Company No.: 37918-A

C.I. HOLDINGS BERHAD

(Company No. 37918-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 17, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

19 May 2004

The Board of Directors:

Y. Bhg. Dato' Seri Abdul Ghani bin Abdul Aziz *(Independent Non-Executive Chairman)*
Y. Bhg. Dato' Haji Johari bin Abdul Ghani *(Managing Director)*
Chan Peng Chiw *(Senior Independent Non-Executive Director)*
Nor Hishammuddin bin Dato' Mohd Nordin *(Independent Non-Executive Director)*
Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak *(Independent Non-Executive Director)*
Erwin Selvarajah a/l Peter Selvarajah *(Non-Independent Non-Executive Director)*
Y. Berhormat Datuk Syed Ali bin Tan Sri Syed Abbas Alhabshee *(Independent Non-Executive Director)*
Y. Bhg. Dato' Azmeer bin Rashid *(Independent Non-Executive Director)*

To: The Shareholders of C.I. Holdings Berhad

Dear Sir/Madam

RENOUNCEABLE RIGHTS ISSUE OF 57,377,835 NEW ORDINARY SHARES OF RM1.00 EACH IN CIH ("RIGHTS SHARES") TOGETHER WITH 57,377,835 FREE NEW DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE, PAYABLE IN FULL UPON ACCEPTANCE, ON THE BASIS OF ONE (1) RIGHTS SHARE AND ONE (1) FREE WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH HELD IN CIH AT 5.00 P.M. ON 12 MAY 2004

1. INTRODUCTION

1.1 The Board of Directors of CIH is pleased to inform you that at an EGM of CIH held on 22 October 2003, the shareholders of the Company had approved, inter-alia, the renounceable rights issue of 57,377,835 Rights Shares together with 57,377,835 free Warrants on the basis of one (1) Rights Share and one (1) free Warrant for every one (1) existing CIH Share held.

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

1.2 On 11 June 2003, on behalf of CIH, CIMB announced that Bank Negara Malaysia had, vide its letter dated 11 June 2003, approved the issuance of 57,377,835 Warrants to the entitled shareholders of CIH, including non-residents, pursuant to the Rights Issue under the Exchange Control Notice No. 12.

1.3 On 13 August 2003, on behalf of CIH, CIMB announced that the SC had, vide its letter dated 12 August 2003, approved, inter-alia, the Rights Issue (which is part of the Corporate Exercises), subject to the conditions as stated in Section 2.3.1 herein.

1.4 Approval-in-principle has been obtained from Bursa Malaysia on 10 March 2004 for the following:

(i) admission of the Warrants to the Official List of Bursa Malaysia; and

(ii) listing of and quotation for, the Rights Shares and Warrants to be issued pursuant to the Rights Issue and the new CIH Shares to be issued upon the exercise of the Warrants on the Main Board of Bursa Malaysia.

The official listing of and quotation for the Rights Shares and Warrants will commence after receipt of confirmation from MCD that all the CDS accounts of the Entitled Shareholders and/or their renouncees (if applicable) have been duly credited and notices of allotment have been despatched to them. The official listing of and quotation for the new CIH Shares to be issued upon the exercise of the Warrants is expected to commence after receipt of confirmation from MCD that all the CDS accounts of the exercising Warrant holders have been duly credited and notices of allotment have been despatched to them.

1.5 On 20 April 2004, on behalf of CIH, CIMB announced that the Entitlement Date has been fixed at 5.00 p.m. on 12 May 2004.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

In accordance with the terms of the Rights Issue as approved by the relevant authorities and the shareholders of the Company and subject to the terms of this Abridged Prospectus and the RSF, the renounceable rights issue of 57,377,835 Rights Shares together with 57,377,835 free Warrants by the Company at an issue price of RM1.00 per Rights Share, payable in full upon acceptance, will be provisionally allotted to the shareholders of CIH whose names appear on the Record of Depositors at 5.00 p.m. on 12 May 2004 on the basis of one (1) Rights Share and one (1) free Warrant for every one (1) existing CIH Share held.

The Rights Issue is renounceable in full or in part. However, the Rights Shares and Warrants are not separately renounceable. Accordingly, Entitled Shareholders can only renounce or subscribe for their entitlements to the Rights Shares and be entitled to the accompanying Warrants in full or in part to the proportion allocated.

The Rights Shares and the accompanying Warrants are underwritten, details of which are set out in Section 9 of this Abridged Prospectus. The Rights Shares and the accompanying Warrants which are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess applications and if undersubscribed, will be allotted to the Underwriters.

The issue price for the Rights Shares is fixed at RM1.00 per Rights Share, which is at a discount of 16.7% to the theoretical ex-rights price of CIH Shares of RM1.20 calculated based on the five (5)-day WAP of CIH Shares to 19 December 2002 (being the latest practicable trading date prior to the announcement of, inter-alia, the Rights Issue on 20 December 2002) ("Price-Fixing Date") of RM1.40. Based on the theoretical ex-rights price of CIH Shares of RM1.09 calculated based on the five (5)-day WAP of CIH Shares to 7 May 2004 (being the latest practicable trading date prior to the printing of this Abridged Prospectus) of RM1.18, the issue price for the Rights Shares of RM1.00 is at a discount of approximately 8.26% to the theoretical ex-rights price. The basis for fixing the issue price of the Rights Shares upfront is to increase the attractiveness of the Rights Shares and enable the shareholders of CIH to determine the extent of funding required upfront.

Any dealings in the securities of CIH will be subject to the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of MCD. As the securities of CIH are prescribed securities, the Rights Shares, Warrants and the new CIH Shares to be issued upon the exercise of the Warrants will be credited directly into the respective CDS accounts of the Entitled Shareholders and/or their renouncees (if applicable) and the exercising Warrant holders. No physical share and Warrant certificates will be issued to the Entitled Shareholders and/or their renouncees (if applicable) and the exercising Warrant holders respectively. However, a notice of allotment will be despatched to the Entitled Shareholders and/or their renouncees (if applicable) within fifteen (15) Market Days from the last day of acceptance and payment for the Rights Issue, and a notice of allotment will be despatched to the exercising Warrant holders within ten (10) Market Days from the date of exercise of the Warrants.

