
P R O S P E C T U S



DUOPHARMA BIOTECH BHD

(Company No.: 524271-W)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE

OF 7,500,000 NEW ORDINARY SHARES OF RM1.00 EACH COMPRISING:

- **4,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AVAILABLE FOR APPLICATION AT AN ISSUE PRICE OF RM2.10 PER NEW ORDINARY SHARE PAYABLE IN FULL ON APPLICATION; AND**
- **3,500,000 NEW ORDINARY SHARES OF RM1.00 EACH BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS AT AN ISSUE PRICE OF RM2.10 PER NEW ORDINARY SHARE PAYABLE IN FULL ON APPLICATION**

AND

OFFER FOR SALE

OF 5,050,000 ORDINARY SHARES OF RM1.00 EACH TO THE BUMIPUTERA INVESTOR NOMINATED AND APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AND TO THE ELIGIBLE DIRECTORS OF THE DUOPHARMA BIOTECH BHD GROUP AT AN OFFER PRICE OF RM2.10 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION

IN CONJUNCTION WITH ITS LISTING ON THE SECOND BOARD OF THE KUALA LUMPUR STOCK EXCHANGE

Adviser, Managing Underwriter, Underwriter and Placement Agent



Commerce International Merchant Bankers Berhad

Company Number : 18417-M

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN

This Prospectus is dated 18 June 2002

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF DUOPHARMA BIOTECH BHD (“DBB” OR “COMPANY”) AND THE OFFEROR (AS DEFINED IN THIS PROSPECTUS), AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENTS HEREIN FALSE OR MISLEADING.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, THE ADVISER AND MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE AND OFFER FOR SALE AND IS SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST (FOR WHICH THE DIRECTORS OF DBB ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION (“SC”) HAS APPROVED THIS PUBLIC ISSUE AND OFFER FOR SALE BUT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE AND OFFER FOR SALE. THE SC SHALL NOT BE LIABLE FOR ANY MATERIAL NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE VALUATIONS APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING PROPOSALS SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC OF THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”) ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS 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 THE COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE COMPANIES COMMISSION OF MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of the KLSE is set out below:

Event	Date
Opening of application for the Public Issue Shares and Offer Shares	18 June 2002
Closing of application for the Public Issue Shares and Offer Shares	8.00 p.m., 1 July 2002*
Tentative balloting date of application for the Public Issue Shares	5 July 2002
Tentative allotment date of the Public Issue Shares and Offer Shares	22 July 2002
Tentative listing date	26 July 2002

Note:

* *The application for the IPO will close at the time and date as stated above or such other date(s) as the Directors of DBB, the Offeror and the Underwriters in their absolute discretion may decide.*

DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

Acquisition of DMSB	: The acquisition of the entire issued and paid-up share capital of DMSB comprising 1,700,000 ordinary shares of RM1.00 each for a purchase consideration of RM40,187,469 to be satisfied by an issuance of 31,396,460 new ordinary shares of RM1.00 each in DBB at an issue price of approximately RM1.28 per new ordinary share in DBB
Act	: Companies Act, 1965
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Allwin	: Allwin Biotrade Ltd
APPL	: Approved Pharmaceutical Products List
ASEAN	: Association of South East Asian Nations
Baxter	: Baxter Healthcare (Asia) Pte Ltd
CAPD	: Continuous Ambulatory Peritoneal Dialysis
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
CIMB	: Commerce International Merchant Bankers Berhad
DBB or Company	: Duopharma Biotech Bhd
DBB Group or Group	: DBB and its subsidiary, DMSB
DL	: Duopharma Limited, a company which was incorporated in the Republic of Ireland and formally de-registered on 16 June 2000
DMSB	: Duopharma (M) Sendirian Berhad
DNA	: Deoxyribonucleic acid
Dragon Pharmaceuticals	: Dragon Pharmaceuticals Inc of Canada
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
EI	: Extraordinary item
EPS	: Earnings per share
FIC	: Foreign Investment Committee
GLP	: Good Laboratory Practice
GMP	: Good Manufacturing Practice
IPO	: Public Issue and Offer For Sale collectively
IR£	: Irish Pound

DEFINITIONS *(Continued)*

K	:	Thousand units						
KLSE	:	Kuala Lumpur Stock Exchange						
Listing	:	The admission to the official list and the listing of and quotation for the entire enlarged issued and paid-up share capital of DBB comprising 50,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE						
MCD	:	Malaysian Central Depository Sdn Bhd, a subsidiary of KLSE						
MIH	:	Malaysian Issuing House Sdn Bhd						
MITI	:	Ministry of International Trade and Industry						
ml	:	Millilitre(s)						
MoH	:	Ministry of Health						
MOPI	:	Malaysian Organisation of Pharmaceutical Industries						
NPCB	:	National Pharmaceutical Control Bureau (under the jurisdiction of MoH)						
NTA	:	Net tangible assets						
Offer For Sale or Offer	:	Offer for sale of 5,050,000 existing ordinary shares of RM1.00 each in DBB at an offer price of RM2.10 per Offer Share by the Offeror, of which 5,000,000 ordinary shares of RM1.00 each in DBB are allocated to the Bumiputera investor nominated and approved by MITI and 50,000 ordinary shares of RM1.00 each in DBB are to be allocated to eligible Directors of the DBB Group, subject to the terms and conditions of this Prospectus						
Offer Share(s)	:	The 5,050,000 existing ordinary shares of RM1.00 each in DBB which are the subject of the Offer For Sale						
Offeror	:	The offeror of the Offer Shares and the number of Offer Shares offered are as follows:						
		<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Offeror</th> <th style="text-align: center;">No. of Offer Shares</th> <th style="text-align: center;">% of enlarged issued and paid-up share capital</th> </tr> </thead> <tbody> <tr> <td>Ang Bee Lian</td> <td style="text-align: center;">5,050,000</td> <td style="text-align: center;">10.10</td> </tr> </tbody> </table>	Offeror	No. of Offer Shares	% of enlarged issued and paid-up share capital	Ang Bee Lian	5,050,000	10.10
Offeror	No. of Offer Shares	% of enlarged issued and paid-up share capital						
Ang Bee Lian	5,050,000	10.10						
OTC	:	Over-the-counter						
PAT	:	Profit after taxation						
PBT	:	Profit before taxation						
PE Multiple	:	Price-earnings multiple						
Prosearch	:	Prosearch Information Systems Sdn Bhd						
Public Issue or Issue	:	Public issue by DBB of 7,500,000 new ordinary shares of RM1.00 each in DBB at an issue price of RM2.10 per Public Issue Share, payable in full on application, to the Malaysian public and Malaysian institutional investors or Malaysian/foreign private investors, subject to the terms and conditions of this Prospectus						
Public Issue Share(s)	:	The 7,500,000 new ordinary shares of RM1.00 each in DBB which are the subject of the Public Issue						

