			
SHARE CAPITAL (note 2)	*	33,890	43,400
SHARE PREMIUM (note 2)	-	-	3,255
PROFIT AND LOSS ACCOUNT (note 3)	-	11,321	11,321
SHAREHOLDERS' FUNDS	*	45,211	57,976
LONG TERM AND DEFERRED LIABILITIES	-	791	791
	*	46,002	58,767
NET LIABILITIES ("NL") / NTA (RM'000)	(489)	44,714	57,929
(NL) / NTA PER ORDINARY SHARE (RM)	(244,575)	1.32	1.33

* RM2.00

9. FINANCIAL INFORMATION *(Continued)*

Notes to the Pro Forma Consolidated Balance Sheets as at 31 December 1999**1. Basis of Preparation****1.1 Audited Balance Sheet of AHB**

The balance sheet of AHB as at 31 December 1999 is extracted from its audited accounts for the period from 3 December 1998 (date of incorporation) to 31 December 1999 which was reported on without qualification by the auditors.

1.2 Pro Forma Consolidated Balance Sheets

1.2.1 The Pro Forma consolidated balance sheets incorporate on a pro forma basis the following transactions on the audited balance sheet of AHB as though they were effected on 31 December 1999:-

Pro Forma I

- (a) Pro Forma I incorporates the effects of the acquisitions of 100% of the issued and paid-up share capital of XSSB and APSB for a purchase consideration of RM38,440,956 satisfied by the issuance of 33,889,998 new ordinary shares of RM1.00 each in AHB at an issue price of approximately RM1.1343 per share. Upon completion of the acquisition of APSB, AHB will implement an internal restructuring exercise whereby the entire equity interest in APM and APEM are transferred from APSB to AHB for cash considerations of RM1,446,323 and RM517,595, respectively.
- (b) The acquisitions of the subsidiaries are accounted for under the merger accounting method. XSSB has a wholly-owned subsidiary, XSPL, which was incorporated on 24 July 1999. Under this method, the existing business of AHB and its subsidiaries are deemed to have been always combined together.

Pro Forma II

- (c) Pro Forma II incorporates the effects of Pro Forma I and the Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share to eligible directors, employees and/or other persons of the AHB Group, Bumiputra investors approved by MITI and the Malaysian Investing Public.
- 1.2.2 The pro forma consolidated balance sheets have been prepared based on the audited accounts of XSSB, APM, APSB, APEM and XSPL for the financial year ended 31 December 1999 reported on without qualification by the auditors.
- 1.2.3 Estimated incidental expenses relating to the issue of new shares for the acquisitions of the subsidiaries and the Public Issue amounting to RM1,500,000 are written off against the share premium account.
- 1.2.4 The pro forma consolidated balance sheets have been prepared based on the accounting policies normally adopted by AHB and its subsidiaries and includes a new policy of the Group to revalue its land and buildings.

9. FINANCIAL INFORMATION (Continued)

2. SHARE CAPITAL AND SHARE PREMIUM

	Share capital RM'000	Share premium RM'000
Balance as per the audited balance sheet of AHB as at 31 December 1999	*	-
Issued for the acquisitions of subsidiaries	33,890	-
As shown in Pro Forma I	33,890	-
Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share and the premium arising therefrom	9,510	4,755
Estimated share issue expenses written off	-	(1,500)
As shown in Pro Forma II	43,400	3,255

* RM2.00

In accordance with the merger relief provisions of Section 60(4) of the Companies Act, 1965, no premium is recorded in the share premium account of AHB for the acquisitions of the subsidiaries.

3. MOVEMENT OF RESERVES

	Profit and loss account RM'000	Revaluation reserve RM'000	Total RM'000
Reserves at acquisition of subsidiaries	28,583	5,628	34,211
Merger deficit	(17,262)	(5,628)	(22,890)
As shown in Pro Forma I and II	11,321	-	11,321

The merger deficit is derived from the following:-

Nominal value of shares issued for the acquisition of subsidiaries	33,890
Less : Nominal values of share capital of subsidiaries	(11,000)
	22,890

9. FINANCIAL INFORMATION *(Continued)*

9.6 Reporting Accountants' Letter on the Pro Forma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

PricewaterhouseCoopers
Public Accountants
12th Floor, Bangunan Yayasan Melaka
Jalan Hang Tuah
75300 Melaka

5 May 2000

The Board of Directors
APEX HEALTHCARE BERHAD
134/2, Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Dear Sirs,

APEX HEALTHCARE BERHAD
PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 1999

Dear Sirs,

We have reviewed the Pro Forma Consolidated Balance Sheets of Apex Healthcare Berhad and its subsidiaries ("the Group") as at 31 December 1999, together with the notes thereto for which the Directors are solely responsible, as set out in the Prospectus to be dated 15 May 2000. The Pro Forma Consolidated Balance Sheets have been prepared for the purpose of inclusion in the Prospectus in connection with the Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share and the listing and quotation of the entire enlarged issued and fully paid-up share capital of 43,400,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

Based on the results of our review, we confirm that the Pro Forma Consolidated Balance Sheets of the Group as at 31 December 1999 which are provided for illustrative purposes only have been properly compiled on the bases set out in the notes to the Pro Forma Consolidated Balance Sheets.

Yours faithfully,

PRICEWATERHOUSECOOPERS
(No. AF-1146)
Public Accountants

P'NG BENG HOE
(No. 1563/8/01(J))
Partner of the firm

10. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

PricewaterhouseCoopers
Public Accountants
12th Floor, Bangunan Yayasan Melaka
Jalan Hang Tuah
75300 Melaka

5 May 2000

The Board of Directors
APEX HEALTHCARE BERHAD
134/2, Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Dear Sirs,

The following report has been prepared for inclusion in the Prospectus to be dated 15 May 2000 in connection with the Public Issue of 9,510,000 new ordinary shares of RM1.00 each in Apex Healthcare Berhad (hereinafter referred to as "AHB" or "the Company"), at an issue price of RM1.50 per share and the listing for and quotation of its entire enlarged issued and fully paid-up share capital of 43,400,000 ordinary shares of RM1.00 each on the Second Board of Kuala Lumpur Stock Exchange.

1. INTRODUCTION

The Company was incorporated on 3 December 1998 in Malaysia as a public limited company. Its principal activity is investment holding. The principal activities of its subsidiaries are as follows:-

Name	Date and Country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
Xepa-Soul Pattinson (Malaysia) Sendirian Berhad ("XSSB")	18 August 1969 / Malaysia	7,000,000	100.00	Manufacturing of pharmaceutical products
Apex Pharmacy Marketing Sdn. Bhd. ("APM")	17 April 1979 / Malaysia	500,000	100.00	Marketing and distribution of pharmaceutical products
Apex Pharmacy Sendirian Berhad ("APSB")	17 October 1969 / Malaysia	4,000,000	100.00	Retailing of pharmaceutical products
Apex Pharmacy (E.M.) Sdn Bhd ("APEM")	10 January 1970 / Malaysia	200,000	100.00	Retailing, marketing and distribution of pharmaceutical products in East Malaysia
Subsidiary of XSSB				
Xepa-Soul Pattinson (S) Pte. Ltd. ("XSPL")	24 July 1999 / Singapore	SGD200,000	100.00	Marketing and distribution of pharmaceutical products

10. ACCOUNTANTS' REPORT (Continued)

In conjunction with, and as an integral part of the listing of and quotation for the enlarged issued and fully paid-up ordinary share capital of AHB on the Second Board of the Kuala Lumpur Stock Exchange, the Company undertook the following restructuring scheme which was approved by the relevant authorities:-

- i) Acquisition by AHB of the entire issued and paid-up share capital of XSSB and APSB for a total consideration of RM38,440,956 satisfied by the issuance of 33,889,998 new ordinary shares of RM1.00 each;
- ii) Upon completion of the acquisition of APSB, AHB will implement an internal restructuring exercise whereby the entire equity interest in APM and APEM are transferred from APSB to AHB for cash considerations of RM1,446,323 and RM517,595 respectively;
- iii) Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share to the eligible directors, employees and/or other persons of the AHB Group, Bumiputera investors approved by the Ministry of International Trade and Industries and the Malaysian Investing Public; and
- iv) Listing of and quotation for the entire enlarged issued and fully paid-up share capital of AHB comprising 43,400,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

The above acquisitions were completed on 15 February 2000.

2. SHARE CAPITAL

As at the date of incorporation, the Company's authorised share capital was RM100,000 comprising 100,000 ordinary shares of RM1.00 each. On 14 February 2000, the authorised share capital was increased to RM100,000,000 by the creation of 99,900,000 new ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of the Company since its incorporation are as follows:-

Date of allotment	Number of ordinary shares of RM1.00 each	Consideration	Cumulative total issued and paid-up share capital RM
03.12.1998	2	Cash (Subscribers' shares)	2
15.02.2000	33,889,998	Acquisition of the entire equity interest in XSSB and APSB	33,890,000

3. ACCOUNTS AND AUDITORS

We are the auditors of AHB for the period from 3 December 1998 (date of incorporation) to 31 December 1999.

10. ACCOUNTANTS' REPORT (Continued)

In respect of the subsidiaries, the auditors for all the periods relevant to this report are:-

Name of company	Year/period ended	Auditors
XSSB	31 December 1994 to 1996	Coopers & Lybrand
	31 December 1997 and 1998	Price Waterhouse
	31 December 1999	PricewaterhouseCoopers
APM, APSB, APEM	31 December 1994	Ernst & Young
	31 December 1995 to 1998	Evatt & Co. (associated with Price Waterhouse)
	31 December 1999	PricewaterhouseCoopers
XSPL	24 July 1999 to 31 December 1999	PricewaterhouseCoopers, Singapore

The accounts of AHB and its subsidiaries for all periods relevant to this report were audited and reported on without any qualification by the auditors.

4. SUMMARISED PROFIT AND LOSS ACCOUNTS

(i) Pro Forma consolidated profit and loss accounts

The summarised pro forma consolidated results of AHB Group set out below are based on the audited accounts of AHB, XSSB, APM, APSB and APEM for the five (5) years ended 31 December 1999, assuming that the acquisitions of XSSB, APM, APSB and APEM by AHB had been in effect on 1 January 1995:-

	<-----Year ended 31 December----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	86,665	97,378	96,720	94,986	108,798
Profit before depreciation and interest expense	7,214	8,936	11,278	10,000	11,434
Depreciation	(1,539)	(1,858)	(1,918)	(2,077)	(2,007)
Interest expense	(1,166)	(949)	(774)	(717)	(661)
Profit before taxation	4,509	6,129	8,586	7,206	8,766
Taxation	(1,137)	(1,803)	(2,195)	(1,938)	(180)
Profit after taxation but before extraordinary items ("EI")	3,372	4,326	6,391	5,268	8,586
EI	750	-	-	-	-
Profit after taxation and EI	4,122	4,326	6,391	5,268	8,586
Assumed number of ordinary shares in issue ('000)	33,890	33,890	33,890	33,890	33,890
Net Earnings Per Share ("EPS") (RM)	0.12	0.13	0.19	0.15	0.25

Note:-

- a) *The pro forma consolidated results are presented for illustrative purposes only and are based on the audited accounts of XSSB, APM, APSB and APEM.*

10. ACCOUNTANTS' REPORT (Continued)

- b) *The effective tax rates for the years 1995, 1997 and 1998 were lower than the statutory rates mainly due to reinvestment allowances claimed by XSSB. The taxation charge for 1999 was in respect of prior years' underprovision of tax for APM and APSB. There was no taxation charge on the business profits of all the companies for 1999 pursuant to Section 8 of the Income Tax (Amendment) Act 1999.*
- c) *The EI in 1995 were in respect of profits arising from disposals of land and buildings by XSSB and subsidiaries by APSB.*
- d) *The EPS is calculated based on the profit after taxation and EI and on the enlarged share capital of 33,890,000 ordinary shares of RM1.00 each, after the acquisitions of the companies but before the Public Issue.*

(ii) AHB

The first set of accounts for AHB has been made up for the period from 3 December 1998 (date of incorporation) to 31 December 1999. In respect of this period, there is no profit and loss account as preliminary and pre-operating expenses incurred have been carried forward to the subsequent year.