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

The Rights Shares and the new CIH Shares to be issued upon the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the then existing issued and fully paid-up CIH Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new CIH Shares to be issued upon the exercise of the Warrants as the case may be.

2.2 Details of the Warrants

The Warrants are attached without any cost to the Rights Shares and will be issued only to the shareholders of CIH and/or their renouncees (if applicable) who subscribe for the Rights Shares and are exercisable into new CIH Shares. The successful applicants of the Rights Shares will be entitled to the Warrants in the proportion of one (1) Warrant for every one (1) Rights Share subscribed. The Warrants will be detached from the Rights Shares immediately upon issue. The Rights Shares with free attached Warrants that are not subscribed for by the Entitled Shareholders will be made available to other shareholders of CIH for excess application.

The exercise price of the Warrants of RM1.08, which was also fixed at the Price-Fixing Date of the Rights Issue, represents a discount of 10% to the theoretical ex-rights price of CIH Shares of RM1.20, calculated based on the five (5)-day WAP of CIH Shares to the Price-Fixing Date of RM1.40. Based on the theoretical ex-rights price of CIH Shares of RM1.09 calculated based on the five (5)-day WAP of CIH Shares to 7 May 2004 (being the latest practicable trading date prior to the printing of this Abridged Prospectus) of RM1.18, the exercise price of the Warrants of RM1.08 is at a discount of approximately 0.92%. The basis for fixing the exercise price of the Warrants upfront at RM1.08 is to increase the attractiveness of the Warrants. This in turn will further increase the attractiveness of the Rights Shares.

The principal terms of the Warrants are as follows:

Issue size	:	57,377,835 Warrants to be issued pursuant to the Rights Issue.
Issue price	:	Warrants to be issued pursuant to the Rights Issue will be attached free of charge to the Rights Shares.
Form	:	The Warrants shall be issued in registered form and constituted by the Deed Poll.

Detachability	:	The Warrants which are to be issued pursuant to the Rights Issue are immediately detachable upon allotment and issue of the Rights Shares and will be separately traded.
Tenure	:	Five (5) years from and inclusive of the date of issue of the Warrants.
Exercise Rights	:	Each Warrant carries the entitlement to subscribe for one (1) new CIH Share at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	:	The Warrants may be exercised at any time within a period commencing on and including the date of issue of the Warrants and ending on a date being five (5) years from the date of issue of the Warrants.
Exercise Price	:	The exercise price shall be RM1.08 per CIH Share which is at a discount of 10% to the theoretical ex-rights price of CIH Shares of RM1.20 based on the five (5)-day WAP of CIH to the Price-Fixing Date of RM1.40. The Exercise Price is subject to adjustments in accordance with the provisions of the Deed Poll.
Expiry of Warrants	:	At the close of business on the date of maturity, which is the last day of the Exercise Period, any Warrants, which have not been exercised and delivered to the Registrar will lapse and cease thereafter to be valid for any purpose.
Ranking of the new CIH Shares to be issued upon the exercise of the Warrants	:	The new CIH Shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and fully paid-up CIH Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new CIH Shares.
Listing	:	Approval-in-principle has been obtained from Bursa Malaysia on 10 March 2004 for the admission of the Warrants to the Official List of Bursa Malaysia and the listing of and quotation for the Warrants and the new CIH Shares to be issued upon the exercise of the Warrants on Bursa Malaysia. Pursuant to Paragraph 6.38 of the Listing Requirements, the Company must have not less than one hundred (100) Warrant holders holding not less than one (1) Board Lot of the Warrants to meet the public spread requirement of the Warrants.
Board Lot	:	For the purpose of trading on Bursa Malaysia, a board lot for the Warrants will be one hundred (100) units carrying rights to subscribe for one hundred (100) new CIH Shares or such other number of units as may be prescribed by Bursa Malaysia.
Adjustment to Exercise Rights/ Exercise Price	:	The Exercise Price and the number of Warrants in issue shall be from time to time adjusted, calculated or determined by the Directors of CIH in consultation with an approved merchant bank and certified by an auditor appointed by CIH in accordance with the terms of the Deed Poll in the event of alteration to the share capital of CIH.

Ranking in the event of winding-up, compromise and/or arrangement	:	In the case of a winding-up, compromise or arrangement of the Company (whether or not in connection with a scheme for reconstruction or amalgamation), every Warrant holder as evidenced in the Record of Depositors provided by MCD shall be treated as having the right to subscribe for new CIH Shares in accordance with the terms and conditions of the Deed Poll, at any time within six (6) weeks after the commencement of such winding-up, compromise or arrangement, or within six (6) weeks after the granting of the court order approving the compromise or arrangement (as the case may be), and the liquidator of the Company shall give effect to such election accordingly. If such subscription rights have not been exercised within the aforementioned period, the right of the Warrant holder to exercise shall lapse and the Warrants will cease to be valid for any purpose.
Rights of Warrant holders to participate in any distribution and/or offer of further securities	:	The Warrant holders shall not be entitled to participate in any distribution and/or offer of further securities in CIH until and unless such holder exercise the Exercise Rights of the Warrants into new CIH Shares.
Governing Law	:	Laws of Malaysia.

2.3 Details of Other Corporate Exercises

As at 7 May 2004 (being the latest practicable trading date prior to the printing of this Abridged Prospectus), other than the Reorganisation Scheme as disclosed below, the Board of Directors of CIH is not aware of any other intended corporate exercise or scheme, which has been approved or upon becoming enforceable, will have a material impact on the profits or net assets value of the Group:

2.3.1 CIH's Corporate Exercises

Other than the Rights Issue, the other corporate exercises involving CIH are as follows:

(i) CIE Disposal;

(ii) 51% Permanis Acquisition;

(iii) Pep Bottlers Acquisition; and

(iv) Debt Settlement.