DEFINITIONS *(Continued)*

QA	:	Quality Assurance
QC	:	Quality Control
R&D	:	Research and Development
Remedi	:	Remedi Pharmaceuticals (M) Sdn Bhd
Restructuring Scheme	:	The Acquisition of DMSB, Rights Issue, Public Issue and Offer For Sale, collectively, subject to the terms and conditions of this Prospectus
Rights Issue	:	Rights issue of 11,103,538 new ordinary shares of RM1.00 each in DBB to the shareholders of DBB on the basis of approximately 100 new ordinary shares of RM1.00 each in DBB for every 283 existing ordinary shares of RM1.00 each held in DBB at an issue price of RM1.00 per Rights Issue Share after the Acquisition of DMSB but prior to the issuance of this Prospectus
Rights Issue Share(s)	:	The 11,103,538 new ordinary shares of RM1.00 each in DBB which are the subject of the Rights Issue
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules	:	Rules of MCD
SC	:	Securities Commission
SC Guidelines	:	Securities Commission's Policies and Guidelines on Issue/Offer of Securities
Sepang	:	Sepang Sutra Sdn Bhd
sq. ft.	:	Square feet
sq. m.	:	Square metre
Underwritten Shares	:	The 4,000,000 Public Issue Shares and 50,000 Offer Shares that have been fully underwritten as contained in Section 4.5 of this Prospectus
UEM	:	United Engineers (Malaysia) Berhad
USA	:	United States of America
USD	:	United States Dollar
WHO	:	World Health Organisation

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Nationality	Address	Occupation
Tan Sri Dato' Dr. Abu Bakar Suleiman <i>(Chairman/Independent Non-Executive Director)</i>	Malaysian	No. 14, Jalan 5/21 46000 Petaling Jaya Selangor Darul Ehsan	Medical Practitioner
Chia Ting Poh @ Cheah Ting Poh <i>(Managing Director)</i>	Malaysian	No. 61, Jalan Tiga Eng Ann Estate 41150 Klang Selangor Darul Ehsan	Pharmacist
Ang Bee Lian <i>(Executive Director)</i>	Malaysian	No. 61, Jalan Tiga Eng Ann Estate 41150 Klang Selangor Darul Ehsan	Pharmacist
Valliyappan A/L S. Thevarayan <i>(Executive Director)</i>	Malaysian	No. 12, Lorong Pokok Sakat 41100 Klang Selangor Darul Ehsan	Factory Manager
Dato' Dr. Yap Thong @ Yap Yit Thong <i>(Independent Non-Executive Director)</i>	Malaysian	No. 3, Hala Raja Dihilir 30350 Ipoh Perak Darul Ridzuan	Medical Practitioner
Datuk Dr. Anis bin Ahmad <i>(Non-Independent Non-Executive Director)</i>	Malaysian	No. 80, Jalan SS 22A/3 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Pharmacist
Lee Siew Kuan <i>(Independent Non-Executive Director)</i>	Malaysian	No. 5, Jalan Balau Damansara Heights 50490 Kuala Lumpur	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Lee Siew Kuan	Chairman	Independent Non-Executive Director
Chia Ting Poh @ Cheah Ting Poh	Member	Managing Director
Dato' Dr. Yap Thong @ Yap Yit Thong	Member	Independent Non-Executive Director

COMPANY SECRETARIES

Tong Mei Fong, Acis
(MAICSA 0826608)
No. 225, Jalan Ladang Palm Grove
41200 Klang
Selangor Darul Ehsan

Lim Lily
(LS 01066)
No. 77, Jalan Ibus, Southern Park
41200 Klang
Selangor Darul Ehsan

1. CORPORATE DIRECTORY *(Continued)*

REGISTERED OFFICE	No. 10A, Lebuah Gopeng 41400 Klang Selangor Darul Ehsan Tel. No.: 603-33443777 E-mail: duofarma@tm.net.my and thiangco@tm.net.my Website: www.duopharma.com.my
AUDITORS AND REPORTING ACCOUNTANTS	KPMG Chartered Accountants Wisma KPMG Jalan Dungun, Damansara Heights 50490 Kuala Lumpur
SOLICITORS FOR THE LISTING	Teh & Lee Advocates & Solicitors Unit 23-3, Third Floor, The Boulevard Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur
VALUERS	Colliers, Jordan Lee & Jaafar (S) Sdn Bhd No. 31, Jalan Kapar 41400 Klang Selangor Darul Ehsan
PRINCIPAL BANKERS	OCBC Bank (Malaysia) Berhad No. 19, Jalan Stesen 41000 Klang Selangor Darul Ehsan Bumiputra-Commerce Bank Berhad Lot P5.5, Bangunan UMNO Selangor Persiaran Perbandaran Section 14 40000 Shah Alam Selangor Darul Ehsan Alliance Bank Berhad No. 115 & 117, Batu 1½ Pusat Perniagaan NBC 41050 Klang Selangor Darul Ehsan Hong Leong Bank Berhad Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan HSBC Bank Malaysia Berhad No. 2, Lorong Tiara 1B Bandar Baru Klang 41150 Klang Selangor Darul Ehsan

1. CORPORATE DIRECTORY *(Continued)*

ISSUING HOUSE	Malaysian Issuing House Sdn Bhd 27 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
SHARE REGISTRAR	M&C Services Sdn Bhd 20 th Floor, Plaza Permata Jalan Kampar Off Jalan Tun Razak 50400 Kuala Lumpur
ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT	Commerce International Merchant Bankers Berhad 8 th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
UNDERWRITERS	Commerce International Merchant Bankers Berhad 8 th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Hwang-DBS Securities Berhad Levels 2,3,4,7 & 8 Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang
INDEPENDENT MARKET RESEARCHER	ACNielsen (Malaysia) Sdn Bhd No. 19/F Menara MPPJ Jalan Tengah 46200 Petaling Jaya Selangor Darul Ehsan
LISTING SOUGHT	Second Board of the KLSE

2. INTRODUCTION

This Prospectus is dated 18 June 2002.

A copy of this Prospectus has been registered by the SC and lodged with the CCM, and neither the SC nor the CCM takes any responsibility for its contents.

An application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Second Board of the KLSE and for permission to deal in and the listing of and quotation for the entire issued and fully paid-up ordinary shares of the Company, including the Public Issue Shares and Offer Shares, which are the subject of this Prospectus. These ordinary shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications will be conditional upon permission being granted by the KLSE to deal in and for the listing of and quotation for the entire issued and fully paid-up ordinary shares of the Company, including the Public Issue Shares and Offer Shares, within six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided that the Company is notified by or on behalf of the KLSE within the six (6) weeks or such longer period as may be specified by the SC. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission from the KLSE is not granted.

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

Pursuant to the SC Guidelines, the Company needs to have at least 25% of the enlarged issued and paid-up share capital in the hands of public shareholders and a minimum number of 750 public shareholders (of which at least 500 shareholders being members of the public who are not employees of the Company) holding not less than 1,000 shares each upon completion of the Public Issue and Offer For Sale. The Company is expected to achieve this at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue and Offer For Sale, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

An applicant should state his/her CDS account number in the space provided in the Application Form if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code. For application using 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 connection with the Public Issue and/or the Offer For Sale and if given or made, such information or representation must not be relied upon as having been authorised by DBB, the Offeror and/or CIMB. Neither the delivery of this Prospectus nor any Public Issue and/or Offer For Sale made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the DBB Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares and/or Offer Shares are subject to Malaysian law and the Company takes no responsibility for the distribution of this Prospectus and/or sale of the Public Issue Shares and/or Offer Shares outside Malaysia. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Public Issue Shares and/or Offer Shares in any jurisdiction in which such offer is not authorised or lawful or to any person to whom it is unlawful to make such offer.