(iii) XSSB

The summary of earnings of XSSB based on its audited accounts for the five (5) years ended 31 December 1999 is set out below:-

	<-----Year ended 31 December----->				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	22,159	24,762	28,647	27,410	33,937
Profit before depreciation and interest expense	4,246	5,545	8,093	6,100	7,329
Depreciation	(944)	(1,145)	(1,193)	(1,259)	(1,149)
Interest expense	(829)	(719)	(606)	(516)	(209)
Profit before taxation	2,473	3,681	6,294	4,325	5,971
Taxation	(407)	(1,120)	(1,482)	(1,042)	-
Profit after taxation but before EI	2,066	2,561	4,812	3,283	5,971
EI	730	-	-	-	-
Profit after taxation and EI	2,796	2,561	4,812	3,283	5,971
No. of ordinary shares in issue ('000)	7,000	7,000	7,000	7,000	7,000
Net EPS (RM)	0.40	0.36	0.69	0.47	0.85

Note:-

- a) *The effective tax rates were lower than the statutory rates for the years 1995, 1997 and 1998 due to the utilisation of reinvestment allowances. There was no taxation charge on the business profits of the company for 1999 pursuant to Section 8 of the Income Tax (Amendment) Act 1999.*
- b) *The EI in 1995 was in respect of profit arising on the disposal of land and buildings due to the company's intentions to operate only at its new factory in Cheng Industrial Estate, Melaka.*
- c) *The EPS is calculated based on the profit after taxation and EI and on the number of shares in issue in the respective periods under review.*

10. ACCOUNTANTS' REPORT (Continued)

(iv) APM

The summary of earnings of APM based on the audited accounts for the five (5) years ended 31 December 1999 is set out below:-

	<-----Year ended 31 December----->				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	42,112	46,362	44,018	42,297	51,076
Profit before depreciation and interest expense	1,765	696	1,961	2,159	2,928
Depreciation	(200)	(314)	(336)	(387)	(364)
Interest expense	(402)	(374)	(139)	(163)	(504)
Profit before taxation	1,163	8	1,486	1,609	2,060
Taxation	(340)	(14)	(434)	(517)	(65)
Profit/(loss) after taxation	823	(6)	1,052	1,092	1,995
No. of ordinary shares in issue ('000)	500	500	500	500	500
Net EPS (RM)	1.65	(0.01)	2.10	2.18	3.99

Note:-

- a) *The higher effective tax rate in 1998 was due to certain expenses disallowed for tax purposes. The effective tax rates for the other years under review approximated the statutory rates. The taxation charge for 1999 was in respect of prior years' underprovision of tax. There was no taxation charge on the business profits of the company for 1999 pursuant to Section 8 of the Income Tax (Amendment) Act 1999.*
- b) *There were no EI for all the relevant years under review.*
- c) *The EPS is calculated based on the profit after taxation and on the number of shares in issue in the respective periods under review.*

10. ACCOUNTANTS' REPORT (Continued)

(v) AP SB

The summary of earnings of AP SB based on the audited accounts for the five (5) years ended 31 December 1999 is set out below:-

	<-----Year ended 31 December----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	31,631	33,470	27,870	26,555	26,210
Profit before depreciation and interest expense	2,224	2,581	2,073	3,060	2,958
Depreciation	(367)	(380)	(349)	(391)	(456)
Interest expense	(72)	(72)	(27)	(32)	(284)
Profit before taxation	1,785	2,129	1,697	2,637	2,218
Taxation	(559)	(669)	(534)	(760)	(116)
Profit after taxation but before EI	1,226	1,460	1,163	1,877	2,102
EI	20	-	-	-	-
Profit after taxation and EI	1,246	1,460	1,163	1,877	2,102
No. of ordinary shares in issue ('000)	4,000	4,000	4,000	4,000	4,000
Net EPS (RM)	0.31	0.37	0.29	0.47	0.53

Note:-

- a) *The effective tax rates for all the years under review approximated the statutory rates. The taxation charge for 1999 was in respect of prior years' underprovision of tax. There was no taxation charge on the business profits of the company for 1999 pursuant to Section 8 of the Income Tax (Amendment) Act 1999.*
- b) *The EI in 1995 represents profit on disposal of subsidiaries in that year.*
- c) *The EPS is calculated based on the profit after taxation and EI and on the number of shares in issue in the respective periods under review.*

10. ACCOUNTANTS' REPORT (Continued)**(vi) APEM**

The summary of earnings of APEM based on the audited accounts for the five (5) years ended 31 December 1999 is set out below:-

	<-----Year ended 31 December----->				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	5,943	7,079	10,395	10,269	9,746
Profit before depreciation and interest expense	191	281	229	262	254
Depreciation	(28)	(19)	(40)	(40)	(38)
Interest expense	(14)	(6)	(10)	(9)	(19)
Profit before taxation	149	256	179	213	197
Taxation	(45)	(80)	(51)	(61)	1
Profit after taxation	104	176	128	152	198
No. of ordinary shares in issue ('000)	200	200	200	200	200
Net EPS (RM)	0.52	0.88	0.64	0.76	0.99

Note:-

- a) *The effective tax rates for all the years under review approximated the statutory rates. The taxation charge for 1999 was in respect of prior years' underprovision of tax. There was no taxation charge on the business profits of the company for 1999 pursuant to Section 8 of the Income Tax (Amendment) Act 1999.*
- b) *There were no EI for all the relevant years under review.*
- c) *The EPS is calculated based on the profit after taxation and on the number of shares in issue in the respective periods under review*

(vii) XSPL

The first set of accounts for XSPL has been made up for the from period 3 December 1998 (date of incorporation) to 31 December 1999. In respect of this period, there was no profit and loss account as preliminary and pre-operating expenses incurred have been carried forward to the subsequent year.

10. ACCOUNTANTS' REPORT (Continued)**5. DIVIDENDS**

Except as described below, the Company and its subsidiaries have not paid or declared any dividend during the financial years/period under review:-

Year ended 31 December	Issued and paid- up share capital RM'000	Gross dividend rate %	Net dividends paid/declared RM'000	Tax rate %
XSSB				
1995 - final	7,000	15	735	30
1996 - final	7,000	15	735	30
1997 - final	7,000	15	756	28
- special	7,000	10	504	28
1998 - interim	7,000	5	252	28
- final	7,000	10	700	Tax exempt
1999 - interim	7,000	5	350	Tax exempt
- final	7,000	15	1,050	Tax exempt
APM				
1995 - final	500	150	525	30
1996 - final	500	50	175	30
1997 - interim	500	100	350	30
- final	500	100	360	28
1998 - final	500	100	360	28
- special	500	175	630	28
1999 - interim	500	50	250	Tax exempt
- final	500	200	1,000	Tax exempt
APSB				
1995 - final	4,000	20	560	30
1996 - final	4,000	25	700	30
1997 - interim	4,000	25	700	30
- final	4,000	7.5	216	28
1998 - interim	4,000	15	432	28
- final	4,000	20	576	28
1999 - interim	4,000	6	240	Tax exempt
- final	4,000	9	360	Tax exempt
APEM				
1995 - final	200	50	70	30
1996 - final	200	60	84	30
1997 - final	200	30	43	28
1998 - final	200	30	43	28
- special	200	70	101	28
1999 - final	200	50	100	Tax exempt

XSPL has not declared any dividend since its date of incorporation.

10. ACCOUNTANTS' REPORT (Continued)**6. SUMMARISED BALANCE SHEETS**

(i) AHB

The balance sheet of AHB based on its first set of audited accounts for the financial period ended 31 December 1999 is as follows:-

	As at 31 December 1999 RM'000
CURRENT ASSETS	*
CURRENT LIABILITIES	489
NET CURRENT LIABILITIES	(489)
PRELIMINARY AND PRE-OPERATING EXPENSES	5
DEFERRED EXPENDITURE	484
	*
FINANCED BY:-	
SHARE CAPITAL	*
NET LIABILITIES ("NL") PER SHARE (RM)	244,575
* RM2.00	

(ii) XSSB

The balance sheets of XSSB based on its audited accounts for the six (6) financial years ended 31 December 1999 are as follows:-

	<-----Year ended 31 December----->					
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FIXED ASSETS	11,622	12,591	12,366	12,908	11,875	11,456
INTEREST IN SUBSIDIARY	-	-	-	-	-	57
CURRENT ASSETS	12,446	15,179	16,303	20,229	18,698	21,910
CURRENT LIABILITIES	8,283	8,802	9,070	10,453	6,911	6,005
NET CURRENT ASSETS	4,163	6,377	7,233	9,776	11,787	15,905
	15,785	18,968	19,599	22,684	23,662	27,418
FINANCED BY:-						
SHARE CAPITAL	7,000	7,000	7,000	7,000	7,000	7,000
PROFIT AND LOSS ACCOUNT	5,352	7,412	9,238	12,790	15,121	19,692
	12,352	14,412	16,238	19,790	22,121	26,692
LONG TERM AND DEFERRED LIABILITIES	3,433	4,556	3,361	2,894	1,541	726
	15,785	18,968	19,599	22,684	23,662	27,418
NTA PER SHARE (RM)	1.76	2.06	2.32	2.83	3.16	3.81

10. ACCOUNTANTS' REPORT (Continued)

(iii) APM

The balance sheets of APM based on its audited accounts for the six (6) financial years ended 31 December 1999 are as follows:-

	<-----Year ended 31 December----->					
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
FIXED ASSETS	422	956	1,082	1,240	1,008	1,271
CURRENT ASSETS	12,527	16,539	18,382	18,045	17,692	20,958
CURRENT LIABILITIES	12,061	16,300	18,365	17,772	17,203	19,974
NET CURRENT ASSETS	466	239	17	273	489	984
	888	1,195	1,099	1,513	1,497	2,255
FINANCED BY:-						
SHARE CAPITAL	500	500	500	500	500	500
RESERVES	387	684	503	845	947	1,691
	887	1,184	1,003	1,345	1,447	2,191
LONG TERM LIABILITIES	1	11	96	168	50	64
	888	1,195	1,099	1,513	1,497	2,255
NTA PER SHARE (RM)	1.77	2.37	2.01	2.69	2.89	4.38

(iv) APSB

The balance sheets of APSB based on its audited accounts for the six (6) financial years ended 31 December 1999 are as follows:-

	<-----Year ended 31 December----->					
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
FIXED ASSETS	4,958	4,889	5,010	4,909	4,762	4,720
INTEREST IN SUBSIDIARIES	1,039	784	784	784	784	572
CURRENT ASSETS	11,918	14,943	17,383	14,104	14,744	13,715
CURRENT LIABILITIES	11,141	13,276	15,089	11,501	11,148	8,369
NET CURRENT ASSETS	777	1,667	2,294	2,603	3,596	5,346
	6,774	7,340	8,088	8,296	9,142	10,638
FINANCED BY:-						
SHARE CAPITAL	4,000	4,000	4,000	4,000	4,000	4,000
RESERVES	2,573	3,259	4,019	4,267	5,136	6,638
	6,573	7,259	8,019	8,267	9,136	10,638
LONG TERM LIABILITIES	201	81	69	29	6	-
	6,774	7,340	8,088	8,296	9,142	10,638
NTA PER SHARE (RM)	1.64	1.81	2.00	2.07	2.28	2.66

10. ACCOUNTANTS' REPORT (Continued)

(v) APEM

The balance sheets of APEM based on its audited accounts for the six (6) financial years ended 31 December 1999 are as follows:-

	<-----Year ended 31 December----->					
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
FIXED ASSETS	59	70	110	171	142	107
CURRENT ASSETS	1,788	1,532	2,000	2,942	2,759	2,781
CURRENT LIABILITIES	1,546	1,257	1,682	2,589	2,376	2,272
NET CURRENT ASSETS	242	275	318	353	383	509
	301	345	428	524	525	616
FINANCED BY:-						
SHARE CAPITAL	200	200	200	200	200	200
RESERVES	99	133	225	309	317	416
	299	333	425	509	517	616
LONG TERM LIABILITIES	2	12	3	15	8	-
	301	345	428	524	525	616
NTA PER SHARE (RM)	1.50	1.67	2.13	2.55	2.59	3.08

(vi) XSPL

The balance sheet of XSPL based on its first set of audited accounts for the financial period ended 31 December 1999 is as follows:-

	As at 31 December 1999	
	SGD'000	RM'000
CURRENT ASSETS	25	57
CURRENT LIABILITIES	3	8
NET CURRENT ASSETS	22	49
PRELIMINARY AND PRE-OPERATING EXPENSES	3	8
	25	57
FINANCED BY:-		
SHARE CAPITAL	25	57
NTA PER SHARE (SGD)/(RM)	0.88	0.86

The financial statements of XSPL are translated to RM equivalent using the closing rates method, at the year end rate of SGD1.00 to RM2.28.