On 17 February 2003, the Franchisor had, vide a letter dated 17 February 2003 to Ayamas approved the CIE Disposal subject to, inter-alia, the approval from the relevant authorities and shareholders of KFCH and Ayamas for their respective corporate proposals under the Reorganisation Scheme as well as the completion of the Reorganisation Scheme by 16 August 2003 or such extension of time granted by the Franchisor at its sole discretion. Subsequently, the Franchisor had, vide its letters dated 21 November 2003 and 12 February 2004 granted an extension of time to 16 May 2004 for the completion of the proposals of Ayamas and KFCH pursuant to the Reorganisation Scheme.

On 6 March 2003, Alliance Bank had, vide its letter dated 6 March 2003 approved for QSR to replace CIH as the corporate guarantor in favour of Alliance Bank for the amount of RM198 million.

On 13 March 2003, the Licensors had, vide a letter dated 13 March 2003 to KFCH, granted their consent for the Acquisitions subject to the condition that all requisite approvals from the relevant authorities for the Acquisitions are obtained by 31 December 2003 and/or that the Acquisitions are completed within three (3) months from the date of approval of the SC. Subsequently, the Licensors had, vide a letter dated 14 November 2003 and 29 January 2004 to KFCH, extended their consent for the Acquisitions subject to the condition that the consent shall be revoked automatically if the necessary approvals from the relevant authorities in Malaysia for the Acquisitions are not obtained by 31 July 2004; or the Acquisitions are not completed on or 31 July 2004; or the CIE Disposal, Rights Issue and Debt Settlement are not completed by 31 July 2004.

On 16 July 2003, on behalf of CIH, CIMB announced that the MITI had, vide its letter dated 9 July 2003, which was received on 15 July 2003, approved the Corporate Exercises (save for the Rights Issue in which approval of MITI is not required), subject to approvals being obtained from the SC and SC (on behalf of FIC) for the Reorganisation Scheme.

On 13 August 2003, on behalf of CIH, CIMB announced that the SC had, vide its letter dated 12 August 2003, approved the following:

(i) Corporate Exercises; and

(ii) listing of and quotation for the following:

  (a) Rights Shares and Warrants to be issued pursuant to the Rights Issue;

  (b) new CIH Shares to be issued upon the exercise of the Warrants; and

  (c) Settlement Shares to be issued pursuant to the Debt Settlement;

subject to the following conditions:

(i) CIH is required to provide a written undertaking that it will fully comply with all the terms and conditions as set out in the licence agreements with PepsiCo, Inc., The Concentrate Manufacturing Company of Ireland and Stokely-Van Camp, Inc. ("EBAs") and CIH will diligently seek renewal of the EBAs in the future. In this respect, CIH had vide its letter dated 4 September 2003 provided a written undertaking to the SC;

(ii) CIH is required to make full disclosure in the prospectus/circular to the shareholders of CIH on the following:

  (a) basis and justification in arriving at the consideration for the CIE Disposal and the comparison of the said consideration with the valuation of other companies within the same industry/activity;

  (b) basis and justification in arriving at the considerations for the 51% Permanis Acquisition and Pep Bottlers Acquisition, the rationale for the acquisition of these companies, and the comparison of the said considerations with the valuation of other companies within the same industry/activity;

  (c) entire episode on the acquisition of the ordinary shares of RM1.00 each in KFCH which resulted in the loss incurred by CIH of approximately RM200 million; and

(d) risks relating to the following:

- soft drinks market and prospects of Permanis; and
- possibility of non-renewal or removal of the EBAs.

CIH is also required to disclose the steps undertaken to mitigate the abovementioned risks.

The above required information was disclosed in the Circular to the shareholders of CIH dated 7 October 2003 which is available on Bursa Malaysia website (www.bursamalaysia.com). The above required information is also available in Sections 4 and 6 and Appendix XII of this Abridged Prospectus;

(iii) removal of the restrictive covenant in the International Franchise Agreement dated 17 February 2003 in relation to any direct or indirect acquisition by any person or entity acting in concert of more than 15% of the voting shares of KFCH/PH and/or CIH prior to implementation of the Reorganisation Scheme ("IFA Restrictive Covenant Clause"). On 28 August 2003, on behalf of KFCH, CIMB had submitted an application to the SC for the removal of this condition.

On 14 January 2004, on behalf of CIH, CIMB announced that the SC, vide its letter dated 12 January 2004 approved, amongst others, the waiver from complying with the condition that CIH, Ayamas and KFCH are required to remove the IFA Restrictive Covenant Clause prior to the implementation of the Reorganisation Scheme subject to the following conditions:

(a) KFCH and Ayamas/QSR are required to provide written undertakings to the SC that they will take proactive action to ensure that any actions undertaken by Yum! Restaurants International (the international division of Yum! Brands Inc which is the parent company of the Franchisor)/Franchisor under the IFA Restrictive Covenant Clause are always in the best interest of KFCH, Ayamas/QSR and their respective minority shareholders;

(b) CIH, KFCH and Ayamas/QSR are not allowed to enter into any restrictive covenant clause in the future which is more stringent than the existing IFA Restrictive Covenant Clause;

(c) CIH, KFCH and Ayamas/QSR are required to disclose in an information circular to their respective shareholders on the details of the IFA Restrictive Covenant Clause, including (but not limited to) the risks as well as the reasons for the IFA Restrictive Covenant Clause; and

(d) full disclosure is required to be made by CIH, KFCH and Ayamas/QSR on the existence of the IFA Restrictive Covenant Clause in their respective annual reports for as long as the clause is still relevant.