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

3. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE DBB GROUP AND OF THE PUBLIC ISSUE AND OFFER FOR SALE. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE PUBLIC ISSUE/OFFER SHARES. THE FOLLOWING INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

3.1 History and Business

DBB was incorporated in Malaysia under the Act on 23 August 2000 as a public limited company.

DBB is principally an investment holding company established for the purpose of acquiring the entire issued and paid-up share capital of DMSB as part of the Restructuring Scheme. The principal activities of its subsidiary are as follows:

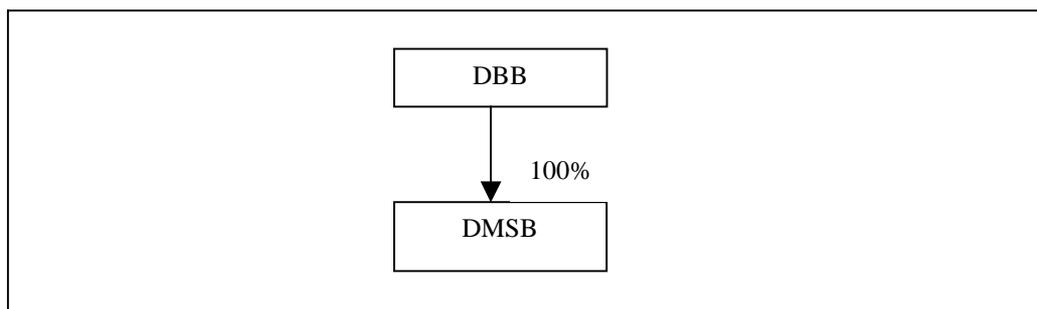
Name	Date and Country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
DMSB	14 October 1978 Malaysia	1,700,000	100.00	Manufacturer, distributor, importer and exporter of pharmaceutical products and medicines

As at the date of this Prospectus, DBB does not have any associated companies.

The DBB Group would principally operate a manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

DMSB was jointly founded by two (2) experienced pharmacists, namely, Chia Ting Poh @ Cheah Ting Poh and Ang Bee Lian. Both of them have been directly involved in the business operation of DMSB since its inception in 1979.

The corporate structure of the DBB Group upon listing is as follows:



Further information on the history and activities of the DBB Group are set out in Section 6 of this Prospectus.

3. INFORMATION SUMMARY (Continued)

3.2 Promoters/Major Shareholders, Directors and Key Management/Technical Personnel

3.2.1 Promoters/Major Shareholders

Following the Public Issue and Offer For Sale, the promoters/major shareholders of DBB are as follows:

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
<i>Promoters & major shareholders</i>					
Chia Ting Poh @ Cheah Ting Poh	Managing Director	12,500,024	25.00	14,949,974 ¹	29.90
Ang Bee Lian	Executive Director	14,949,974	29.90	12,500,024 ²	25.00
<i>Other major shareholders</i>					
Prosearch	-	8,000,000	16.00	-	-
Rosmimiee binti Abbas	Director of Prosearch	-	-	8,010,000 ³	16.02

Notes:

- 1 Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB
- 2 Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB
- 3 Deemed interested through her shareholding in Prosearch and her spouse's (Datuk Dr. Anis bin Ahmad) shareholding in DBB

3.2.2 Directors

Following the Public Issue and Offer For Sale, the Directors of DBB are as follows:

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
Chia Ting Poh @ Cheah Ting Poh	Managing Director	12,500,024	25.00	14,949,974 ¹	29.90
Ang Bee Lian	Executive Director	14,949,974	29.90	12,500,024 ²	25.00
Dato' Dr. Yap Thong @ Yap Yit Thong	Independent Non-Executive Director	10,000 ³	0.02	-	-
Valliyappan A/L S. Thevarayan	Executive Director	10,000 ³	0.02	-	-
Datuk Dr. Anis bin Ahmad	Non-Independent Non-Executive Director	10,000 ³	0.02	8,000,000 ⁴	16.00

3. INFORMATION SUMMARY (Continued)

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
Tan Sri Dato' Dr. Abu Bakar Suleiman	Independent Non-Executive Director	10,000 ³	0.02	-	-
Lee Siew Kuan	Independent Non-Executive Director	10,000 ³	0.02	-	-

Notes:

- 1 Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB
- 2 Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB
- 3 All Directors are entitled to 10,000 new ordinary shares of RM1.00 each in DBB under the share allocation to eligible Directors of the DBB Group in conjunction with the Offer For Sale
- 4 Deemed interested through his spouse's (Rosmimiee binti Abbas) shareholding in Prosearch

3.2.3 Key Management/Technical Personnel

Following the Public Issue and Offer For Sale, the key management/technical personnel of the DBB Group are as follows:

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
Chia Ting Poh @ Cheah Ting Poh	Managing Director	12,500,024	25.00	14,949,974 ¹	29.90
Ang Bee Lian	Executive Director	14,949,974	29.90	12,500,024 ²	25.00
Valliyappan A/L S. Thevarayan	Executive Director/ Factory Manager	10,000 ³	0.02	-	-
Chek Wu Kong	Financial Controller	*	*	-	-
Ng Chee Leong	General Sales Manager	*	*	-	-
Yong Su Oi	Area Sales Manager (Sabah and Brunei)	*	*	-	-
Ng Chin Hoo	Area Sales Manager (Perak)	*	*	-	-
Teh Seng Keat	Area Sales Manager (Northern Region)	*	*	-	-

3. INFORMATION SUMMARY *(Continued)*

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
Goh Chok Kwee	Area Sales Manager (Johor)	*	*	-	-
Krisnakumara Reddi	Production Manager (Sterile Department)	*	*	-	-
Noor'ashikin binti Zainal	Production Manager (General Production)	*	*	-	-
Elizabeth Lau Sze Chuan	QC Manager	*	*	-	-
Quek Keng Pheng	R&D Manager	*	*	-	-
Khor Cherng Yeh	Regulatory Affair Pharmacist	*	*	-	-
Loo Sun Nooi	QA Manager	*	*	-	-
Shunmugam Rajasekar	R&D Process Development Manager	*	*	-	-
Dr. Fong Mun Yik	Consultant	*	*	-	-

Notes:

- 1 Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB
 - 2 Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB
 - 3 The Directors are entitled to 10,000 new ordinary shares of RM1.00 each in DBB under the share allocation to eligible Directors of the DBB Group in conjunction with the Offer For Sale
- * The eligible employees of the DBB Group are entitled to the new ordinary shares of RM1.00 each in DBB under the share allocation in conjunction with the Public Issue

Please refer to Section 8 of this Prospectus for further details of the promoters/major shareholders, directors and key management/technical personnel of the DBB Group.