10. ACCOUNTANTS' REPORT (Continued)**7. STATEMENT OF ASSETS AND LIABILITIES**

The following is a detailed statement of assets and liabilities of AHB and the Pro Forma Group based on the audited accounts of AHB, XSSB, APM, APSB and APEM as at 31 December 1999. The Pro Forma Group statement of assets and liabilities is provided for illustrative purposes only to show the effects of the acquisitions of XSSB, APM, APSB and APEM and the Public Issue of 9,510,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share payable in full on application, on the assumption that these transactions had been in effect on 31 December 1999 and should be read in conjunction with the accompanying notes.

	Note	AHB RM'000	Pro Forma Group RM'000
FIXED ASSETS	7.3	-	23,182
CURRENT ASSETS			
Stocks	7.4	-	19,417
Debtors	7.5	-	26,109
Fixed deposits with licensed banks		-	3,900
Cash and bank balances		*	14,595
		*	64,021
CURRENT LIABILITIES			
Creditors	7.6	489	21,283
Provision for taxation		-	2
Proposed dividends	7.7	-	1,410
Short term borrowings	7.8	-	5,788
		489	28,483
NET CURRENT (LIABILITIES) / ASSETS		(489)	35,538
PRELIMINARY AND PRE-OPERATING EXPENSES	7.9	5	13
DEFERRED EXPENDITURE	7.10	484	34
		*	58,767
Financed by:			
SHARE CAPITAL	7.11	*	43,400
SHARE PREMIUM		-	3,255
PROFIT AND LOSS ACCOUNT		-	11,321
		*	57,976
LONG TERM LIABILITIES	7.12	-	622
DEFERRED TAXATION		-	169
		*	58,767
(NL) / NTA PER SHARE (RM)		(244,575)	1.33

* RM2.00

10. ACCOUNTANTS' REPORT (Continued)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****7.1 BASIS OF PREPARATION**

The statement of assets and liabilities of AHB and the Pro Forma Group have been prepared under the historical cost convention in accordance with the applicable approved accounting standards in Malaysia.

The Pro Forma Group statement of assets and liabilities incorporates the revaluation surplus arising from the revaluation of land and buildings of the subsidiaries undertaken subsequent to the finalisation of the accounts for the year ended 31 December 1999.

7.2 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of consolidation**

The Pro Forma Group accounts include the accounts of the Company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired during the year are included in the Group's profit and loss account from the date of their acquisition under the merger accounting method. All significant intercompany transactions are eliminated upon consolidation.

Under the merger accounting method, the results of the subsidiaries are presented as if the Group has always been in existence. The excess of the carrying value of the investments over the nominal share capital of the subsidiaries is treated as a reduction in reserves.

(b) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

No depreciation is provided on freehold land and work-in-progress. Long leasehold land is amortised over the remaining lease period of 99 years. Depreciation of other fixed assets is calculated to write off the cost in equal instalments over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Buildings and shop units	2%
Plant, machinery and factory equipment	10% - 15%
Furniture, fittings and equipment	10% - 33 ¹ / ₃ %
Motor vehicles	20% - 25%

(c) Stocks

Stocks are valued at the lower of cost and net realisable value; cost being determined on the first-in, first-out basis. Cost includes where relevant direct materials and labour, charges and variable production overheads.

10. ACCOUNTANTS' REPORT *(Continued)*

(d) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

(e) Deferred taxation

Deferred taxation is provided on the liability method on all material timing differences between taxable and accounting profits. Debit balances on the deferred taxation account are not recognised unless there is beyond reasonable doubt of their recovery.

(f) Foreign currencies

Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the exchange rates ruling at that date. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at the exchange rates prevailing at the date of the transactions.

Exchange differences arising from translation of foreign currency amounts have been dealt with through the profit and loss account. Assets and liabilities and results of the Singapore subsidiary are translated into Ringgit Malaysia at the exchange rate ruling at the balance sheet date and exchange differences on the translation of the net assets of the Singapore subsidiary are dealt with through reserves.

(g) Hire purchase

Fixed assets acquired under hire purchase are capitalised in the accounts and the corresponding obligations treated as a liability. Finance charges are allocated to the profit and loss account over the period of the hire purchase to give a constant periodic rate of interest on the remaining hire purchase liabilities.

(h) Retirement benefits

A subsidiary has a defined benefit retirement plan for eligible employees in addition to the contributions made to the statutory employees' provident fund. The benefits payable are determined based on the length of service at contractual rates.

The liability in respect of the benefit scheme is calculated using the projected benefit valuation method determined by actuarial valuation.

(i) Research and development expenses

Research and development costs are expensed off to the profit and loss account when incurred.

(j) Income recognition

Sales is recognised upon delivery of goods and acknowledgement of acceptance by customers.

Rental and interest income is recognised on the accruals basis.

10. ACCOUNTANTS' REPORT (Continued)**(k) Cash and cash equivalents**

Cash comprises cash in hand and bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, less short term borrowings repayable on demand.

7.3 FIXED ASSETS

	Balance at 1 January 1999 RM'000	Additions RM'000	Revaluation RM'000	Disposals/ write-offs RM'000	Balance at 31 December 1999 RM'000
Pro Forma Group					
Cost					
Freehold land	280	-	10	-	290
Long leasehold land	2,672	-	4,319	-	6,991
Buildings	7,307	28	(815)	-	6,520
Freehold shop units	1,771	-	549	-	2,320
Plant, machinery and factory equipment	8,180	492	-	-	8,672
Motor vehicles	2,213	372	-	(199)	2,386
Furniture, fittings and equipment	8,071	1,065	-	(603)	8,533
	<u>30,494</u>	<u>1,957</u>	<u>4,063</u>	<u>(802)</u>	<u>35,712</u>

Accumulated depreciation

Freehold land	-	-	-	-	-
Long leasehold land	125	27	(152)	-	-
Buildings	787	149	(936)	-	-
Freehold shop units	442	35	(477)	-	-
Plant, machinery and factory equipment	5,470	519	-	-	5,989
Motor vehicles	1,506	335	-	(174)	1,667
Furniture, fittings and equipment	4,377	942	-	(445)	4,874
	<u>12,707</u>	<u>2,007</u>	<u>(1,565)</u>	<u>(619)</u>	<u>12,530</u>

**Balance at
31 December 1999
RM'000**

Pro Forma Group**Net book value**

Freehold land	290
Long leasehold land	6,991
Buildings	6,520
Freehold shop units	2,320
Plant, machinery and factory equipment	2,683
Motor vehicles	719
Furniture, fittings and equipment	<u>3,659</u>
	<u>23,182</u>

The net book value of fixed assets acquired under hire purchase agreements amounted to RM484,314.

10. ACCOUNTANTS' REPORT (Continued)**7.4 STOCKS**

Pro Forma Group	RM'000
Raw materials	2,397
Work in progress	204
Finished goods	16,816
	<u>19,417</u>

7.5 DEBTORS

Pro Forma Group	RM'000
Trade debtors	23,952
Provision for doubtful debts	(1,052)
	<u>22,900</u>
Other debtors, deposits and prepayments	2,418
Bills receivable	791
	<u>26,109</u>

Included in other debtors, deposits and prepayments is an amount of RM1,409,242 being consideration paid for the purchase of land by a subsidiary.

7.6 CREDITORS

	AHB RM'000	Pro Forma Group RM'000
Trade creditors	-	13,005
Other creditors	489	2,968
Hire purchase creditors	-	141
Amount due to a substantial shareholder	-	5,169
	<u>489</u>	<u>21,283</u>

The amount due to a substantial shareholder bears interest at the rate of 1% above the bank's prevailing base lending rates.

7.7 PROPOSED DIVIDENDS

These represent pre-merger dividends payable by the subsidiaries before AHB completed the acquisition of the companies.

10. ACCOUNTANTS' REPORT (Continued)**7.8 SHORT TERM BORROWINGS**

Pro Forma Group	RM'000
Bank overdrafts	3,152
Trade financing facilities	1,755
Term loan - portion repayable within 12 months	881
	<u>5,788</u>

The short term borrowings are secured by charges over certain of the subsidiaries' landed properties, a debenture over fixed and floating assets of a subsidiary and corporate guarantees from certain shareholders. Interest is chargeable at rates ranging from 7.8% to 11.3% per annum during the year.

7.9 PRELIMINARY AND PRE-OPERATING EXPENSES

Included in preliminary and pre-operating expenses are auditors' remuneration of RM1,813.

7.10 DEFERRED EXPENDITURE

	AHB RM'000	Pro Forma Group RM'000
Share issue expenses	450	450
Others	34	34
	<u>484</u>	<u>484</u>
Less: Set off against the share premium account arising from the Public Issue	-	(450)
	<u>484</u>	<u>34</u>

7.11 SHARE CAPITAL

	AHB RM'000	Pro Forma Group RM'000
Ordinary shares of RM1.00 each:-		
Authorised	<u>100,000</u>	<u>100,000</u>
Issued and fully paid-up:-		
As at 31 December 1999	*	*
Issued as consideration for the acquisition of the entire issued and paid-up share capital of XSSB and APSB	-	33,890
Public Issue		<u>9,510</u>
	<u>*</u>	<u>43,400</u>

* RM2.00

10. ACCOUNTANTS' REPORT (Continued)**7.12 LONG TERM LIABILITIES**

Pro Forma Group	RM'000
Provision for retirement benefits	510
Hire purchase creditors	77
Term loan - portion repayable after 12 months	35
	<u>622</u>

Contributions to the defined benefit plan for employees of a subsidiary are charged to the profit and loss account so as to spread the cost over the employees' working lives. The contributions are determined by a qualified actuary, based on a valuation as at 31 December 1999 using the projected benefit method. The assumptions which have the most significant effect on the valuation are those relating to the interest cost on the use of the plan's funds and the rate of increase in salaries. It was assumed that annual interest cost would be 6.5% and annual salary increases would average 6%.

The term loan is repayable by 60 monthly instalments commencing February 1996.

7.13 CAPITAL COMMITMENTS

Pro Forma Group	RM'000
Capital expenditure authorised but not provided in the accounts:	
- contracted for	1,718
- not contracted for	<u>5,553</u>

8. PRO FORMA GROUP NTA / COVER

Based on the Pro Forma Group statement of assets and liabilities as at 31 December 1999, the Pro Forma Group NTA per share is calculated as follows:

	RM'000
NTA of the Pro Forma Group after the acquisitions of the subsidiaries as at 31 December 1999	44,714
Increase in NTA arising from the Public Issue by AHB	<u>14,265</u>
	58,979
Estimated share issue expenses	<u>(1,050)*</u>
	<u>57,929</u>

* arrived at after deducting RM450,202 (refer Note 7.10) from the total estimated share issue expenses of RM1,500,000

Number of AHB shares of RM1.00 each in issue:-

	'000
As at 31 December 1999	*
Issued for the acquisitions of XSSB and APSB	33,890
Public Issue	<u>9,510</u>
After the acquisitions and Public Issue	<u>43,400</u>
Pro Forma NTA cover per share (RM)	1.33

* 2 ordinary shares

10. ACCOUNTANTS' REPORT *(Continued)*

9. ACCOUNTS

No audited accounts of AHB, XSSB, APM, APSB, APEM and XSPL have been prepared in respect of any period subsequent to 31 December 1999.

Yours faithfully,

PRICEWATERHOUSECOOPERS
(No. AF-1146)
Public Accountants

P'NG BENG HOE
(No. 1563/8/01 (J))
Partner of the firm

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11. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

Registered Office:-

134/2, Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

5 May 2000

The Shareholders
Apex Healthcare Berhad

Dear Sirs/Madam,

On behalf of the Board of Directors of AHB Berhad ("AHB"), I report after due inquiry that during the period from 31 December 1999 (being the date to which the last audited accounts of AHB and its subsidiaries ("the Group") have been made up) to 5 May 2000 (being a date not earlier than fourteen (14) days before the issue of this Prospectus):-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no other contingent liabilities by reason of any guarantees given by the AHB Group; and
- (e) save as disclosed in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profit of the Group.