Upon completion of the Reorganisation Scheme, CIH will not have any investments in KFCH and/or Ayamas/QSR and thus would not have any interest in the IFA Restrictive Covenant Clause. However, CIH will be the ultimate parent company of Permanis which has an Exclusive Bottling Agreement ("EBA") dated 28 January 2002 with PepsiCo, Inc. and The Concentrate Manufacturing Company of Ireland and another EBA dated 4 December 2002 with Stokely-Van Camp, Inc.. In view that the EBAs contain similar restrictive covenant clauses ("EBA Restrictive Covenant Clauses") as the IFA Restrictive Covenant Clause, CIH had/will undertake the following:

(a) CIH had vide its letter dated 11 February 2004 provided a written undertaking to the SC that it will take proactive action to ensure that any actions undertaken by the Licensors under the EBA Restrictive Covenant Clauses are always in the best interest of CIH and its minority shareholders;

(b) the details, risks and reasons for the EBA Restrictive Covenant Clauses were disclosed in the Information Circular to the shareholders of CIH dated 2 March 2004;

(c) CIH will not enter into any restrictive covenant clause in the future which is more stringent than the existing EBA Restrictive Covenant Clauses; and

(d) full disclosure will be made by CIH on the existence of the EBA Restrictive Covenant Clauses in its annual report for as long as the clause is still relevant.

(iv) compliance with all the relevant requirements in relation to the Corporate Exercises in accordance with the SC Guidelines.

The SC also took note of the utilisation of proceeds to be raised pursuant to the Rights Issue, details of which are set out in Section 3.2 of this Abridged Prospectus, which will be utilised for the purpose of the core business of the CIH Group. Utilisation of the proceeds is subject to the following conditions:

(i) approval of the SC for any change in the utilisation of proceeds if the change involves utilisation for a purpose other than the core business of the CIH Group;

(ii) approval of the shareholders of CIH must be obtained for any deviation of 25% or more from the original utilisation. If the deviation is less than 25%, appropriate disclosure is required to be made to the shareholders of CIH;

(iii) purpose and period of utilisation must be disclosed in detail in the prospectus. Any extension of time from the time frame set by CIH for the utilisation of proceeds must be approved by a clear resolution by the Board of Directors of CIH and must be disclosed in full to Bursa Malaysia; and

(iv) appropriate disclosure regarding the status of utilisation of proceeds must be made in the respective quarterly and annual reports of CIH until the said proceeds have been fully utilised.

The SC has also approved the waivers from the SC Guidelines on the following:

(i) fixing of the issue price of the Rights Shares, the exercise price of the Warrants and the issue price of the Settlement Shares after the SC's approval in line with the revised SC Guidelines effective 1 May 2003; and

(ii) asset/business/interests to be injected into a company listed on the Main Board of Bursa Malaysia is required to generate profits and have an uninterrupted profit track record for the past two (2) consecutive financial years.

In addition, as the application to the FIC was processed by the SC, the abovementioned approval of the SC, would also include the approval of the SC (on behalf of FIC).

On 20 December 2002, the shareholders of Urban Fetch had approved the 51% Permanis Acquisition.

On 22 October 2003, at an EGM of CIH held, the shareholders of CIH had approved the Corporate Exercises.

On 27 October 2003, at an EGM of KFCH held, the shareholders of KFCH had approved, inter-alia, the Pep Bottlers Acquisition.

On 31 October 2003, at an EGM of Ayamas held, the shareholders and warrantholders of Ayamas and shareholders of QSR at their respective court convened general meetings held, had approved, inter-alia, the CIE Disposal.

On 28 November 2003, on behalf of CIH, CIMB announced that CIH and QSR have on 27 November 2003, mutually agreed in writing to, inter-alia, vary the conditional Share Sale Agreement entered into between CIH and QSR dated 20 December 2002 for the CIE Disposal, from QSR replacing CIH as the corporate guarantor in favour of Alliance Bank for the amount of RM198 million to the assumption by QSR of an amount due by CIE to CIH of RM198 million. This was in view of the intended repayment by CIH on behalf of CIE of the term loan facility granted by Alliance Bank. The term loan facility granted by Alliance Bank was settled by CIH on behalf of CIE on 2 December 2003.

On 10 March 2004, Bursa Malaysia approved-in-principle the listing of and quotation for the Settlement Shares to be issued pursuant to the Debt Settlement.

The CIE Disposal, the 51% Permanis Acquisition and Pep Bottlers Acquisition were completed on 1 April 2004. Simultaneously, QSR settled the aforementioned amount due to CIH.

The Debt Settlement will be implemented simultaneous with the completion of the Rights Issue.

2.3.2 Other Corporate Exercises

The Corporate Exercises are also subject to approvals being obtained for the other corporate exercises under the Reorganisation Scheme involving KFCH and Ayamas as follows:

(i) scheme of arrangement pursuant to Section 176 of the Act between Ayamas and its shareholders and warrantholders, and QSR and its shareholders wherein:

(a) 196,069,503 ordinary shares of RM1.00 each in Ayamas ("Ayamas Shares"), representing the entire equity interest therein and 49,730,497 outstanding Ayamas warrants 2002/2007 in Ayamas ("Ayamas Warrants") will be exchanged with 196,069,503 new ordinary shares of RM1.00 each in QSR ("QSR Shares") and 49,730,497 new warrants of QSR ("QSR Warrants"), credited as fully paid-up, on the basis of one (1) new QSR Share for every one (1) existing Ayamas Share held, and one (1) new QSR Warrant for every one (1) existing Ayamas Warrant held ("Ayamas Share and Warrant Swap"), which was completed on 25 March 2004;

(b) the listing status of Ayamas will be transferred to QSR wherein the securities of Ayamas will be delisted from the Main Board of Bursa Malaysia upon completion of the Ayamas Share and Warrant Swap while the securities of QSR will be listed on the Main Board of Bursa Malaysia ("Ayamas Listing Transfer"), which was completed on 1 April 2004;