3. INFORMATION SUMMARY (Continued)

3.3 Technology Used or To Be Used by the DBB Group for New Products

The description of the technology used or to be used by the DBB Group in manufacturing of its new products is summarised as follows:

3.3.1 Erythropoietin

This is a totally new field involving genetic engineering and the recombinant DNA technology to be provided by Dragon Pharmaceuticals. *Erythropoietin* is a natural hormone secreted by the kidneys that acts on the bone marrow to stimulate production of red blood cells. The potential is there to be used for a variety of purposes in medical industry in particular to treat patients with chronic renal failure. In August 2000, the DBB Group signed an agreement with Allwin, an affiliate of Dragon Pharmaceuticals, to purchase *Erythropoietin* in its raw material form and to formulate, market and sell the product in Malaysia, Singapore, Indonesia, Brunei, East Timor, Cambodia, Thailand, Vietnam, Philippines, Laos and Myanmar.

3.3.2 CAPD

The DBB Group is looking into the production of CAPD fluid which is an alternative machine-free dialysis. CAPD is currently an imported item from Baxter, a USA company based in Singapore. The management of the DBB Group intends to enter into negotiation with various foreign manufacturers for the joint venture to manufacture and sell CAPD in Malaysia and other parts of South East Asia. This is a new production and the technology will be sourced from the successful joint venture foreign manufacturer.

3.4 Financial Highlights

The following table sets out a summary of the pro forma consolidated results of DBB for the past five (5) financial years ended 31 December 2001 based on the assumption that the DBB 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 13 of this Prospectus.

	<----- Financial year ended 31 December ----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,119	32,791	48,300	52,139	56,157
EBITDA (as per audited financial statements)	5,173	10,203	14,022	17,814	18,402
Adjustment	-	(2,552) ¹	-	-	-
EBITDA (as restated)	5,173	7,651	14,022	17,814	18,402
Interest on borrowings	(2,197)	(2,878)	(1,551)	(857)	(789)
Depreciation and amortisation	(1,403)	(1,566)	(1,728)	(1,985)	(2,243)
Operating profit/ Consolidated PBT	1,573	3,207	10,743	14,972	15,370
Taxation ²	(133)	(350)	-	(3,618)	(3,900)
Consolidated PAT	1,440	2,857	10,743	11,354	11,470
Number of ordinary shares of RM1.00 each in DBB in issue ('000)	31,396	31,396	31,396	31,396	31,396
Gross EPS (sen)	5.01	10.21	34.22	47.69	48.96
Net basic EPS (sen)	4.59	9.10	34.22	36.16	36.53

3. INFORMATION SUMMARY (Continued)

Notes:

- 1 *The adjustment for RM2,552,000 in 1998 refers to overseas dividend received from DL. The income from DL has been excluded retrospectively so that the results of the Group are comparable as DL had filed for de-registration on 27 September 1999 and was formally de-registered on 16 June 2000*
- 2 *Taxation has been adjusted for under/(over) provision in the respective years*

Commentary:

- (i) There were no EI and exceptional items during the years under review other than the adjustments disclosed in Note 1 above.
- (ii) The pro forma Group revenue for the five (5) financial years ended 31 December 2001 were on an upward trend generally as a result of the continuous expansion programme undertaken by DMSB. Revenue increased significantly for the financial years ended 31 December 1998 to 2000 mainly due to a sales contract with Remedi for the supply of pharmaceutical products and medicines to government hospitals via Remedi for three (3) years from 1998. Remedi holds the exclusive rights to supply to the MoH via a concession agreement, which was novated by UEM to Remedi. Two (2) new contracts with Remedi were drawn to supply for another three (3) years from 2001.
- (iii) Pro forma Group PBT increased in line with the growth in revenue for the five (5) financial years ended 31 December 2001. The increase from 1998 to 2000 was due to the sales contract stated in item (ii) above. Furthermore, the upward price revision in the new contract contributed positively towards the gross margin. This was allowed as the MoH recognised that the increase in price will better reflect the actual cost of production in the private sector. In addition, the cost of imported raw materials increased due to the financial crisis in the region which resulted in adverse movements in foreign exchange during 1997 and 1998. The increase in operating cost was minimal compared to revenue as economies of scale were achieved.
- (iv) Pro forma Group PAT for the financial year ended 31 December 1999 increased mainly due to the increase in profit from Remedi's contract as well as the tax waiver year in 1999. For the financial years ended 31 December 2000 and 31 December 2001, the effective taxation rate were approximately 24.2% and 25.4% respectively due to the availability of reinvestment allowances.

The financial information of the Group is set out in Section 12 of this Prospectus.

3. INFORMATION SUMMARY (Continued)

3.5 Summary Pro Forma Consolidated Balance Sheets

The summary pro forma consolidated balance sheets of DBB as at 31 December 2001 set out below have been prepared solely to illustrate the pro forma effects of the Acquisition of DMSB, Rights Issue, Public Issue and Offer For Sale on the assumption that these events were effected on that date and should be read with the notes and assumptions to the pro forma consolidated balance sheets set out in Section 12 of this Prospectus.

	As at 31 December 2001 RM'000	Pro forma I RM'000	Pro forma II RM'000	Pro forma III RM'000	Pro forma IV RM'000
Property, plant and equipment	-	29,960	29,960	29,960	38,360
Current assets					
- Inventories	-	11,420	11,420	11,420	11,420
- Trade and other receivables	-	18,509	18,509	18,509	17,746
- Cash and cash equivalent	- ¹	6,179	17,283	33,033	9,646
	- ¹	36,108	47,212	62,962	38,812
Current liabilities					
- Trade and other payables	66	2,056	2,056	2,056	2,056
- Borrowings	-	8,025	8,025	8,025	3
- Provision for taxation	-	2,818	2,818	2,818	2,818
- Proposed dividends	-	6,800	6,800	6,800	6,800
	66	19,699	19,699	19,699	11,677
Net Current (Liabilities) /Assets	(66)	16,409	27,513	43,263	27,135
	(66)	46,369	57,473	73,223	65,495
Financed by:					
Share capital	- ¹	31,396	42,500	50,000	50,000
Share premium	-	8,791	8,791	17,041	15,041
Accumulated losses (Deficit)/Surplus in Shareholders' funds	(66)	(66)	(66)	(66)	(66)
	(66)	40,121	51,225	66,975	64,975
Borrowings	-	5,728	5,728	5,728	-
Deferred taxation	-	520	520	520	520
	(66)	46,369	57,473	73,223	65,495
NTA/(Net tangible liabilities) per share (RM)	(33,000)	1.28 ²	1.20 ²	1.34 ²	1.30 ²

Notes:

- Pro forma I* : After the Acquisition of DMSB
Pro forma II : After Pro forma I and the Rights Issue
Pro forma III : After Pro forma II, the Public Issue and the Offer For Sale
Pro forma IV : After Pro forma III and the utilisation of proceeds

¹ This represents cash in hand of RM2 and RM2 share capital comprising 2 ordinary shares of RM1.00 each in DBB.

² NTA has been adjusted to exclude development expenses capitalised of RM25,000.