Yours faithfully,
For and on behalf of the Board of Directors
APEX HEALTHCARE BERHAD

Kee Tah Peng @ Hee Teck Peng
Executive Chairman

12. VALUERS' LETTER

(Prepared for inclusion in this Prospectus)

C H Williams Talhar & Wong Sdn. Bhd.
Chartered Surveyors and International
Property Consultants
No. 56, 1st Floor
Madonna Building
Jalan Laksamana
75000 Melaka

5 May 2000

The Board of Directors
APEX HEALTHCARE BERHAD
134/2, Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Dear Sirs,

- (A) **UNIT NO. F120, FIRST FLOOR, HOLIDAY PLAZA, JALAN DATO' SULAIMAN, CENTURY GARDEN JOHOR BAHRU, JOHOR DARUL TAKZIM;**
- (B) **UNIT NOS. B5 & B6, LEVEL 1, BLOCK B, PUSAT BANDAR DAMANSARA, JALAN DAMANLELA, KUALA LUMPUR;**
- (C) **LOT NO. 99, TOWN AREA XXXVIII (38), DISTRICT OF MELAKA TENGAH, MELAKA;**
- (D) **LOT NOS. 564, 569 & 571, TOWN AREA XIX (19), DISTRICT OF MELAKA TENGAH, MELAKA;**
- (E) **UNIT NO. 48, ERECTED ON LOT NO. PT 1718, TOWN AREA XXI (21), DISTRICT OF MELAKA TENGAH, MELAKA;**
- (F) **LOT NOS. PT 1889, PT 1890 & PT1891, TOWN OF BANDAR SUNWAY, DISTRICT OF PETALING, SELANGOR DARUL EHSAN; AND**
- (G) **LOT NOS. PT 1375, PT 1376 & PT 1377, MUKIM OF BERTAM, DISTRICT OF MELAKA TENGAH, MELAKA (CHENG INDUSTRIAL ESTATE - PHASE 1);.**

In accordance with your instruction, this letter has been prepared for inclusion in the Prospectus to be dated 15 May 2000 in relation to the Public Issue of 9,510,000 ordinary shares of RM1.00 each in Apex Healthcare Berhad at an issue price of RM1.50 per ordinary share payable in full on application.

We are pleased to certify that we have valued the above-mentioned properties for Apex Healthcare Berhad vide our report and valuation bearing reference no: DY/WTW/JB/235/99/KOK, 7067/99/NAR/WK, WTWMC/99/556(B)/HH, WTWMC/99/556(A)/AAH, WTWMC/99/556(C)/AAH, PJ/37/99/ROS and WTWMC/99/556(D)/HH, all dated 8 June 1999, for purposes of submission to the Securities Commission for public listing purposes.

12. VALUERS' LETTER (Continued)

The basis of valuation is Market Value based on Guidelines on Asset Valuations issued by the Securities Commission.

The term "Market Value" is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion.

The combinations of Comparison Method and Investment Method of Valuation were used in arriving at the value of the properties.

Information and data of the above mentioned valuations were obtained from various sources which include the Registry of Land Titles, the Valuation and Property Services Department, enquiries made on the field and information from the client.

The details of valuation are as follows:-

Subject Property	Registered / beneficial owner	Existing use / Description	Valuation Methods	Tenure / Age of building	Land area sq. ft.	Built-up area sq. ft.	Market value as at 08.06.1999 RM
Unit No. F120 First Floor Holiday Plaza Jalan Dato' Sulaiman Century Garden Johor Bahru Johor Darul Takzim	APSB	Pharmacy outlet / 1 parcel of commercial space located on the 1 st floor of Holiday Plaza	Comparison / Investment	Freehold / 15 years old	-	1,707.91	920,000
Unit Nos. B5 & B6 Level 1 Block B Pusat Bandar Damansara Jalan Damansara Kuala Lumpur	APSB	Pharmacy outlets / 2 units of intermediate shoplots	Comparison / Investment	Freehold / 15 years old	-	2,688.04	1,400,000
Lot No. 99 Town Area XXXVIII (38) District of Melaka Tengah Melaka	APSB	Pharmacy outlets and office space/ 2-storey shophouse	Comparison / Investment	Leasehold (exp. 2075) / 25 years old	1,679.17	2,928.00	190,000
Lot Nos. 564, 569 & 571 Town Area XIX (19) District of Melaka Tengah, Melaka	APSB	Pharmacy outlet and office space / 3-storey shophouse	Comparison / Investment	Freehold / 35 years old	1,398.02	3,557.07	450,000
Unit No. 48, Erected On Lot No. PT 1718 Town Area XXI (21) District of Melaka Tengah, Melaka	APSB	Pharmacy outlet and office space / 4½ storey shop office	Comparison / Investment	Leasehold (exp. 2084) / 9 years old	1,469.92	6,489.00	750,000
Lot Nos. PT 1889 PT 1890 & PT 1891 Town of Bandar Sunway District of Petaling Selangor Darul Ehsan	APSB	Warehouse / 2 adjoining intermediate units and 1 corner 1½ storey light industrial terrace factory	Comparison / Investment	Leasehold (exp. 2096) / 6 years old	8,347.00	8,919.48	1,410,000

12. VALUERS' LETTER (Continued)

Subject Property	Registered / beneficial owner	Existing use / Description	Valuation Methods	Tenure / Age of building	Land area sq. ft.	Built-up area sq. ft.	Market value as at 08.06.1999 RM
Lot Nos. PT 1375, PT 1376 & PT 1377 Mukim of Bertam District of Melaka Tengah, Melaka (Cheng Industrial Estate - Phase 1)	XSSB	Factory Complex / (1½-storey factory building)	Comparison / Investment	Leasehold (exp. 2096) / 7 years old	314,995	81,152.00	11,000,000
Total						<u>107,441.50</u>	<u>16,120,000</u>

Yours faith fully,
C H WILLIAMS TALHAR & WONG SDN. BHD.

FOO GEE JEN
Dip. In Valuation
B. Surv (Hons) Prop. Mgt., MISM
Registered Valuer (V 368)

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13. PROCEDURE FOR APPLICATION AND ACCEPTANCE

13.1 Opening and Closing of Application Lists

The Application Lists will open at 10:00 a.m. on 29 May 2000 and will remain open until 8:00 p.m. on the same day or for such further period or periods as the Directors of AHB in their absolute discretion may decide.

13.2. Methods of Applications

Applications for the Issue Shares may be made using either of the following ways:-

- (i) Application Forms; or
- (ii) Electronic Share Application.

13.3 General Conditions for Applications

(i) ***Applications by the eligible Directors, employees and/or other persons of the AHB Group***

Applications for 2,170,000 of the Issue Shares reserved for eligible Directors', employees and/or other persons of the AHB Group must be made on the **Pink** Application Forms provided.

(ii) ***Applications by the Bumiputera Investors Approved by MITI***

Applications for 2,865,000 new ordinary shares of RM1.00 each to nominated Bumiputera investors approved by MITI must be made on the **White** Application Forms provided.

(iii) ***Applications by the Malaysian Public***

Applications for 4,475,000 new ordinary shares of RM1.00 each made available for application by the Malaysian public must be made on the **White** Application Forms provided.

The Applications shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of AHB.

Only one Application Form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. **Multiple applications will not be accepted.** The amount payable in full on application is RM1.50 per ordinary share.

Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and vice versa.

Applications for the 2,170,000 Issue Shares of RM1.00 each reserved for eligible Directors, employees and/or other persons of the AHB Group must be made only on the special "PINK FORMS" provided and not on any other Application Form or by way of Electronic Share Application. The amount payable in full on Application is RM1.50 per Issue Share.

A corporation or institution cannot apply for shares by way of Electronic Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME, NATIONAL REGISTRATION IDENTITY CARD NUMBER AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

- (i) (a) THE APPLICANT'S IDENTITY CARD ("NRIC");
- (b) CHANGE OF ADDRESS CARD ("RESIT PENUKARAN KAD PENGENALAN JPN1/22"); OR
- (c) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("JPN 1/9") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (ii) THE RECORDS OF MCD, IF ANY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS AUTHORITY CARD AND THE ADDRESS OF THE APPLICANT MUST BE THE ADDRESS OF THE APPLICANT'S RESPECTIVE CAMP/BASE/ STATION.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE THE REGISTERED ADDRESS.

No acknowledgement of the receipt of Applications or application monies will be made by AHB.

13.4 Applications using Application Forms

(i) Application Forms

The following Application Forms issued with this Prospectus are deemed to form part hereof:-

- (a) **Pink** Application Forms for application by eligible Directors, employees and/or other persons of the AHB Group; and
- (b) **White** Application Forms for application by Malaysian citizens, companies, societies, co-operatives and institutions.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and MIH.

(ii) Terms And Conditions Of Applications Using Application Forms

Applications by way of Applications Forms shall be made on, and subject to, the terms and conditions appearing below:-

- (a) Application for the Issue Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 37(1) of the Companies Act 1965, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

- (b) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN RM FOR THE FULL AMOUNT PAYABLE EITHER BY:-
- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - MONEY ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
 - GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - ATM STATEMENT OBTAINED ONLY FROM:-
 - ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - ASIA COMMERCIAL FINANCE (M) BERHAD;
 - BAN HIN LEE BANK BERHAD;
 - BANK UTAMA (MALAYSIA) BERHAD;
 - BSN COMMERCIAL BANK (MALAYSIA) BERHAD;
 - BUMIPUTRA-COMMERCE BANK BERHAD (*formerly known as Bank of Commerce (M) Berhad*);
 - CREDIT CORPORATION MALAYSIA BERHAD;
 - EON BANK BERHAD;
 - EON FINANCE BERHAD;
 - HOCK HUA BANK BERHAD;
 - HOCK HUA FINANCE CORPORATION BERHAD;
 - HONG LEONG BANK BERHAD;
 - HONG LEONG FINANCE BERHAD;
 - INTERNATIONAL BANK MALAYSIA BERHAD;
 - MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - MBf FINANCE BERHAD;
 - MULTI-PURPOSE BANK BERHAD;
 - ORIENTAL BANK BERHAD;
 - ORIENTAL FINANCE BERHAD;
 - PHILEO ALLIED BANK (MALAYSIA) BERHAD;
 - PUBLIC BANK BERHAD;
 - PUBLIC FINANCE BERHAD;
 - RHB BANK BERHAD;
 - SABAH BANK BERHAD;
 - THE PACIFIC BANK BERHAD; OR
 - UNITED MERCHANT FINANCE BERHAD

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

AND MUST BE MADE OUT IN FAVOUR OF

"MIH SHARE ISSUE ACCOUNT NO. 170"

AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM). APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFT/CASHIER'S ORDER WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCE MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (c) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM IF HE PRESENTLY HAS SUCH AN ACCOUNT. WHERE AN APPLICANT DOES NOT PRESENTLY HAVE A CDS ACCOUNT, HE SHOULD STATE IN HIS APPLICATION FORM HIS PREFERRED ADA CODE.
- (d) THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM) MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GGO FROM BANK SIMPANAN NASIONAL.
- (e) The Directors of AHB reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of AHB shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (f) The Directors of AHB reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (g) The Directors of AHB reserve the right not to accept any application or to accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establish an adequate market for the shares.
- (h) Where an application is not accepted, the full amount of the application monies, without interest, will be returned and shall be despatched to the applicant within twenty-one (21) days from the date of the final ballot of the application lists by ordinary post at the address shown on the Application Form at the applicant's own risk.
- (i) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

- (j) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be dispatched by **ORDINARY POST** in the official envelope provided, to the following address:-

Malaysian Issuing House Sdn. Bhd.
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O. Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In-Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 8:00 p.m. on 30 May 2000. Applications may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 29 May 2000 between 8:30 a.m. to 8:00 p.m. only.

- (k) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.
- (l) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE FORM OF APPLICATION TO MIH.