(c) disposal by QSR and acquisition by KFCH of the entire equity interest in Ayamas, comprising 196,069,503 Ayamas Shares and 49,730,497 Ayamas Warrants upon completion of the Ayamas Share and Warrant Swap and Ayamas Listing Transfer, for a cash consideration of RM260 million ("Ayamas Acquisition"), which was completed on 1 April 2004;

(d) CIE Disposal, which was completed on 1 April 2004; and

(e) acquisition by QSR and disposal by KFCH of the entire equity interest in PH, comprising 40,000,000 ordinary shares of RM1.00 each for a cash consideration of RM115 million ("PH Acquisition"), which was completed on 1 April 2004; and

(ii) restricted offer for sale to the entitled shareholders of KFCH (except CIE) and placement to the management team by Pan-Tiara Corporation Sdn Bhd ("Pan-Tiara"), a wholly-owned subsidiary of KFCH of its entire 48.43% equity interest in QSR, comprising 94,953,500 QSR Shares and 34,984,500 QSR Warrants (upon completion of the Ayamas Share and Warrant Swap and Ayamas Listing Transfer) ("Pan-Tiara Restricted Offer for Sale/Placement").

3. RATIONALE FOR THE RIGHTS ISSUE AND UTILISATION OF PROCEEDS

3.1 Rationale for the Rights Issue

The proceeds raised from the Rights Issue will enable the Company to raise funds for the repayment of the Short Term Facility used to finance the Acquisitions as well as for working capital purposes.

3.2 Utilisation of Proceeds

The Rights Issue based on an issue price of RM1.00 per Rights Share are expected to raise gross proceeds of RM57,377,835, which will be utilised within a period of six (6) months (save for working capital) from the date of the listing of and quotation for the Rights Shares in the following manner:

	RM
Part payment for the 51% Permanis Acquisition* @	8,720,000
Pep Bottlers Acquisition*	35,280,000
Working capital, including the estimated expenses for the Corporate Exercises	13,377,835
	57,377,835

Notes:

* *Financed via the Short Term Facility and subsequently to be repaid from the proceeds raised from the Rights Issue. The purpose of the Short Term Facility is to facilitate earlier completion of the Acquisitions pending completion of the Rights Issue. The Acquisitions, which are an integral part of the Corporate Exercises will enable the CIH Group to strengthen its financial position, and to provide a new core business to CIH after the CIE Disposal.*

@ *The balance consideration of RM28.0 million was satisfied by setting-off the amount owing by Milestone Option Sdn Bhd to CIH.*

The expenses in relation to the Corporate Exercises are estimated at RM3.3 million.

The gross proceeds to be raised from the exercise of the Warrants will be utilised for working capital purposes.

4. RISK FACTORS

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

4.1 Market Price of the Rights Shares and Warrants

The issue price of RM1.00 per Rights Share is at a discount of 16.7% to the theoretical ex-rights price of CIH Shares of RM1.20, calculated based on the five (5)-day WAP price of CIH Shares to 19 December 2002 (being the latest practicable trading date prior to the announcement of the Rights Issue on 20 December 2002), being the price-fixing date of RM1.40. The Rights Shares will be issued with free Warrants attached. There can be no assurance that the theoretical ex-rights price will correspond with the price at which the CIH Shares will be traded after the completion of the Rights Issue. There has been no prior market for the Warrants and there can be no assurance that an active market will develop for the Warrants on Bursa Malaysia and if such market is developed, that it can be sustained.

4.2 Expiry of the Warrants

Shareholders of CIH should note that in the event the Warrants are not exercised during the exercise period, the Warrants will lapse and cease to have any value thereafter.

4.3 Change in Business Direction of the CIH Group

The CIH Group's principal activities have been that of investment holding, manufacturing and trading of water taps and other plumbing accessories, building, civil and infrastructure, contractor and quarry operator, provision of management services, marketing and selling of granite quarry products, granite quarrying and manufacture of bitumen hot premix for road surfacing, quarry proprietors and operators, extraction of granite and installation and servicing of automotive air-conditioning. Following the completion of the CIE Disposal and Acquisitions, the new core business of the CIH Group is mainly in selling, bottling and distribution of beverages. Based on the turnover for the financial year ended 30 June 2003, Permanis is expected to contribute approximately 88.47% of the proforma total turnover of the CIH Group.

The business risks associated with the new core business under the CIH Group may differ from the existing principal activities. Thus, the shareholders of CIH should be aware that CIH's participation in the beverage sector would present a new set of business and management challenges more specific to the beverage sector.

4.4 Business Risks

With the completion of the Acquisitions, the CIH Group is now subject to certain risks inherent in the beverage industry. These include, inter-alia, changes in consumer tastes and preferences, competition from other beverage companies, increases in costs of labour and raw materials, hike in electricity tariffs, changes in general economic, business, credit and interest rate conditions, fluctuations in exchange rates, introduction of new technology and new products and changes in the legal and regulatory framework within which the beverage industry operates. Although the CIH Group shall constantly strive to mitigate these risks through more effective marketing strategies, further penetration into new markets and effective cost control measures as well as focus on research and development in order to further develop new products and the brand awareness of its products, no assurance can be given that any changes to these factors will not have a material adverse effect on the CIH Group's businesses.

4.5 Competition

At present, there are five (5) main players dominating the soft drinks segment of the beverage industry namely, Fraser & Neave Holdings Berhad, Permanis, Yeo Hiap Seng (Malaysia) Bhd, East Coast Bottling Co, and Malaysia Milk Sdn Bhd.

With the completion of the Acquisitions, the CIH Group will face competition from various players in the beverage sector which include private and public listed companies in the local market. No assurance can be given that Permanis will be able to maintain its existing market share in the future. However, the CIH Group believes that Permanis's strength in technical expertise and know-how, established manufacturing facilities and effective distribution networks, product development, established brand names, support from Licensors and research and development capabilities will to a large extent, help Permanis to maintain its competitive edge.