3. INFORMATION SUMMARY *(Continued)*

3.6 Audit Qualifications in the Audited Financial Statements for the Past Five (5) Financial Years

The Auditors' reports of the DBB Group for the past five (5) financial years under review are summarised as follows:

Company	Auditors' report
(a) DBB	The Auditors' report was not subject to any qualification.
(b) DMSB	The Auditors' reports were not subject to any qualification.

DMSB has a subsidiary, DL, a company incorporated in the Republic of Ireland with a paid up share capital of IRE2 equivalent to RM8. It was incorporated on 18 May 1993. The results of DL were not consolidated with DMSB's financial statements as control of the said subsidiary was intended to be temporary. Hence, no consolidated financial statements were prepared. The name of the said subsidiary was not disclosed in DMSB's financial statements; neither was the investment in DL reflected in DMSB's balance sheet for the years 1995 to 2000. DL filed for de-registration on 27 September 1999 and was formally de-registered on 16 June 2000.

The Auditors' report of DL for the period ended 31 December 1995 was qualified as there was a limitation of scope. The disclaimer arose as the auditors could not obtain independent confirmation that all transactions were recorded. This was because all the company's business activities were conducted and records maintained outside the Republic of Ireland and its financial control system were dependent on the close involvement of its foreign management (Malaysian). As the company has been de-registered, there is no requirement to file subsequent financial statements.

3.7 Risk Factors

The following are the main investment considerations (which may not be exhaustive), as extracted from Section 5 of this Prospectus. Applicants for the IPO should carefully consider the following risk factors in addition to the other information contained elsewhere in this Prospectus, before applying for the IPO. The order in which the risk factors are presented should not be construed as a ranking of the risk factors:

- (i) Marketability of ordinary shares of RM1.00 each in DBB
- (ii) Business risks
- (iii) Customer diversification/dependence on single customer
- (iv) Political, economic and legislative considerations
- (v) Competition
- (vi) Technological risks
- (vii) Publicity risks
- (viii) Dependence on imported raw materials
- (ix) Foreign exchange fluctuations
- (x) High R&D costs
- (xi) Dependence on key personnel
- (xii) Control by major shareholders

3. INFORMATION SUMMARY (Continued)

- (xiii) Disclosure on prospective statements
- (xiv) Parallel imports
- (xv) Public perception of generic pharmaceutical products
- (xvi) Litigation risk

Please refer to Section 5 of this Prospectus for further information concerning the above material risk factors.

3.8 Highlights of the Consolidated Profit and Cashflow Forecasts

3.8.1 Consolidated Profit Forecast

Financial year ending 31 December 2002	RM'000
Consolidated PBT	16,477
Consolidated PAT	13,623
Less: Pre-acquisition profit	(4,541)
	9,082
No. of ordinary shares in issue ('000)	
- based on weighted average share capital ¹	31,158
- based on the enlarged issued and paid-up share capital	50,000
Gross EPS (sen) ²	
- based on weighted average share capital	52.88*
- based on the enlarged issued and paid-up share capital	32.95*
Net EPS (sen) ³	
- based on weighted average share capital	43.72*
- based on the enlarged issued and paid-up share capital	27.25*
Net PE multiple (times) ⁴	
- based on weighted average share capital	4.80*
- based on the enlarged issued and paid-up share capital	7.71*

Notes:

1 Based on the weighted average share capital of 31,158,039 ordinary shares of RM1.00 each in DBB, after the completion of the Rights Issue on 28 May 2002 and assuming that the Public Issue will be completed by July 2002

2 Calculated based on the consolidated PBT divided by the respective no. of ordinary shares

3 Calculated based on the consolidated PAT divided by the respective no. of ordinary shares

4 Calculated based on the Public Issue/Offer Share price of RM2.10 per ordinary share divided by the net EPS

* Based on full financial year consolidated PAT inclusive of pre-acquisition profit, shown for illustrative purposes only

3. INFORMATION SUMMARY (Continued)

3.8.2 Consolidated Cashflow Forecast

Financial year ending 31 December 2002	RM'000
Net increase in cash and cash equivalent	13,584
Cash and cash equivalent brought forward	5,803
Cash and cash equivalent carried forward	<u>19,387</u>

3.8.3 Dividend Forecast

Financial year ending 31 December 2002	
Gross dividend per ordinary share (%)	5.00
Net dividend per ordinary share (%) ¹	3.60
Gross dividend yield (%) <i>(based on the Public Issue/Offer Share price of RM2.10 per ordinary share)</i>	2.38
Net dividend yield (%) <i>(based on the Public Issue/Offer Share price of RM2.10 per ordinary share)</i>	1.71
Net dividend cover (times) ²	7.57*

Notes:

1 Based on 5% less tax at 28%

2 Based on net EPS of 27.25 sen (which is calculated based on the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB) divided by the net dividend per ordinary share

* Based on full financial year consolidated PAT inclusive of pre-acquisition profit, shown for illustrative purposes only

3. INFORMATION SUMMARY (Continued)

3.9 Principal Statistics Relating to the IPO

(i) Share Capital

<i>Authorised</i>	RM
100,000,000 ordinary shares of RM1.00 each in DBB	<u>100,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
42,500,000 ordinary shares of RM1.00 each in DBB	42,500,000
<i>To be issued and fully paid-up pursuant to the Public Issue</i>	
7,500,000 new ordinary shares of RM1.00 each in DBB	7,500,000
<i>Enlarged issued and fully paid-up share capital</i>	<u>50,000,000</u>
<i>To be offered for sale by the Offeror pursuant to the Offer For Sale</i>	
5,050,000 ordinary shares of RM1.00 each in DBB	<u>5,050,000</u>

Classes of shares and ranking

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

For further details, please refer to Section 4.4 of this Prospectus.

(ii) Issue/Offer price for each Public Issue Share/Offer Share RM2.10

3.10 Pro Forma Consolidated NTA as at 31 December 2001

Pro forma consolidated NTA (RM'000) 64,950*
(Based on the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB after adjusting for Rights Issue, Public Issue, Offer For Sale and deducting estimated listing expenses of RM2,000,000)

Note: * NTA has been adjusted to exclude development expenses capitalised of RM25,000

Pro forma consolidated NTA per ordinary share RM1.30
(Based on the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB)

3. INFORMATION SUMMARY *(Continued)*

3.11 Utilisation of Proceeds

The gross proceeds of RM26,853,538 from the Rights Issue and Public Issue, which shall accrue to the Company, will be utilised in the following manner:

	RM
Construction of a four (4)-storey factory	2,200,000 ¹
Purchase of plant and machinery	6,200,000 ²
Repayment of bank borrowings	13,750,000
Working capital	2,703,538
Estimated listing expenses	2,000,000
Total	<u>26,853,538</u>

Notes:

¹ Due to timing issues with regard to the implementation of the IPO, the Group has sought to part finance the construction of the factory, which were originally anticipated to be funded via proceeds of the Rights Issue and Public Issue, with bank borrowings and internally generated funds. Accordingly, proceeds from the Rights Issue and Public Issue allocated for the construction of the factory amounting to approximately RM600,000 will be utilised to repay the bank borrowings obtained to finance the said construction of the factory.