13.5 Applications via Electronic Share Applications

- (i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**
- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application is set out on Section 13.6 of the terms and conditions for Electronic Share Applications. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number (PIN);
 - **MIH Share Issue Account Number 170;**
 - CDS account number;
 - Number of Shares applied for and/or the RM amount to be debited from the account;
 - Confirmation of several mandatory statements.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

(ii) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- ARAB-MALAYSIAN BANK BERHAD; OR
- ARAB-MALAYSIAN FINANCE BERHAD; OR
- BUMIPUTRA-COMMERCE BANK BERHAD (*formerly known as Bank Bumiputra Malaysia Berhad*) (at selected branches in the Klang Valley only); OR
- HSBC BANK MALAYSIA BERHAD; OR
- MALAYAN BANKING BERHAD; OR
- MAYBAN FINANCE BERHAD; OR
- OCBC BANK (MALAYSIA) BERHAD; OR
- ORIENTAL BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).

13.6 Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 13.5(i) of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

In the case of Electronic Share Applications, only an applicant who is an individual with a CDS account is eligible to utilise the facility.

The applicant must have an existing account with, and be an ATM cardholder of, one of the participating Financial Institutions before he can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by AHB or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the application for the Issue Shares on 29 May 2000 at 8:00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its' respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than 12:00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one application.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained in Section 13.3 as well as the terms and conditions appearing below:-

- (i) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of AHB.
- (ii) The applicant is required to confirm the following statements (by depressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age; as at the closing date of the share application.
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - This is the only application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and MCD to disclose information pertaining to myself and my account with the Participating Financial Institution and MCD to MIH and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act 1989 and Section 45 of the Securities Industry (Central Depositories) Act 1991 to the disclosure by the relevant Participating Financial Institution or MCD, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- (iii) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE OFFER SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

- (iv) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that AHB decide to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicants, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, his acceptance of the number of shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of AHB.
- (vi) AHB reserve the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non- successful or partially successful applications. Where an Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non- successful or partially successful applications within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than twenty-one (21) days from the day of the final ballot of the application list.

Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

- (viii) The applicant requests and authorises AHB:-
- (a) to credit the shares allocated to the applicant into the CDS account of the applicant; and
 - (b) to issue share certificate(s) representing such shares allocated in the name of MCD Nominees Sdn. Bhd. and sends the same to MCD.
- (ix) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of AHB, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- (a) AHB or MIH does not receive the applicant's Electronic Share Application; and
 - (b) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to AHB or MIH,
- the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against AHB, MIH or the Participating Financial Institution for the shares applied for or for any compensation, loss or damage.
- (x) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct; and AHB, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) The applicant shall ensure that his personal particulars as recorded by both MCD and the relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform MCD promptly of any change in address failing which the notification letter of successful allocation will be sent to his registered address last maintained with MCD.
- (xii) By making and completing an Electronic Share Application, the applicant agrees that:-
- (a) in consideration of AHB agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (b) AHB, the Participating Financial Institutions, MCD and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to AHB due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of AHB, the acceptance of the offer made by the applicant to subscribe for and purchase the shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said shares;

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

- (d) the applicant irrevocably authorises MCD to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allocated to the applicant; and
 - (e) AHB agree that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Share Application Scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Company irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) The Directors of AHB reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of AHB shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (xiv) The Directors of AHB reserve the right to reject applications which do not conform to these instructions.
- (xv) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

13.7 Applications and Acceptances

The Directors of AHB reserve the right to reject any application, which does not strictly comply with the instructions, or to accept any application in part only without assigning any reason therefor. The submission of an application form does not necessarily mean the application will be successful.

In the event of over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by the Directors of AHB. Due consideration will be given to the desirability of distributing the ordinary shares to a reasonable number of applicants with a view to broadening the shareholding base of AHB and establishing an adequate market in the trading of the ordinary shares of the Company.

In the event of an under-subscription by the Malaysian public, all the Issue Shares not applied for will be made available for subscription proportionately by the Managing Underwriter and Underwriters. Any shares not subscribed by the eligible Directors, employees and/or other persons of the AHB Group will be reallocated to the other eligible Directors, employees and/or other persons of the AHB Group until all such Issue Shares are fully subscribed by them.

EACH APPLICATION MUST BE FOR 1,000 ORDINARY SHARES OR MULTIPLES THEREOF.

WHERE AN APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO THE APPLICANT WITHOUT INTEREST WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST RESPECTIVELY AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE HAVING BEEN PRESENTED FOR PAYMENT.

13.8 CDS Accounts

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in AHB shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

In the case of an application by way of Application Form, an applicant should state his CDS account number in the space provided in the Application Form if he presently has such an account. If he does not presently have such an account, he should state his preferred ADA Code in the space provided. If a successful applicant fails to state either his CDS account number or preferred ADA Code in his Application Form, the Company may, in the exercise of its absolute discretion, instruct MIH to insert a preferred ADA Code in the Application Form and further instruct MCD to open a CDS account on his behalf at the specified ADA and credit the shares allotted to him into his CDS account.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so.

Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number or preferred ADA Code, may result in the Application being rejected. The Directors of AHB reserve the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in their Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications differ from those in MCD's records, such as the identity card number, names and nationalities.

13.9 Notice of Allotment

Shares allocated to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allocation will be dispatched to the successful or partially successful applicant at his/her address shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application list. For Electronic Share Applications, the notice of allocation will be dispatched to the successful or partially successful applicant at his/her address last maintained with MCD at the applicant's own risk within thirty (30) days after the final ballot of the application list. This is the only acknowledgement of acceptance of the application.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Continued)*

13.10 Formalising CDS Accounts

A successful applicant whose CDS account has been opened by MCD at his/her preferred ADA or the ADA caused to be inserted by MIH at the instruction of the Company in case where the successful applicant fails to state either his/her CDS account number or preferred ADA Code, is required to formally open his/her account by submitting to the ADA the necessary documents and the account opening fee. No transaction of shares credited to the account can be effected until the account has been formally opened.

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13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)**13.11 List of ADAs**

The list of ADAs and their respective Broker codes are as follows:-

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
KUALA LUMPUR			KUALA LUMPUR		
			<i>(Continued)</i>		
AFFIN-UOB SECURITIES SDN. BHD.	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: 03-2438668	028-001	K&N KENANGA BHD.	8th Floor Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-2613066	073-001
ARAB-MALAYSIAN SECURITIES SDN. BHD.	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2382788	086-001	KAF-SEAGROATT & CAMPBELL SDN. BHD.	26th-30th Floor The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2081600	053-001
BBMB SECURITIES SDN. BHD.	Level 2 & 3, 4, 17 Letter Box No. 2 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2088800	099-001	KUALA LUMPUR CITY SECURITIES SDN. BHD.	3.07, Level 3 Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2449322	076-001
BIMB SECURITIES SDN. BHD.	1st & 2nd Floor Podium Block, Bangunan AMDB No. 1, Jalan Lumut 50350 Kuala Lumpur Tel. No.: 03-4433533	024-001	LEONG & COMPANY SDN. BHD.	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur P. O. Box 10943 50730 Kuala Lumpur Tel. No.: 03-2928888	061-001
CIMB SECURITIES SDN. BHD.	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-2532288	065-001	MAYBAN SECURITIES SDN. BHD.	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: 03-2323822/33	098-001
FIMA SECURITIES SDN. BHD. <i>(formerly known as Capitalcorp Securities Sdn. Bhd.)</i>	No. 45-14 Plaza Level and Level One Plaza Damansara Jalan Medan Setia I Bukit Damansara 50490 Kuala Lumpur Tel. No.: 03-2549966	018-001	MGI SECURITIES SDN. BHD.	1st & 2nd Floor Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel. No.: 03-2911889	052-001
HLG SECURITIES SDN. BHD.	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2452998	066-001	MIDF SISMA SECURITIES SDN. BHD.	17 & 18 Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-2668888	026-001
INTER-PACIFIC SECURITIES SDN. BHD.	Level 7, Shahzan Insas Tower 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-2441888	054-001	OSK SECURITIES BHD.	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2624388	056-001
JUPITER SECURITIES SDN. BHD.	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2041888	055-001	PB SECURITIES SDN. BHD.	27th Floor Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2013011	051-001
			PENGKALEN SECURITIES SDN. BHD.	Ground, Mezzanine & 1st Floors Menara Pengkalen No. 2 Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: 03-2448055	064-001

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
KUALA LUMPUR (Continued)			SELANGOR DARUL EHSAN (Continued)		
RASHID HUSSAIN SECURITIES SDN. BHD.	Level 1, 2, 3 and 5 Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-9852233	087-001	SJ SECURITIES SDN. BHD.	Level 3, Holiday Villa No. 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7340202/03-7340101	096-001
SIME SECURITIES SDN. BHD.	21st Floor Bangunan Sime Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2749288/03-7781779	097-001	MELAKA		
TA SECURITIES BHD.	TA One Tower 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2321277	074-001	MALACCA SECURITIES SDN. BHD.	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P.O. Box 248 75250 Melaka Tel. No.: 06-3371533	012-001
SELANGOR DARUL EHSAN			OCBC SECURITIES (MELAKA) SDN. BHD.	579,579A & 579B Taman Melaka Raya 75000 Melaka Tel. No.: 06-2825211	072-001
AMSTEEL SECURITIES (M) SDN. BHD.	2nd, 3rd & 4th Floors 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-3439999	080-001	STRAITS SECURITIES SDN. BHD.	Lot 9 & 10, 1st Floor Bangunan Tabong Haji Jalan Bandar Kaba P.O. Box 209 75740 Melaka Tel. No.: 06-2833622	011-001
HALIM SECURITIES SDN. BHD.	68, Jalan 52/6 New Town Centre P. O. Box 561 46770 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7555777	091-001	PERAK DARUL RIDZUAN		
HWANG-DBS SECURITIES BERHAD	18th-20th Floor Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 41000 Shah Alam Selangor Darul Ehsan Tel. No.: 03-5533288	068-002	BOTLY SECURITIES SDN. BHD.	1st Floor Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001
JF APEX SECURITIES BHD.	3rd Floor, Wisma Apex 145A-C, Jalan Bukit P. O. Box 16 43007 Kajang Selangor Darul Ehsan Tel. No.: 03-8361118	079-001	KIN KHOON & CO. SDN. BHD.	23 & 25, Wisma Kota Emas Jalan Dato' Tahwil Azhar P. O. Box 421 30910 Ipoh Perak Darul Ridzuan Tel. No.: 05-2543311	017-001
MOHAIYANI SECURITIES SDN. BHD.	2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7197345	095-001	MBF NORTHERN SECURITIES SDN. BHD.	No. 71, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel. No.: 05-2548999	067-001
			M&A SECURITIES SDN. BHD.	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001
			PHILEO ALLIED SECURITIES SDN. BHD.	63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	071-001

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
PERAK DARUL RIDZUAN (Continued)			KEDAH DARUL AMAN		
PREMIER CAPITAL SECURITIES SDN. BHD.	Wisma Premier Capital 21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	082-001	ALOR SETAR SECURITIES SDN. BHD.	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7318088	094-001
SBB SECURITIES SDN. BHD.	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-001	PERLIS INDRA KAYANGAN		
TAIPING SECURITIES SDN. BHD.	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8060888	092-001	UPEN SECURITIES SDN. BHD.	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9766315	023-001
PULAU PINANG			NEGERI SEMBILAN DARUL KHUSUS		
A. A. ANTHONY & COMPANY SDN. BHD.	No. 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No.: 04-2299318	014-001	MALPAC SECURITIES SDN. BHD.	1st, 2nd and 3rd Floors 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131/34	063-001
HWANG-DBS SECURITIES BHD.	Levels 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-001	PAN MALAYSIA EQUITIES SDN. BHD.	2nd, 9th & 10th Floor Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7638999	084-001
KE-ZAN SECURITIES SDN. BHD.	Wisma Ke-Zan 64, Bishop Street 10200 Pulau Pinang Tel. No.: 04-2634222	085-001	JOHOR DARUL TAKZIM		
MERCURY SECURITIES SDN. BHD.	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322123	093-001	ENG SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211/ 2238212	081-001
SMITH ZAIN SECURITIES SDN. BHD.	7th & 8th Floor Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	016-001	JB SECURITIES SDN. BHD.	Suite 8.2, Level 8 Menara Sarawak Enterprise 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332000/ 07-3332800	078-001
SOON THEAM SECURITIES SDN. BHD.	No. 111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-001	KESTREL SECURITIES SDN. BHD.	No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	088-001
THONG & KAY HIAN SECURITIES SDN. BHD.	Level 5 & 6 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2635481	070-001	PENINSULA SECURITIES SDN. BHD.	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	077-001
UT SECURITIES SDN. BHD.	12th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No.: 04-2626644	059-001			