Despite the CIH Group's investment in some of the leading names in the beverage business, namely "Pepsi", "Mirinda", "Seven-Up" and "Gatorade", amongst others, there is no assurance that it will be able to maintain the respective brands' favourable position in the market or its competitive advantage in the future.

4.6 Operational Risks

The business operations of the Group may be interrupted or otherwise affected by a variety of unforeseen events, including but not limited to fire breakouts and electricity supply disruptions. Permanis currently operates from two (2) manufacturing plants which rely on power and energy to run its plants and production processes. In an effort to mitigate the risk of fire, Permanis places emphasis on proper fire safety procedures being implemented and practises at its premises as well as ensuring that its physical assets such as buildings and inventories have adequate insurance coverage. The Directors of the CIH Group are also of the view that the Group has obtained adequate insurance arrangements for the assets and operations of the Group. Notwithstanding the above, no assurance can be given that the operations of Permanis will not be adversely affected or interrupted by the occurrence of the abovementioned events.

4.7 Dependence on the Bottling and Distribution License

Pursuant to an Exclusive Bottling Agreement ("EBA") dated 28 January 2002 between Permanis and PepsiCo, Inc., Permanis was granted the license to bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Diet Pepsi", "Pepsi Light", "Pepsi Twist", "Pepsi Blue", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" which is valid until 1 January 2007. The sales of these products contributed approximately 88.47% of the proforma turnover of the CIH Group for the financial year ended 30 June 2003. In addition, on 4 December 2002, Permanis was also granted the exclusive right to bottle, market, sell and/or distribute the isotonic beverage under the brand name "Gatorade" by Stokely-Van Camp, Inc. pursuant to an EBA, which shall be valid until the EBA dated 28 January 2002 between PepsiCo, Inc. and Permanis (as mentioned above) expires on 1 January 2007. The sales of "Gatorade" is forecast to contribute approximately 1% of the total turnover of Permanis for the financial year ending 30 June 2004. Permanis faces a risk of a potential reduction in turnover in the event the above EBAs are not renewed. The EBAs contain operating and marketing commitments and conditions for their terminations such as the restrictive covenant clauses that provide for any change of more than 20% of effective control or economic interest or ownership (legal or beneficial) in Permanis or a change of more than 10% of ownership (legal or beneficial) in Permanis which leads to a change in the management of Permanis must first obtain the written consent of the respective Licensors, failing which the respective Licensors may terminate the EBAs. The Licensors had granted their consent for the Acquisitions as detailed in Section 2.3.1 of this Abridged Prospectus. Pursuant to the completion of the Acquisitions, Pep Bottlers and Permanis are wholly-owned by CIH. Although CIH is listed on Bursa Malaysia and there is no restriction on the trading of its shares, whoever decides to acquire more than 20% of effective control or economic interest or ownership or more than 10% of ownership which leads to a change in the management of Permanis should be informed that the Licensors have a right to terminate the EBAs if consent of the Licensors were not obtained.

There is no assurance that the EBAs will continue exclusively nor will they not be terminated due to, amongst others, breach of obligations by Permanis or from other factors beyond the control of Permanis. Thus far, Permanis has been able to renew the EBA with PepsiCo, Inc. over the past thirty (30) years and will continue to ensure the compliance with the commitments and conditions of the EBAs. To date, there is no indication, as far as the directors of Permanis are aware, that the EBAs will not be renewed upon their expiry. Furthermore, pursuant to the condition imposed by the SC as set out in Section 2.3.1 of this Abridged Prospectus, CIH had vide its letter dated 4 September 2003 provided a written undertaking to the SC that it will fully comply with all the terms and conditions as set out in the EBAs and CIH will diligently seek the renewal of the EBAs in the future.

4.8 Intellectual Property

Permanis's existing products include PepsiCo, Inc. beverages under the trademarks of "Pepsi", "Diet Pepsi", "Pepsi Light", "Pepsi Twist", "Pepsi Blue", "Pepsi X", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" and "Gatorade." Permanis also manufactures its own brand of Asian drinks which includes beverages under the trademarks of "Chill", "Excel" and "Frost" and bottles mineral water under the trademark of "Bleu." Also, Permanis makes continuous efforts to introduce new products with the support of PepsiCo, Inc. and its internal research and development department.

Permanis has been granted the licenses to bottle, market, sell and/or distribute the abovementioned PepsiCo, Inc. beverages pursuant to the EBAs with PepsiCo, Inc. and Stokely-Van Camp, Inc. as detailed in Section 4.7 above. Further, Permanis has applied for registration/registered its in-house products to protect its intellectual property rights. Nevertheless, there is no assurance that unauthorised parties will not attempt to copy aspects of these products and use confidential information Permanis considers as their trade secrets. Also, there is no assurance that any third parties will not claim infringement of their intellectual proprietary rights.

4.9 Dependence on a Particular Product

Sales of Cola products which include "Pepsi Cola", "Diet Pepsi", "Pepsi Light", "Pepsi Twist", and "Pepsi Blue" contribute towards approximately 51.5% of the turnover of Permanis for the financial year ended 30 June 2003. Hence, Permanis is relatively dependent on the performance of the Cola products. There is no assurance that the brand identification of local and/or overseas consumers towards Pepsi products will continue indefinitely and that Pepsi's market share of the local Cola market will not be eroded in the future due to, inter-alia, the entry of new players in the local Cola market or the expansion of Coca-Cola's market share or from other factors beyond the control of Permanis.

However, during the current financial year, Permanis has expanded its existing product line with the launch of the sports/energy drink under the trademark "Gatorade" and new Pepsi related products such as "Pepsi Twist", "Mirinda Apple", "Mirinda Mango Tangerine" and "Pepsi Blue" in Malaysia. In addition, over the past five (5) years, Permanis has introduced its own in-house products which include Asian drinks in the likes of soya bean, chrysanthemum tea and cincau under the "Chill" brand names, isotonic under "Excel", root beer under "Frost" and mineral/drinking water under "Bleu", "Shot" and "Crystal Spring". In this respect, Permanis has diversified into other areas of the beverage market and expects to increase the turnover of non-Cola beverages within the next few years.