² The Group has also sought to part finance the purchase of plant and machinery, which were originally anticipated to be funded via proceeds of the Rights Issue and Public Issue, with bank borrowings and internally generated funds. Accordingly, proceeds from the Rights Issue and Public Issue allocated for the purchase of plant and machinery amounting to approximately RM2,400,000 will be utilised to repay the bank borrowings obtained to finance the said purchase of plant and machinery during this interim period.

Details of the utilisation of proceeds are set out in Section 4.7 of this Prospectus.

3.12 Material Litigation, Capital Commitments and Contingent Liabilities

3.12.1 Material Litigation

As at 5 June 2002, being the last practicable date prior to the printing of this Prospectus, neither DBB nor its subsidiary is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of DBB or its subsidiary and the Directors are not aware 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 DBB or its subsidiary.

3. INFORMATION SUMMARY *(Continued)*

3.12.2 Capital Commitments

Save as disclosed below, as at 5 June 2002, being the last practicable date at which such amount can be calculated prior to the printing of this Prospectus, there are no material commitments for the capital expenditure incurred or known to be incurred by DBB or its subsidiary, which may have a material effect on the results or the financial position of the DBB Group.

	Amount RM'000
Approved and contracted for:	
- in respect of construction of four (4)-storey factory	1,599
- in respect of purchase of plant and machinery	2,566
Approved but not contracted for:	
- in respect of purchase of plant and machinery	1,206
	<hr/> 5,371 <hr/>

3.12.3 Contingent Liabilities

As at 5 June 2002, being the last practicable date prior to the printing of this Prospectus, the Directors are not aware of any material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material effect on the financial position of the DBB Group.

4. PARTICULARS OF THE IPO

4.1 Opening and Closing of Applications

Applications will be accepted from 10.00 a.m. on 18 June 2002 and will close at 8.00 p.m. on 1 July 2002 or such other date(s) as the Directors of DBB, the Offeror and the Underwriters in their absolute discretion may decide. Late applications will not be accepted.

4.2 Indicative Timetable

Event	Date
Opening of application for the Public Issue Shares and Offer Shares	18 June 2002
Closing of application for the Public Issue Shares and Offer Shares	8.00 p.m., 1 July 2002*
Tentative balloting date of application for the Public Issue Shares	5 July 2002
Tentative allotment date of the Public Issue Shares and Offer Shares	22 July 2002
Tentative listing date	26 July 2002

Note:

* *The application for the IPO will close at the time and date as stated above or such other date(s) as the Directors of DBB, the Offeror and the Underwriters, in their absolute discretion may decide.*

4.3 Purposes of the Public Issue and Offer For Sale

The purposes of the Public Issue and Offer For Sale are as follows:

- (i) To provide an opportunity for the eligible Directors, employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group, Bumiputera investors and the Malaysian public to participate in the continuing growth of the Group by way of equity participation;
- (ii) To enable the Group to gain access to the capital market and to obtain funds for the future expansion and growth of the Group; and
- (iii) To obtain the listing of and quotation for the entire issued and paid-up share capital of DBB on the Second Board of the KLSE.

4. PARTICULARS OF THE IPO (Continued)

4.4 Number and Type of Securities to be Issued/Offered

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each in DBB	100,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
42,500,000 ordinary shares of RM1.00 each in DBB	42,500,000
<i>To be issued and fully paid-up pursuant to the Public Issue</i>	
7,500,000 new ordinary shares of RM1.00 each in DBB	7,500,000
<i>Enlarged issued and fully paid-up share capital</i>	
	50,000,000
<i>To be offered for sale by the Offeror pursuant to the Offer For Sale</i>	
5,050,000 ordinary shares of RM1.00 each in DBB	5,050,000

The price of RM2.10 for each Public Issue Share/Offer Share is payable in full on application.

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

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 the DBB, 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 proxy or attorney or other duly authorised representative 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.

4.5 Details of the Public Issue and Offer For Sale

The Public Issue and Offer For Sale are subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue/Offer Shares will be allocated in the following manner:

4.5.1 Public Issue**(i) Eligible Employees and/or Other Persons of the DBB Group**

2,500,000 Public Issue Shares have been reserved for the eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group.

4. PARTICULARS OF THE IPO (Continued)

(ii) Private Placement

3,500,000 Public Issue Shares will be placed with identified Malaysian institutional investors and Malaysian/foreign private investors by the Placement Agent, of which at least 30% are to be placed out to Bumiputera investors.

(iii) Malaysian Public

1,500,000 Public 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 Public Issue Shares under Section 4.5.1(i) and 4.5.1(iii) above have been fully underwritten. Any Public Issue Shares under Section 4.5.1(i) above not taken up by the eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group will be made available for application by members of the Malaysian public.

The Public Issue Shares under Section 4.5.1(ii) above have not been underwritten.

4.5.2 Offer For Sale**(i) Bumiputera Investor Nominated and Approved by MITI**

5,000,000 Offer Shares have been reserved for the Bumiputera investor nominated and approved by the MITI.

(ii) Eligible Directors of the DBB Group

50,000 of the Offer Shares have been reserved for the eligible Directors.

The Offer Shares under Section 4.5.2(i) above will not be underwritten. The Offer Shares under Section 4.5.2(ii) above have been fully underwritten.

The Company must ensure the full subscription of the Public Issue Shares and Offer For Sale Shares in order to achieve the purposes of the Public Issue and Offer For Sale as set out in Section 4.3 of this Prospectus and the subsequent listing of the Company on the KLSE.

4.6 Basis of Arriving at the Public Issue/Offer Share Price

The price of RM2.10 per Public Issue/Offer Share was determined and agreed upon by the Company and CIMB, as the Adviser and Managing Underwriter, after taking into consideration the following factors:

- (i) the Group's financial and operating history and conditions;
- (ii) the prospects of the Group and the pharmaceutical industry as outlined in Section 7 of this Prospectus;
- (iii) the forecast net PE Multiple of 4.80 and 7.71 times respectively based on the forecast net EPS of 43.72 and 27.25 sen for the financial year ending 31 December 2002 computed using the weighted average number of ordinary shares in issue of 31,158,039 ordinary shares of RM1.00 each and the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB respectively;
- (iv) the pro forma consolidated NTA per share of RM1.30 as at 31 December 2001; and
- (v) the forecast gross dividend yield of 2.38% for the financial year ending 31 December 2002.

4. PARTICULARS OF THE IPO (Continued)

However, investors should also note that the market prices of the Public Issue Shares and Offer Shares upon and subsequent to the listing on the Second Board of the KLSE are subject to the vagaries of the market forces and other uncertainties, which may affect the price of the said shares being traded. Investors should also bear in mind the risk factors as set out in Section 5 of this Prospectus before deciding on whether or not to invest in the Public Issue Shares and Offer Shares.

4.7 Proceeds from the Rights Issue, Public Issue and Offer For Sale

The Rights Issue and Public Issue will raise total gross proceeds of RM26,853,538 as follows:

	RM
Rights Issue*	11,103,538
Public Issue	15,750,000
	<u>26,853,538</u>

Note: * The proceeds from the Rights Issue were received on 24 May 2002.