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)

Name	Address and telephone number	Broker Code	Name	Address and telephone number	Broker Code
JOHOR DARUL TAKZIM (Continued)			SARAWAK		
PJB PACIFIC SECURITIES SDN. BHD.	Podium 2A & 3 Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692/ 07-2765201	027-001	SARAWAK SECURITIES SDN. BHD.	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: 082-338000	019-001
SOUTH JOHOR SECURITIES SDN. BHD.	3rd Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4317033	069-001	SARAWAK SECURITIES SDN. BHD.	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	019-002
PAHANG DARUL MAKMUR			SABAH		
WK SECURITIES SDN. BHD.	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800 09-5660700	083-001	INNOSABAH SECURITIES SDN. BHD.	11 Equity House, Block K Sadong Jaya, Karamuning 88100 Kota Kinabalu Sabah Tel. No.: 6088-234099	020-001
KELANTAN DARUL NAIM			WILAYAH PERSEKUTUAN LABUAN		
KOTA BHARU SECURITIES SDN. BHD. (formerly known as Faiz Securities Sdn. Bhd.)	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7433388	075-001	LABUAN SECURITIES SDN. BHD.	Level 2, Wisma Oceanic Jalan O K K Awang Besar 87007 Wilayah Persekutuan Labuan Tel. No.: 087-410621	022-001
TERENGGANU DARUL IMAN					
FA SECURITIES SDN. BHD.	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001			
PTB SECURITIES SDN. BHD.	1st, 2nd & 3rd Floors 61, Jalan Sultan Ismail P.O. Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6235767	025-001			

14. STATUTORY AND GENERAL INFORMATION

14.1 Share Capital

- (i) No shares will be allotted on the basis of this Prospectus later than six (6) months after the date of issue of this prospectus.
- (ii) There are no founder, management or deferred shares in the Company. As at the date of this Prospectus, there is only one class of shares in the Company namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (iii) Save as disclosed in Section 8.1.4 of this Prospectus, no shares and debentures of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two years preceding the date of this Prospectus.
- (iv) Save for the Issue Shares reserved for the eligible Directors, employees and/or other persons of the Group as disclosed in Section 6.2 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company and its subsidiaries and no capital of the Company and its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option.
- (v) Save for the Issue Shares reserved for the eligible Directors, employees and/or other persons of the Group as disclosed in Section 6.2 of this Prospectus, there is currently no other scheme for or involving the employees in the capital of the Company or its subsidiaries.
- (vi) No Directors have been given any option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries during the last financial year.

14.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association, which have been approved by the KLSE.

(i) Transfer of securities

The provisions in the Company's Articles of Association dealing in respect of the arrangements for transfers of securities and restrictions on their free transferability are as follows:-

Article 31

Except as otherwise provided under the Rules, (with respect to transfer of Deposited Security) no transfer shall be registered unless a proper instrument of transfer together with the certificate duly executed by or on behalf of the transferor and duly stamped has been delivered to the Company except as provided in the Act. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

Article 34

The transfer books and Register of Members and debenture holders may be closed for such periods as the Directors think fit provided that eighteen (18) market days notice of intention to close the said registers shall be published in a local daily newspaper circulating in Malaysia and despatched to the relevant Stock Exchange stating the books closing date and the reason thereof, not exceeding in the whole thirty (30) days in each year. The transfer books and Register of Members may be closed for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issue of securities. At least three (3) market days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.

Article 35

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares, apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer has been signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares concerned, be deemed to have transferred his whole title thereto.

Article 36

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares or for making any entry in the register affecting the title to any share, such fee not exceeding Three Ringgit (RM3.00) as the Directors may from time to time require or prescribe.

Second Board Listing Requirements

The provisions of the Second Board Listing Requirements of KLSE on the transferability of securities and any restriction on their free transferability are as follows:-

Clause 9.5A (Transfers)

The transfer of any securities or class of securities of the company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Companies Act, 1965, but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of securities.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

Clause 9.5B (Transmission of securities from foreign register)

(1) Where:-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.

(2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of Clause 9.5(B)1 shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

Companies Act, 1965

The provisions within the Companies Act, 1965 on the transferability of securities and any restriction on their free transferability are as follows:-

Section 103 (Instrument of transfer)

- (1) Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.
- (1A) Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

Section 107C (Transfer of securities is by way of book entry)

- (1) On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.
- (2) Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

Rules of the MCD

The rules within MCD on the transferability of securities and any restriction on their free transferability are as follows:-

Rule 8.01 (2) (Rejection of transfer)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor thereunder, where the reason for the said transfer does not fall within any of the approved reasons stipulated under Rule 8.03(1)(c).

Rule 8.05A (Transfers from the principal or nominee account)

Transfers made by the authorised depository agent from the agent's principal or nominee account shall be subject to the Rules in this Chapter.

Rule 9.03(2) (Documents to lodge)

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as "the inter-account transfer"), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows:-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the Depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

- (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code On Takeovers and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the SC;
- (d) documents to support the reason for the transfer;
 - (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

(ii) Directors' Remuneration

The provisions in the Company's Articles of Association in respect of remuneration of Directors are as follows:-

Article 85

The fees payable to the Directors shall from time to time be determined by the Company in General Meeting. The fees payable to the Directors shall not be increased except pursuant to a resolution passed at the General Meeting when notice of the proposed increase has been given in the notice convening the meeting. The Directors shall also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any special duties or service outside his ordinary duties as a Director, the Directors may pay him special remuneration, in addition to his ordinary remuneration as may be arranged, but so that the same shall not be calculated on turnover. The fees payable to non-executive directors shall be a fixed sum and not on a commission basis or on percentage of profits or turnover and the fees payable to executive Directors may not include a commission on or percentage of turnover.

Article 86

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors provided that remuneration for extra services payable to a non-executive Director shall not include commission on or percentage of profits or turnover.

14. **STATUTORY AND GENERAL INFORMATION** *(Continued)*

Article 87

A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director and on such terms as to remuneration and otherwise as the Directors shall arrange.

(iii) **Voting and Borrowing Powers of Directors**

The provisions in the Company's Articles of Association dealing with voting powers of the Directors in proposals, arrangements or contracts in which they are interested in and their borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

Article 104

No Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or arrangement, or any contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relations thereby established, but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined on, if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest, and no Director so interested shall vote as a Director in respect of any contract or arrangement in which he is so interested directly or indirectly and if he does vote his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 105

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any executive office or other office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or where at the terms of any such appointment are considered and he may vote on any such matter other than in respect of his own appointment or the arrangement of the terms thereof.

Article 115

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company or subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

(iv) Changes in Capital and Variation of Class Rights

The provisions in the Company's Articles of Association as to changes in capital or variation of class rights, which are no less stringent than those provided in the Companies Act, 1965 are as follows:-

Article 3 (ii)

Subject to the provisions of the Act and to these Articles, the shares in the Company shall be under the control of the Directors who may issue, allot, place under option or otherwise deal with or dispose of them to such persons at such times and generally on such terms and conditions as they think proper but so that no shares shall be issued at a discount except in accordance with the provisions of the Act.

Provided that

- (a) The Company shall not issue shares so as to transfer a controlling interest in the Company without the prior approval of the members duly signified at a general meeting called for that purpose.
- (b) Every issue of shares pursuant to a share option granted to employees and/or directors shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director. Only directors holding office in full-time executive capacity shall participate in such an issue of shares. However, non-executive Directors may subscribe for shares issued or offered pursuant to a public issue or public offer.
- (c) The total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.
- (d) The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
- (e) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue or further shares ranking *pari passu* therewith but in no respect in priority thereto.
- (f) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where any resolution to be submitted to any such meeting directly affects their rights and/or privileges or when the dividend on such preference shares is in arrears for a period of more than six (6) months.

Article 4

Without prejudice to any special rights previously conferred on the holder of any share or class of shares for the time being issued, any shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by ordinary resolution determine and subject to the provisions of the Act the Company may issue preference shares which are, or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by special resolution determine.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

Article 45

- (1) The Company in General Meeting may by ordinary resolution:
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - (b) Cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.
 - (c) Sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act) and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the other as the Company has power to attach to unissued or new shares.
- (2) The Company in General Meeting may by Special Resolution reduce its share capital, any capital redemption reserve fund, or any share premium account in any manner and with, and subject to, any incident authorised and consent required by law.
- (3) Anything done in pursuance of this Article shall be done in the manner provided by and subject to any conditions imposed by the Act or so far as the Act shall not be applicable then in accordance with the terms of the resolution authorising the same or so far as such resolution shall not be applicable then in such manner as the Directors deem most expedient.

Article 46

The Company in General Meeting may from time to time by means of an ordinary resolution increase its capital by the creation of new shares of such amount as may be deemed expedient.

Article 47

Subject to Article 3 the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and, in default of such direction, as the Directors may determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.

Article 48

Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

Article 49

Unless otherwise determined by the Company in General Meeting any original shares for the time being unissued and any new shares from time to time to be created shall before they are issued be offered to the members in proportion as nearly as may be to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to the Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may, in like manner dispose of any such new or original shares as aforesaid, which by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in the manner hereinbefore provided.

Article 50

Notwithstanding article 49 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Section 132D of the Act, the Company may apply to the relevant stock exchanges on which its shares are listed for waiver of convening an Extraordinary General Meeting to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten percent (10%) of the issued capital.

Article 51

The repayment of preference share capital other than redeemable preference shares or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned and all the provisions contained in these Articles relating to General Meetings shall mutatis mutandis apply to every such meeting except that the quorum thereof shall be two members entitled to vote and present in person and holding or representing by proxy or attorney at least one third of the nominal amount of the issued shares of that class PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

14.3 Directors and Substantial Shareholders

- (i) The names, addresses and occupation of the Directors are set out in Section 2 of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:-
 - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he is or was an executive officer;

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

- (b) conviction in a criminal proceeding or is a named subject of pending criminal proceeding; or
 - (c) the subject of an order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or 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.
- (iv) None of the Directors or proposed Directors have any existing or proposed service contracts with the Company or its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year.
- (v) The remuneration paid to the Directors for services rendered in all capacities to the Company and its subsidiaries for the year ended 31 December 1999 amounted to RM967,529. For the year ending 31 December 2000, the amount payable to the Directors of the Company for services rendered in all capacities to the Company and its subsidiaries is estimated at RM1,431,238.
- (vi) Save as disclosed below and in Section 8.1.2 of this Prospectus, none of the Directors or substantial shareholders of the Company had or has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased or proposed to be leased to the Company or its subsidiaries within two (2) years immediately preceding the date of this Prospectus.
- (a) A sale and purchase agreement dated 14 May 1999 between APSB and APH, for the disposal of the entire issued and paid-up share capital of Sandakan Chemist Sdn. Bhd. comprising 175,000 ordinary shares of RM1.00 each for a cash consideration of RM9,098.72; and
 - (b) A sale and purchase agreement dated 14 May 1999 between APSB and APH, for the disposal of the entire issued and paid-up share capital of Apex Healthcare Corporation Sdn. Bhd. comprising 200,000 ordinary shares of RM1.00 each for a cash consideration of RM202,610.61.

Kee Tah Peng @ Hee Teck Peng, Dr. Kee Kirk Chin, Ki Tak Sang @ Kee Tak Sang, Tan Yan Meng, Warren and Jackson Chevalier Yap-Kit-Siong are deemed interested in the abovementioned transactions by virtue of their directorships in APSB and APH while APH is deemed interested by virtue of its substantial shareholding in APSB.

14. STATUTORY AND GENERAL INFORMATION (Continued)

(vii) Save as disclosed below, none of the Directors or substantial shareholders has any interest, direct or indirect, in any business carrying on a similar trade as the Company or any of its subsidiaries and which is not quoted on a recognised stock exchange.