4.10 Seasonal Sales

Permanis's annual turnover is subject to seasonal sales where 40% of its annual turnover is a result of sales incurred during major festive seasons of Hari Raya Aidilfitri, Christmas and Chinese New Year. There is no assurance that the revenues generated during the non-festive seasons are sufficient to cover the fixed and operating costs of Permanis. Nevertheless, Permanis continues to make efforts through increasing promotional activities and introducing new products to boost sales during non-festive seasons.

4.11 Long Term Contracts

Pursuant to Permanis's long term contracts with quick service restaurants such as KFC, Pizza Hut, Marrybrown, Sushi King, Fish Shop, Chicken Rice Shop and Dome, Permanis has exclusive rights to sell soft drinks and Cola in these quick service restaurants. The contracts with these quick service restaurants are generally between three (3) and five (5) years. The current supply contracts to KFC and Pizza Hut will expire in 2005 and are renewable. Although these long term contracts with these quick service restaurants guarantee constant sales for a specified period, the terms are mainly set by the quick service restaurants and the profit margin earned from the sales in these quick service restaurants are generally within the region of 5% to 10%. Accordingly, these long term contracts are not the primary focus of the management of Permanis in determining the business strategy of Permanis.

4.12 Political, Economic and Regulatory Considerations

Like all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia in which the Group operates could materially and adversely affect the financial and business prospects of the Group and the markets for their end products. These include risks of war, changes in political leadership, expropriation, nationalisation, global economic downturn and unfavourable change in government policy such as introduction of interest rates, taxation, currency exchange rates, contracts and new regulations.

Permanis's manufacturing plant in Bangi, Selangor Darul Ehsan includes a water treatment plant which houses the production of Pepsi and various beverages under Permanis. Water companies such as Permanis are subject to water quality risks related to contamination of drinking water supplies or environmental danger from effluent discharges. The developments in other regulatory considerations concerning the environment and health may have adverse affect on the operations of Permanis. Permanis continues to practice quality assurance for its water production and control systems. Nevertheless, no assurance can be given that the abovementioned factors will not have a material adverse effect on the CIH Group's business.

4.13 Foreign Currency

Permanis's exposure to foreign currency risks derives primarily through its expenses denominated in the value of foreign currency, such as costs of imported soft drink concentrate from PepsiCo, Inc. that is in domination of United States Dollars ("USD"). As at 30 June 2003, 24.90% of Permanis's purchases were denominated in foreign currency compared to 29.28% as at 30 June 2002. However, the Group's exposure to foreign currency risk is minimal provided that the RM continues to be pegged to the USD. In the event that the fixed exchange rate is lifted, the Group will be exposed to foreign currency fluctuations. A weakening of RM may increase Permanis's operating expenses. Therefore, there can be no assurance that the future foreign exchange fluctuations will not have any adverse impact of the Group in the event the RM to USD peg is removed or repegged.

4.14 Dependence on Key Personnel

The continued success of the CIH Group will depend to a significant extent upon the abilities and continued efforts of the existing Directors and senior management of the CIH Group. The loss of any such key members of the CIH Group may adversely affect the CIH Group's ability to maintain its competitive edge.

There are no fixed term service contracts between the CIH Group and their respective Directors and key members of the senior management.

The CIH Group will take the appropriate measures to attract and retain such skilled personnel such as providing adequate compensation, training and development programmes and medical benefits to its employees. Continuous efforts will also be made to groom younger members of the management team to assume the responsibility in the CIH Group's business operations.

4.15 Control by Substantial Shareholders

Based on the Record of Depositors as at 20 April 2004, the shareholders of CIH namely Amanah Raya Berhad-Skim Amanah Saham Bumiputra, Syed Khalil Syed Ibrahim and Datin Mariam Prudence binti Yusof collectively, directly and indirectly hold approximately 38.87% of the issued and paid-up share capital of CIH. It is therefore likely that the aforesaid shareholders, if they collectively vote together, will be able to jointly control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

4.16 Insurance Coverage

At present, the Directors of the CIH Group believe that the assets and operations of the CIH Group are adequately insured. Amongst others, the CIH Group has taken insurance coverage for fire, theft and accidental damage on machinery and equipment and public liability. The CIH Group has also taken fire consequential loss for the factory operated by one of its subsidiaries, DISB and also has a product liability insurance of RM2 million for the Permanis Group.

Although the CIH Group has taken the necessary measures to ensure that all their assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost within the CIH Group or any consequential loss arising therefrom, or sufficient for the purpose of compensation for any possible product liability claims against the CIH Group.

4.17 Financing Risk of the CIH Group

The borrowings (excluding hire purchase and lease) of the CIH Group as at 5 May 2004 (being a date not earlier than fourteen (14) days before the issue of this Abridged Prospectus) are mainly as follows:

(i) Related to the Reorganisation Scheme:

Company/Bank	Type of facilities	Amount outstanding RM 000
CIH		
Bumiputra-Commerce Bank Berhad	• Term loan	994
	• Short Term Facility	22,000
CIMB	• Term loan	313
	• Short Term Facility	22,000
Subsidiaries of CIH		
Mawar Seroja Sdn Bhd		
Grace Nova Sdn Bhd*	Advance	9,700
DISB		
MAA	Short term loan	15,000
Total		70,007

Note:

* *Punca Ibarat Sdn Bhd has assigned the RM9.7 million amount to Grace Nova Sdn Bhd on 23 April 2004.*