The proceeds receivable by the DBB Group from the Rights Issue and Public Issue will be utilised in the following manner:

	Notes	RM
Construction of a four (4)-storey factory	(i)	2,200,000
Purchase of plant and machinery	(ii)	6,200,000
Repayment of bank borrowings	(iii)	13,750,000
Working capital	(iv)	2,703,538
Estimated listing expenses	(v)	2,000,000
Total		<u>26,853,538</u>

Notes:

(i) Construction of a four (4)-storey factory

DBB would allocate RM2,200,000 for the construction of a four (4)-storey factory for the purposes of increasing its capacity for existing products, in particular, small volume injectables and expanding its business to undertake two (2) new projects, namely the manufacturing of CAPD fluid which is an alternative machine-free method of dialysis and the formulation of Erythropoietin, a hormone essential in the creation of red blood cells. The management of the DBB Group intends to enter into negotiation with various foreign manufacturers for the joint venture to manufacture and sell CAPD in Malaysia and other parts of South East Asia.

In year 2001, DBB commenced construction of the new four (4)-storey factory at Lot 2599, Jalan Seruling 59, Kaw 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan which is adjacent to the existing factory and will have an approximate built-up area of 90,000 sq. ft. c/w electricity station.

4. PARTICULARS OF THE IPO (Continued)

The estimated construction cost for the factory is approximately RM8.3 million. Due to timing issues with regard to the implementation of the IPO, the Group has sought to part finance the construction of the factory, which were originally anticipated to be funded via proceeds of the Rights Issue and Public Issue, with bank borrowings and internally generated funds. Total cost incurred up to 5 June 2002 was approximately RM6.7 million of which RM3.4 million was financed by bank borrowings and the balance of RM3.3 million from internally generated funds. Accordingly, proceeds from the Rights Issue and Public Issue allocated for the construction of the factory amounting to approximately RM0.6 million will be utilised to repay the bank borrowings obtained to finance the said construction of the factory.

The structure of the new four(4)-storey factory is as follows:

- Ground floor - Expansion of irrigation fluid and the new CAPD project*
- First floor - Expansion of small volume injectables (both powder and liquid form)*
 - Undertaking of the new biotechnology project of Erythropoietin formulation*
- Second floor - R&D Department together with QC Department and Microlaboratory*
 - New production of penicillin injectable and cephalosporins injectable in powder form*
- Third floor - Office/Storage place*

(ii) Purchase of plant and machinery

DBB Group needs to purchase new machinery for both its existing operations as well as for the two new projects as mentioned above. Replacement of obsolete machinery as well as proper installation of facilities in the new factory is essential to ensure smooth workflow and timely delivery of the products manufactured.

The total estimated cost for the purchase of plant and machinery is approximately RM8.2 million. Due to timing issues with regard to the implementation of the IPO, the Group has also sought to part finance the purchase of plant and machinery, which were originally anticipated to be funded via proceeds of the Rights Issue and Public Issue, with bank borrowings and internally generated funds.

As at 5 June 2002, total cost incurred amounted to approximately RM4.4 million, of which RM3.1 million was financed by bank borrowings and the balance of RM1.3 million from internally generated funds. Accordingly, proceeds from the Rights Issue and Public Issue allocated for the purchase of plant and machinery amounting to approximately RM2.4 million will be utilised to repay the bank borrowings obtained to finance the said purchase of plant and machinery.

(iii) Repayment of bank borrowings

An amount of approximately RM13,750,000 of the proceeds from the Rights Issue and Public Issue will be utilised to repay part of the bank borrowings of the DBB Group. As at 5 June 2002, the total interest bearing borrowings (inclusive of the bank borrowings obtained to part finance the construction of the factory and the purchase of plant and machinery during the interim period before the receipt of the Rights Issue and Public Issue proceeds) of the DBB Group amounted to approximately RM17,728,000.

4. PARTICULARS OF THE IPO (Continued)

(iv) Working capital

An amount of RM2,703,538 of the total proceeds will be utilised for the Group's working capital requirements for project financing purposes as well as for other business expansionary plans.

(v) Estimated listing expenses

A portion of the proceeds raised from the Rights Issue and Public Issue will be allocated for the Group's estimated listing expenses. Estimated expenses and fees incidental to the Listing include, amongst others, professional fees, advertising, issuing and printing costs amounting to approximately RM2,000,000. These expenses are paid as and when they are incurred.

The proceeds from the Rights Issue and Public Issue are expected to be fully utilised by February 2003.

The proceeds arising from the Offer For Sale of RM10,605,000 shall accrue entirely to the Offeror and any expenses incurred directly in relation thereto will be borne by the Offeror.

The impact of the proposed utilisation of proceeds on the pro forma consolidated NTA of DBB is highlighted in Section 12.4 of this Prospectus.

4.8 Brokerage and Underwriting Commission

Brokerage relating to the Public Issue Shares or Offer Shares will be paid by the Company or Offeror respectively, at the rate of 1% of the issue price of RM2.10 per Public Issue/Offer Share in respect of successful applications which bear the stamps of CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and the Underwriters as mentioned herein have entered into a conditional underwriting agreement on 28 May 2002 (as supplemented by a letter dated 12 June 2002) ("Underwriting Agreement") to underwrite the Underwritten Shares which are available for application by the Malaysian investing public as well as the eligible Directors, employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group. Underwriting commission is payable by the Company/Offeror at the rate of 2.0% of the issue/offer price of RM2.10 per Underwritten Share. In addition, a managing underwriting commission of 0.5% of the issue/offer price of RM2.10 per Underwritten Share is payable by the Company/Offeror to the Managing Underwriter.

Placement fees shall be payable by the Company to the Placement Agent at the rate of 1% of the issue price of RM2.10 for each of the 3,500,000 Public Issue Shares to be placed with Malaysian institutional investors and Malaysian/foreign private investors.

4. PARTICULARS OF THE IPO *(Continued)*

4.9 Details of the Underwriting Agreement

In accordance with the Underwriting Agreement, in the event of any breach of the warranties or representations set out therein or failure on the part of the Company and the Offeror to perform any of the obligations therein contained or any change rendering any of the said warranties or representations inaccurate in any respect or if any material information shall have been withheld and coming to the notice of the Underwriters prior to the last date as stipulated in this Prospectus for acceptance and receipt of application for the subscription of the Public Issue Shares and Offer Shares or such other later date as the Company, Offeror and the Underwriters may agree upon (“Closing Date”) or there shall have been prior to the Closing Date such change in national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or occurrence as a result of an act or acts of God which would materially prejudice the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or in the event of national disorder, outbreak of war or the declaration of a state of national emergency, each of the Underwriters shall be entitled (but not bound) by notice to the Managing Underwriter to elect to treat such breach, failure or change as releasing or discharging it from its obligations hereunder provided that the Company and the Offeror shall remain liable for the payment of costs and expenses (each in proportion to their respective Underwritten Shares) referred to in Clause 13 of the Underwriting Agreement which are incurred prior to or in connection with such release and provided further that failure to make such election aforesaid shall not prejudice the right of any Underwriter to claim for any loss or damage suffered as a result of such breach, failure or charge and to treat any further or other breach, failure or change as releasing and discharging such Underwriter from its obligations as aforesaid.