Director / Substantial shareholder	Company	Activities	Nature of Interest	Shareholding interest	
				Direct %	Indirect %
Kee Tah Peng @ Hee Teck Peng	Apex Pharmacy International Pte. Ltd. ("APIPL")	Retailing and distribution of pharmaceutical products in Singapore	Directorship and shareholding	-	49.00
	Grafton Pharmsia Pte. Ltd. ("GPPL")	Marketing and distribution of pharmaceutical products in Singapore	Directorship and shareholding	-	49.00
	Xepa Soul Pattinson Co. Ltd. ("XSPCL")	Manufacturing of pharmaceutical products in China	Directorship and shareholding		60.00
Dr. Kee Kirk Chin	APIPL	Retailing and distribution of pharmaceutical products in Singapore	Directorship and shareholding	-	49.00
	GPPL	Marketing and distribution of pharmaceutical products in Singapore	Directorship and shareholding	-	49.00
Jackson Chevalier Yap-Kit- Siong	APIPL	Retailing and distribution of pharmaceutical products in Singapore	Directorship	-	-
	GPPL	Marketing and distribution of pharmaceutical products in Singapore	Directorship	-	-
Ki Tak Sang @ Kee Tak Sang	XSPCL	Manufacturing of pharmaceutical products in China	Directorship	-	-
Tan Yan Meng, Warren	XSPCL	Manufacturing of pharmaceutical products in China	Directorship	-	-

(viii) None of the Directors have any interest in any contract or arrangement, which is significant in relation to the business of the Company and its subsidiaries subsisting at the date hereof.

14. STATUTORY AND GENERAL INFORMATION (Continued)

- (ix) Based on the Register of Directors and Directors' Shareholdings as at 5 May 2000, the Directors and their shareholding in the Company before and after the Public Issue are as follows:-

Directors	Before the Public Issue				After the Public Issue			
	<-----Direct-----> No. of ordinary shares		<-----Indirect-----> No. of ordinary shares		<-----Direct-----> No. of ordinary shares		<-----Indirect-----> No. of ordinary shares	
		%		%		%		%
Kee Tah Peng @ Hee Teck Peng	-	-	16,512,604 ^(a)	48.72	10,000	0.02	16,512,604 ^(a)	38.05
Dr. Kee Kirk Chin	-	-	16,512,604 ^(a)	48.72	10,000	0.02	16,512,604 ^(a)	38.05
Ki Tak Sang @ Kee Tak Sang	-	-	-	-	10,000	0.02	-	-
Tan Yan Meng, Warren	-	-	-	-	10,000	0.02	-	-
Jackson Chevalier Yap-Kit-Siong	-	-	-	-	10,000	0.02	-	-
Robert Dobson Millner	-	-	7,211,427 ^(b)	21.28	10,000	0.02	7,211,427 ^(b)	16.62
Peter Raymond Robinson	-	-	-	-	10,000	0.02	-	-
Mohd Ramli bin Samian	-	-	-	-	10,000	0.02	-	-
Md. Diah bin Mohammad	-	-	-	-	10,000	0.02	-	-
Leong Khai Cheong	-	-	-	-	10,000	0.02	-	-
Md. Ali bin Md. Dewal	-	-	-	-	10,000	0.02	-	-
Rokiah bte. Rajak (Alternate Director to Mohd Ramli bin Samian)	-	-	-	-	10,000	0.02	-	-
Michael John Millner (Alternate Director to Robert Dobson Millner)	-	-	7,211,427 ^(b)	21.28	10,000	0.02	7,211,427 ^(b)	16.62

Note:-

- (a) Deemed interest by virtue of his substantial shareholdings in Xepa Holdings Pte. Ltd. which is in turn a substantial shareholder of Apex Holdings (Pte.) Ltd., which in turn a substantial shareholder of Xepa Holdings Sdn. Bhd., which is in turn a substantial shareholder of APH, which is in turn a substantial shareholder of AHB.
- (b) Deemed interest by virtue of his substantial shareholding in WHSP & Co., which is in turn a substantial shareholder in SPL, which is in turn a substantial shareholder of AHB.

14. STATUTORY AND GENERAL INFORMATION (Continued)

- (ix) Based on the Register of Substantial Shareholders as at 5 May 2000, the names and the respective interests of the substantial shareholders in the Company before and after the Public Issue are as follows:-

Shareholders	Before the Public Issue				After the Public Issue			
	← Direct → No. of ordinary shares		← Indirect → No. of ordinary shares		← Direct → No. of ordinary shares		← Indirect → No. of ordinary shares	
		%		%		%		%
APH	16,512,604	48.72	-	-	16,512,604	38.05	-	-
WHSP & Co.	7,211,427	21.28	-	-	7,211,427	16.62	-	-
Bank Pembangunan	5,997,104	17.70	-	-	5,997,104	13.82	-	-
YM Tengku Puan Nor Sa'adah binti Al-Marhum Sultan Sulaiman Shah	1,511,387	4.46	-	-	1,511,387	3.48	-	-
OSB	1,328,739	3.92	-	-	2,160,000 ^(a)	4.98	-	-
SRSB	1,328,739	3.92	-	-	2,160,000 ^(a)	4.98	-	-
PNB	-	-	-	-	1,202,478	2.77	-	-
Xepa Holdings Sdn. Bhd.	-	-	16,512,604 ^(b)	48.72	-	-	16,512,604 ^(b)	38.05
United MediCorp Pte. Ltd.	-	-	16,512,604 ^(b)	48.72	-	-	16,512,604 ^(b)	38.05
Apex Holdings (Pte.) Ltd.	-	-	16,512,604 ^(c)	48.72	-	-	16,512,604 ^(c)	38.05
Xepa Holdings Pte. Ltd.	-	-	16,512,604 ^(c)	48.72	-	-	16,512,604 ^(c)	38.05
Kee Tah Peng @ Hee Teck Peng	-	-	16,512,604 ^(d)	48.72	10,000	0.02	16,512,604 ^(d)	38.05
Dr. Kee Kirk Chin	-	-	16,512,604 ^(d)	48.72	10,000	0.02	16,512,604 ^(d)	38.05
Kee Kirk Chuen	-	-	16,512,604 ^(d)	48.72	10,000	0.02	16,512,604 ^(d)	38.05
Yang Liew Fang	-	-	16,512,604 ^(d)	48.72	-	-	16,512,604 ^(d)	38.05
Dr. Kee Loo	-	-	16,512,604 ^(d)	48.72	-	-	16,512,604 ^(d)	38.05
Robert Dobson Millner	-	-	7,211,427 ^(e)	21.28	10,000	0.02	7,211,427 ^(e)	16.62
Michael John Millner	-	-	7,211,427 ^(e)	21.28	10,000	0.02	7,211,427 ^(e)	16.62
United Engineers Limited	-	-	16,512,604 ^(g)	48.72	-	-	16,512,604 ^(g)	38.05

Note:-

- (a) Inclusive of 831,261 ordinary shares allocated from the Public Issue as approved by MITI on 5 April 2000.
- (b) Deemed interest by virtue of its substantial shareholding in APH.
- (c) Deemed interest by virtue of its substantial shareholding in Xepa Holdings Sdn. Bhd.
- (d) Deemed interest by virtue of his/her substantial shareholding in Xepa Holdings Pte. Ltd.
- (e) Deemed interest by virtue of its substantial shareholding in Apex Holdings (Pte.) Ltd.
- (f) Deemed interest by virtue of his substantial shareholding in WHSP & Co.
- (g) Deemed interest by virtue of its substantial shareholding in United MediCorp Pte. Ltd.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

Brief details of the corporate substantial shareholders of AHB are as follows:-

▪ **APH**

APH was incorporated in Malaysia as a private company limited by shares under the Companies Act, 1965 on 14 August 1978. The authorised share capital of APH is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each of which 15,000,000 ordinary shares of RM1.00 each are issued and fully paid-up. The principal activities of APH are investment holding and the provision of services as commission agent.

The substantial shareholders of APH and their direct and indirect interests in the shares of APH (per Section 6A of the Companies Act, 1965) as at 5 May 2000 are as follows :-

Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital
Lim Teh Realty Sdn. Bhd.	467,500	3.12	-	-
Sin Lian Company Sdn. Bhd.	518,750	3.46	-	-
United MediCorp Pte. Ltd.	4,503,750	30.03	-	-
Xepa Holdings Sdn. Bhd.	8,060,250	53.73	-	-
Xepa Holdings Pte. Ltd.	-	-	8,060,250 ^(a)	53.73
Apex Holdings (Pte.) Ltd.	-	-	8,060,250 ^(a)	53.73
Kee Tah Peng @ Hee Teck Peng	-	-	8,060,250 ^(b)	53.73
Dr. Kee Kirk Chin	-	-	8,060,250 ^(b)	53.73
Kee Kirk Chuen	-	-	8,060,250 ^(b)	53.73
Yang Liew Fang	-	-	8,060,250 ^(b)	53.73
Dr. Kee Loo	-	-	8,060,250 ^(b)	53.73
United Engineers Limited	-	-	4,503,750 ^(c)	30.03

Note:-

(a) Deemed interest by virtue of its substantial shareholding in Xepa Holdings Sdn. Bhd.

(b) Deemed interest by virtue of his/her substantial shareholdings in Xepa Holdings Pte. Ltd.

(c) Deemed interest by virtue of its substantial shareholdings in United MediCorp Pte. Ltd.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

The Directors of APH as at 5 May 2000 are as follows:-

Name	Nationality
Kee Tah Peng @ Hee Teck Peng	Singaporean
Chua Hui Seng	Malaysian
Ki Tak Sang @ Kee Tak Sang	Malaysian
Dr. Kee Kirk Chin	Singaporean
Tan Yan Meng, Warren	Malaysian
Jackson Chevalier Yap-Kit-Siong	Singaporean
Kee Kirk Chuen	Singaporean
Chua Huan Boon <i>(Alternate Director to Chua Hui Seng)</i>	Malaysian
Tong Yew Sum <i>(Alternate Director to Kee Kirk Chuen)</i>	Malaysian

▪ **WHSP & CO.**

WHSP & Co. was incorporated as a company limited by shares in Sydney, Australia on 21 January 1903. WHSP & Co. ordinary shares was officially quoted on the Australian Stock Exchange on 31 July 1962. The authorised share capital of WHSP & Co. is AUD50,000,000 comprising 50,000,000 ordinary shares of AUD1.00 each, of which 23,864,058 ordinary shares have been issued and fully paid-up. The principal activities of WHSP & Co. consists of ownership of shares and properties, coal mining, bulk handling, commercial television licensee and operator, program and commercial television production, manufacturing, wholesaling and retailing of pharmaceutical products, manufacture, processing and marketing of essences, food colours, perfumes and aromatic chemicals, fruit juices and reconstitution and extrusion of polyethylene.

The substantial shareholders of WHSP & Co. and their direct and indirect interests in the shares of WHSP & Co. (per the company's register) as at 5 May 2000 are as follows:-

Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of AUD1.00 each	% of issued and paid-up share capital	No. of ordinary shares of AUD1.00 each	% of issued and paid-up share capital
Brickworks Limited	9,828,013	41.18	397,770 ^(a)	1.67
Merchantile Mutual Holdings Limited	1,201,173	5.03	-	-
Perpetual Trustee Australia Limited	2,611,921	10.94	-	-

Note:-

(a) *Deemed interest by virtue of the shareholding of its wholly-owned subsidiary, Carrington Brick Co. Pty Ltd., in WHSP & Co.*

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

The Directors of WHSP & Co. as at 5 May 2000 are as follows:-

Name	Nationality
Robert Dobson Millner	Australian
Peter Raymond Robinson	Australian
Michael John Millner	Australian
Graeme Lance Robertson	Australian
David John Fairfull	Australian

- **OSB**

OSB was incorporated as a private company limited by shares in Malaysia under the Companies Act, 1965 on 16 July 1997. The authorised share capital of OSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each are issued and fully paid-up. The principal activity of OSB is investment holdings.