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(ii) **Other borrowings:**

Company/Bank	Type of facilities	Amount outstanding RM 000
<u>Long-Term Debts</u>		
Subsidiary of CIH		
DISB		
Standard Chartered Bank Malaysia Berhad	Term loan	1,291
Malayan Banking Berhad	Term loan	78
Total		1,369
<u>Short-Term Debts</u>		
CIH		
Aseambankers Malaysia Berhad	Revolving credit	2,135
Yong Lee Credit Sdn Bhd	Term loan	4,450
Subsidiaries of CIH		
DISB		
HSBC Bank Malaysia Berhad	• Trade	796
	• Overdraft	639
Malayan Banking Berhad	• Trade	1,430
	• Overdraft	152
Bank Industri & Teknologi Malaysia Berhad	Import trade	290
C.I. Quarries Sdn Bhd		
Bumiputra-Commerce Bank Berhad	Overdraft	813
C.I. Construction Sdn Bhd		
Bumiputra-Commerce Bank Berhad	• Term loan	1,455
	• Overdraft	40
Hong Leong Bank Berhad	• Term loan	377
	• Overdraft	47
Permanis		
Bank Islam Malaysia Berhad	Murabahah	20,450
Bank Muamalat Malaysia Berhad	Muamalat	20,000
Southern Bank Berhad	• Overdraft	940
	• Trade	7,399
	• Revolving credit	5,000
Malayan Banking Berhad	• Overdraft	5,355
	• Trade	11,581
RHB Bank Berhad	• Overdraft	361
Danaharta Urus Sdn Bhd	• Trade	3,700
	• Overdraft	268

Company/Bank	Type of facilities	Amount outstanding RM 000
Permanis *(Cont'd)*		
United Overseas Bank (Malaysia) Bhd	Trade	2,000
Total		89,678

As disclosed above, a large sum of the borrowings related to the Reorganisation Scheme will be settled upon completion of the Rights Issue and Debt Settlement. The other borrowings, namely Permanis are essentially trade in nature which are adequately supported by its trade receivables. The Board of Directors of CIH is of the view that the Group is able to raise the required cashflow to service its debt obligations and reduce the outstanding borrowings. Nevertheless, no assurance can be given that the CIH Group will be able to service or repay all of its financial obligations on a timely basis to avoid a default situation nor that the Group will not be subject to interest rate risks on borrowings due to adverse fluctuations in interest rates.

4.18 Restrictive Covenants

Under the existing bank borrowings, there are certain covenants such as the written consent of the lenders prior to the assumption of further debt, pledge or encumbrance and change of business directions imposed on CIH and its subsidiaries which may limit the CIH Group's operating and financial flexibility. Any act by the CIH Group falling within the ambit or scope of such covenants will require the consent of the relevant banks. Breach of such covenants may give rise to a right by the banks to terminate the relevant credit facility and/or enforce any securities granted in relation to that credit facility. The Board of Directors CIH is aware of such covenants and shall take all precautions necessary to prevent any breach of these agreements.

4.19 Undertaking and Underwriting Agreement

Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Sisma Vest Sdn Bhd and Sisma Water Technology Sdn Bhd, shareholders of CIH have given their irrevocable and unconditional undertakings to subscribe or procure the subscription in full for their entitlements to the Rights Shares and free Warrants to be issued pursuant to the Rights Issue. As at 20 April 2004, they directly and indirectly hold 10,326,000 CIH Shares, representing 18% of the issued and paid-up share capital of CIH.

The ability of the aforesaid shareholders to fulfil their irrevocable undertakings obligation would inevitably be subject to, inter-alia, their financial capabilities. There can be no assurance that the aforesaid shareholders will be able to fulfil their irrevocable undertakings obligation.

Apart from the aforesaid shareholders' undertakings, the remaining 47,051,835 Rights Shares and 47,051,835 free Warrants representing 82% of the total number of Rights Shares and Warrants respectively, have been underwritten by the Underwriters, namely CIMB and MIDF Sisma Securities pursuant to an Underwriting Agreement dated 30 March 2004.

Nevertheless, the Underwriting Agreement allows for the Underwriters to terminate the agreement before the last day for acceptance and payment for the Rights Issue if, inter-alia, in their reasonable opinion the success of the Rights Issue will be affected by the occurrence of the following:

(i) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriters and the Underwriters seriously affects or will seriously affect the business and/or financial position of the Group; or

(ii) any change or development involving a prospective change in national or international monetary, financial (including stockmarket conditions and interest rates), political or economic conditions or exchange control or currency exchange rates; or

(iii) any event or series of events beyond the reasonable control of the Underwriters (including without limitation to acts of government, national disorder, strikes, outbreak of war, declaration of a state of national emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, acts of war, sabotage, acts of God or accidents); or

(iv) any breach of the warranties and representations referred to in the Underwriting Agreement or withholding of information of a material nature from the Underwriters; or

(v) any matter which had arisen immediately before the date of the Abridged Prospectus and not having been disclosed in the Abridged Prospectus, would have constituted a material omission in the context of the Rights Issue; or

(vi) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities contained under the Underwriting Agreement; or

(vii) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction, which in the reasonable opinion of the Underwriters, has or is likely to have a material adverse effect on the conditions, financial or otherwise, or the earnings, business affairs or prospects (whether or not arising in the ordinary course of business) of the Company or its subsidiaries (taken as a whole); or

(viii) any change in the business or in the financial trading position of the CIH Group; or

(ix) imposition of any moratorium, suspension or material restriction on trading in securities generally in Bursa Malaysia due to exceptional financial circumstances or otherwise.

No assurance can be given that the Underwriters will not terminate the Underwriting Agreement if in the reasonable opinion of the Underwriters any of the aforementioned occurred before the last day for acceptance and payment for the Rights Issue. In such a situation where the Rights Issue could not be completed, all the subscription money for the Rights Issue received will be refunded without interest to the Entitled Shareholders and/or their renouncees (if applicable) by ordinary post to the address shown on their respective RSF.

4.20 Forward-looking Statements

Certain statements in this Abridged Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Company and, although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the CIH Group and the industry in which they operate, changes in interest rates and changes in foreign exchange rates. The inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the Group will be achieved.