The substantial shareholders of OSB and their direct and indirect interests in the shares of OSB (per Section 6A of the Companies Act, 1965) as at 5 May 2000 are as follows :-

Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital
Ahmad Kamal bin Md. Alif	1	50.00	-	-
Shahrizan @ Sharizan bte. Nawawee	1	50.00	-	-

The Directors of OSB as at 5 May 2000 are as follows:-

Name	Nationality
Ahmad Kamal bin Md. Alif	Malaysian
Shahrizan @ Sharizan bte. Nawawee	Malaysian

- **SRSB**

SRSB was incorporated as a private company limited by shares in Malaysia under the Companies Act, 1965 on 8 July 1997. The authorised share capital of SRSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each are issued and fully paid-up. The principal activity of SRSB is investment holding.

14. STATUTORY AND GENERAL INFORMATION (Continued)

The substantial shareholders of SRSB and their direct and indirect interests in the shares of SRSB (per Section 6A of the Companies Act, 1965) as at 5 May 2000 are as follows :-

Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital
Mohamed Said bin Ibrahim	1	50.00	-	-
Salmiah bte. Jantan	1	50.00	-	-

The Directors of SRSB as at 5 May 2000 are as follows:-

Name	Nationality
Mohamed Said bin Ibrahim	Malaysian
Salmiah bte. Jantan	Malaysian

▪ **Bank Pembangunan**

Bank Pembangunan was incorporated as a limited company in Malaysia under the Companies Act, 1965 on 28 November 1973 as Bank Pembangunan Malaysia Berhad and subsequently assumed its present name on 14 January 1999. The authorised share capital of Bank Pembangunan is RM2,000,000,000 comprising 2,000,000,000 ordinary shares of RM1.00 each of which 1,000,000,000 ordinary shares of RM1.00 each are issued and fully paid-up. The principal activity of Bank Pembangunan is to carry out the function of a development and infrastructure bank.

The sole substantial shareholder of Bank Pembangunan and its direct and indirect interests in the shares of Bank Pembangunan (per Section 6A of the Companies Act, 1965) as at 5 May 2000 are as follows:-

Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital
Minister of Finance Incorporated (Ministry of Finance, Malaysia)	998,358,776	99.84	-	-

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

The Directors of Bank Pembangunan as at 5 May 2000 are as follows:-

Name	Nationality
Tan Sri Datuk Dr. Aris bin Othman	Malaysian
Datuk Nik Ibrahim bin Nik Abdullah	Malaysian
Dato' Dr. Abdullah bin Mohd Tahir	Malaysian
Abu Salihu bin Haji Mohamed Shariff	Malaysian
Haji Ishak bin Mohd Yusoff	Malaysian
Haji Noordin bin Mohd Noor	Malaysian
Dato' Prof. Madya Dr. Mohd. Salleh Haji Din	Malaysian
Datuk Zamani bin Abdul Ghani	Malaysian

▪ **PNB**

PNB was set up as a wholly-owned subsidiary of Yayasan Pelaburan Bumiputra on 17 March 1978, under the Companies Act, 1965. The authorised share capital of PNB is RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each of which 100,000,000 ordinary shares of RM1.00 each are issued and fully paid-up. The principal activity of PNB is the acquisition and holding of shares to promote greater ownership of share capital in the corporate sector by the Malays and other indigenous people.

The sole substantial shareholder of PNB and its direct and indirect interests in the shares of PNB (per Section 6A of the Companies Act, 1965) as at 5 May 2000 are as follows :-

Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each	% of issued and paid-up share capital
Yayasan Pelaburan Bumiputra	100,000,000	100.00	-	-

The Directors of PNB as at 5 May 2000 are as follows:-

Name	Nationality
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid	Malaysian
Tan Sri Geh Ik Cheong	Malaysian
Jeneral (B) Tan Sri Ibrahim bin Ismail	Malaysian
Encik Burhanuddin bin Ahmad Tajudin	Malaysian
Tan Sri Datuk Asmat bin Kamaluddin	Malaysian
Tan Sri Dato' Dr. Wan Mohd. Zahid bin Mohd Noordin	Malaysian
Tan Sri Datuk Amar Bujang bin Mohammed Nor	Malaysian

(xi) All the Issue Shares are subject to the terms and conditions of this Prospectus.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

14.4 General

- (i) The nature of AHB's business and the names of all corporations that are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 are disclosed in Sections 8.1.3 and 8.2 of this Prospectus. Other than as mentioned in Section 8.2 of this Prospectus, there are no corporations deemed to be related to AHB by virtue of Section 6 of the Companies Act, 1965.
- (ii) Save for XSPL, which was incorporated in Singapore, the Company and its subsidiaries have not established a place of business outside Malaysia.
- (iii) Apart from the listing sought on the Second Board of KLSE, AHB is not listed on any Stock Exchange.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 13 of this Prospectus.
- (v) The time of the opening of the Application Lists is set out in Section 6.1 and 13.1 of this Prospectus.
- (vi) The amount payable in full on application in respect of the Issue Shares is RM1.50 per ordinary share.
- (vii)
 - (a) Underwriting commission is payable to the Managing Underwriter and the Underwriters at the rate of one and a half percent (1.5%) of the issue price of RM1.50 per ordinary share for each of the Issue Share being underwritten.
 - (b) Brokerage at the rate of one percent (1%) of the issue price of RM1.50 per ordinary share for each of the Issue Share is payable to brokers, banks, merchant banks and MIH in the circumstances specified earlier in Section 6.5 of this Prospectus.
 - (c) The listing expenses of RM1,500,000, inclusive of the abovementioned expenses, will be borne by the Company.

Save as disclosed above, no commission, discount, brokerage or other special terms have been paid or is payable by the Company and its subsidiaries within two (2) years preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company and its subsidiaries and in relation with the issue or sale of any capital of the Company and its subsidiaries and no Director or proposed Director or promoter or expert is or are entitled to receive any such payment.

- (viii) No amount or benefit has been paid or given within the two (2) years preceding the date of this Prospectus, nor is intended to be so paid or given, to any promoter.
- (ix) The name and address of the Company's Reporting Accountants and Auditors are set out in Section 2 of this Prospectus.
- (x) Save for 2,170,000 of the Issue Shares being reserved for the eligible Directors, employees (and/or other persons of the AHB Group) pursuant to this Prospectus, there are at present no other scheme for or involving the employees in the capital of the Company.
- (xi) Save and except for the Issue Shares, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company as at the date of this Prospectus.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

- (xii) Save as disclosed in Sections 4 and 11 of this Prospectus, the Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company or its subsidiaries.
- (xiii) As at the date hereof, the Company and its subsidiaries do not have any outstanding convertible debt securities.
- (xiv) Save as disclosed in Section 4 and 8 of this Circular, no shares or debentures of the Company or its subsidiaries have been issued or proposed to be issued as fully or partly paid-up by cash or otherwise than in cash within the two (2) preceding years of the date of this Prospectus.
- (xv) The Directors of the Company are not aware of any specific factors or events which will have a material adverse effect on the operations of the Group.
- (xvi) Save as disclosed in Sections 4, 7, 9 and 11 of this Prospectus, the financial conditions and operations of AHB and its subsidiaries are not affected by any of the following:-
 - (a) Known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's or the Group's liquidity increasing or decreasing in any material way;
 - (b) Unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from the operations of the Company or the Group;
 - (c) Known trends or uncertainties that have had or that the Company and/or the Group reasonably expects will have a material favourable or unfavourable impact on the revenue or operating income of the Company or the Group; and
 - (d) Material commitments for capital expenditure.

14.5 Public Take-overs

During the last financial year and the current financial year, there were no:-

- (i) public take-over offers by third parties in respect of the Company's shares; and
- (ii) public take-over offers by the Company in respect of other companies' shares.

14.6 Material Litigation

Neither AHB nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of AHB or its subsidiaries and the Directors do not know 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 AHB or its subsidiaries.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

14.7 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by AHB and its subsidiaries during the two (2) years immediately preceding the date of this Prospectus:-

- (i) Conditional Sale and Purchase Agreement dated 24 June 1999 between AHB and the vendors of APSB, namely APH, YM Tengku Puan Nor Sa'adah binti Al-Marhum Sultan Sulaiman Shah, OSB and SRSB, for the acquisition by AHB of the entire issued and paid-up share capital of APSB comprising 4,000,000 ordinary shares of RM1.00 each, which was satisfied by an issuance of 13,287,392 new ordinary shares of RM1.00 each in AHB credited as fully paid-up;
- (ii) Conditional Sale and Purchase Agreement dated 24 June 1999 between AHB and the vendors of XSSB, namely APH, SPL, Bank Pembangunan and YM Tengku Puan Nor Sa'adah binti Al-Marhum Sultan Sulaiman Shah, for the acquisition by AHB of the entire issued and paid-up share capital of XSSB comprising 7,000,000 ordinary shares of RM1.00 each, which was satisfied by an issuance of 20,602,606 new ordinary shares of RM1.00 each in AHB credited as fully paid-up;
- (iii) Conditional Sale and Purchase Agreement dated 24 June 1999 between AHB and APSB, for the acquisition of 100% of the issued and paid-up share capital of APM and APEM comprising 500,000 ordinary shares and 200,000 ordinary shares respectively of RM1.00 each for cash consideration of RM1,446,323 and RM517,595, respectively. A Supplemental Agreement dated 14 February 2000 was entered between AHB and APSB confirming the acquisition consideration of RM1,446,323 in relation to the acquisition of 500,000 ordinary shares of RM1.00 each in APM by AHB;
- (iv) Conditional Sale and Purchase Agreement dated 3 November 1999 between XSSB and Superior Engineering Sdn. Bhd., for the acquisition of a piece of land situated in Mukim Bertam, Melaka Tengah, Melaka, being marked PT No. 1374 held under Suratan Hakmilik Sementara No. H.S. (D) 34787 with an area of approximately 104,388.45 sq. ft. for a cash consideration of RM1,409,242; and
- (v) Underwriting Agreement dated 3 April 2000 between AHB, the Managing Underwriter and the Underwriters mentioned in Section 2 of this Prospectus for the underwriting of 4,475,000 Issue Shares for an underwriting commission of one and a half percent (1.5%) of the issue price of RM1.50 per ordinary share. The underwriting commission amounting to RM100,687.50 will be satisfied by cash.

14.8 Letters of Consent

- (i) The written consents of the Adviser and Managing Underwriter, Underwriters, Principal Bankers, Solicitors, Registrar and Issuing House to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and letters relating to the consolidated profit forecast for the financial year ending 31 December 2000 and the pro forma consolidated balance sheets as at 31 December 1999 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14. STATUTORY AND GENERAL INFORMATION *(Continued)*

- (iii) The written consent of the Valuers to the inclusion in this Prospectus of its name and letter in the manner and form in which such name appear has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 Documents Available for Inspection

Copies of the following documents may be inspected at the registered office of AHB during office hours for a period of six (6) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of AHB and its subsidiaries;
- (ii) The material contracts referred to in paragraph 14.7 of this Prospectus;
- (iii) The Reporting Accountants' Report and Directors' Report as included in Sections 10 and 11 of this Prospectus respectively;
- (iv) The Auditors and Reporting Accountants' letters relating to the consolidated profit forecast for the financial year ending 31 December 2000 and pro forma consolidated balance sheets of the AHB Group as at 31 December 1999 referred to in Section 9 of this Prospectus;
- (v) The letters of consent referred to in paragraph 14.8 of this Prospectus;
- (vi) The audited accounts of AHB for the period from 3 December 1998 (date of incorporation) to 31 December 1999;
- (vii) The audited accounts of APSB, XSSB, APM and APEM for the five (5) financial years ended 31 December 1999;
- (viii) The audited accounts of XSPL for the period from 24 July 1999 (date of incorporation) to 31 December 1999; and
- (ix) The Valuers' letter as included in Section 12 of this Prospectus together with the Valuation Reports as referred to therein.

14.10 Responsibility

- (i) CIMB acknowledges that to the best of its knowledge and belief, the Prospectus constitutes a full and true disclosure of all material facts about the Public Issue and AHB and its subsidiaries, and is satisfied that the consolidated profit forecast for the financial year ending 31 December 2000 of AHB, for which the Directors are solely responsible, has been stated by the Directors after due and careful inquiry.
- (ii) This Prospectus has been seen and approved by the Directors of AHB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.