Some of the salient terms of the Underwriting Agreement are summarised as follows:

- (1) The several obligations of the Underwriters under the Underwriting Agreement shall further be conditional upon:
 - (a) the issue of the Public Issue Shares and Offer Shares having been approved by the shareholders of the Company in an Extraordinary General Meeting to be convened by the Company;
 - (b) the lodgement and acceptance for registration with the CCM and the SC respectively of the Prospectus together with copies of all documents required under Section 42 of the Securities Commission Act, 1993 prior to the issuance of the Prospectus to the public;
 - (c) the issuance of the Prospectus to the public within one (1) month from the date thereof or such extension as consented by the Underwriters, advertisement of the Prospectus and all other procedures, requirements, letters and documents required under Chapter 3 of the Listing Requirements of the KLSE have been complied with;
 - (d) the KLSE agreeing in principle to the listing of and quotation for (on terms satisfactory to the Managing Underwriter) the entire issued and paid up share capital of the Company within six (6) weeks from the date of the Prospectus or such later date as may be specified by the SC, or the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) Market Days (or such other days as the KLSE may permit) after the submission to the KLSE of the relevant documents required for such listing and quotation for the entire issued and paid up share capital of the Company have been accepted and the respective shares are deposited in or transferred to the securities account maintained by the entitled shareholders under the Securities Industry (Central Depository) Act, 1991;

4. PARTICULARS OF THE IPO *(Continued)*

- (e) there having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company and its subsidiaries (which in the reasonable opinion of the Underwriters are or will be material in the context of the issue of the Public Issue Shares and Offer Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in Clauses 3.1, 3.2 and 3.3 of the Underwriting Agreement if they are repeated on and as of the Closing Date;
- (f) the issue, offering and subscription of the Public Issue Shares and Offer Shares in accordance with the provisions thereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
- (g) all necessary approvals and consents required in relation to the IPO including but not limited to governmental approvals having been obtained and are in full force and effects;
- (h) the Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13 of the Underwriting Agreement;
- (i) the delivery to the Managing Underwriter prior to the date of registration of the Prospectus of (aa) a copy certified as true copy by an authorised officer of the Company of all the resolutions of the Directors of the Company and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (bb) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 4.1(e) of the Underwriting Agreement;
- (j) the implementation of the private placement and all monies due from all the identified investors shall be payable to the Placement Agent on or before the Closing Date; and
- (k) the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors of the Company, as the Managing Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Company or its subsidiary.

4. PARTICULARS OF THE IPO *(Continued)*

In the event any of the conditions set forth in Clause 4.1 of the Underwriting Agreement are not satisfied, the Underwriters or any of the Underwriters shall, subject as mentioned below, thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than a day after the Closing Date and upon such termination, the liabilities of the Company and the Underwriters shall become null and void and none of the parties shall have a claim against the other save that each party shall return any and all moneys paid to the other or others under the Underwriting Agreement within seventy-two (72) hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in Clause 13 of the Underwriting Agreement). The Underwriters reserve the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriters' rights under the Underwriting Agreement.

5. RISK FACTORS

Applicants for the Public Issue Shares and Offer Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to other information contained elsewhere in this Prospectus before applying for the IPO. The order in which the risk factors are presented should not be construed as a ranking of the risk factors:

(i) Marketability of the Ordinary Shares of RM1.00 each in DBB

Prior to this Public Issue and Offer For Sale, there has been no public market for the ordinary shares of RM1.00 each in DBB. There can be no assurance that an active market for the ordinary shares of DBB will develop upon listing or if developed, that such a market will be sustained.

The price of RM2.10 per Public Issue/Offer Share 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, the management of the Group, the market prices for shares of companies engaged in businesses relatively similar to that of the Group and the prevailing market conditions prior to the issue of this Prospectus.

There is also no assurance that the market price of the ordinary shares of DBB will not decline below the price of RM2.10 per Public Issue/Offer Share. The market price of the ordinary shares of DBB may be influenced by various external factors beyond the control of the Company, including the depth and liquidity of the market for the ordinary shares, investors' perception of the DBB Group, the pharmaceutical industry and the general political, economic and other conditions.

(ii) Business Risks

Like other business enterprises, the DBB Group is subject to certain business risks inherent in the pharmaceutical industry. These may include changes in general economic, political, technological, business and credit conditions, constraints in supply of labour and raw materials, increases in the costs of labour and raw materials, fluctuation in foreign exchange rates and interest rates and changes in government policies.

Although the Group seeks to limit these risks through, inter-alia, the utilisation of automated machinery and technology, a diversified range of suppliers and customer base and prudent management policies, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business. Notwithstanding the above, the Group's performance continued to improve during the recent economic slowdown.

(iii) Customer Diversification/Dependence on Single Customer

The DBB Group sells its products to government hospitals and doctors via Remedi, with total sales of approximately RM22.39 million for the past financial year ended 31 December 2001, contributing approximately 40% of the Group's total revenue for that year.

In addition, the Group has over 2,500 other customers served by experienced sales personnel and stockists throughout Malaysia. The DBB Group also sells its products to other government agencies, such as the Ministry of Defence, teaching hospitals under the Ministry of Education and the other public and private hospitals, general practitioners and clinics in the private sector, so as to maintain a balance of sales to government hospitals and doctors via Remedi and to other customers. For details of the future marketing and promotional strategies, please refer to Section 7.2.2 of this Prospectus.

The DBB Group maintains good relationships with its customers, as evident by the long business dealings established, some of which have been in existence for more than ten (10) years. The well acceptance of the Group's products as well as the high quality and reliability of the products are expected to drive continuous demand from the existing customers.

5. RISK FACTORS *(Continued)*

Although the Group seeks to maintain its relationship with its customers and ensure the quality of its products, no assurance can be given that the DBB Group will be able to successfully maintain this customer diversification in the future.

In view that sales to Remedi account for a substantial portion of the Group's total revenue, there is also the risk of heavy dependence on a single customer. Apart from maintaining its diversified customer base as mentioned above, the Group seeks to mitigate this risk by embarking into, amongst others, the manufacturing of new value-added and biotechnology products such as *Erythropoietin* and CAPD, ensuring the quality and reputation of its specialised products and services at competitive prices and expanding its sales force to enhance private sector sales. Local sales to private clinics/doctors and East Malaysia increased by approximately 25% and 21% respectively for the financial year ended 31 December 2001.

The Group is also focused towards enhancing the export of its generic products by introducing and applying for registration of its products in the existing overseas market while targeting new emerging markets such as Philippines, Zimbabwe, Syria and Vietnam. In May 2002, DBB has received approval from the United Nations to supply pharmaceutical products to Iraq amounting to approximately RM8.0 million. However, the contract is still pending receipt of the letter of credit and completion of other terms and conditions stipulated. Should the contract materialise, the Directors of DBB anticipate that certain proportion of the contract will be concluded during the financial year ending 31 December 2002 while the balance will materialise in the financial year ending 31 December 2003. For the financial year ending 31 December 2002, the Group expects the revenue for the export market to increase by 10.27% reflecting the Group's effort to penetrate into the overseas market.

Whilst sales to government hospital and doctors via Remedi may be perceived as heavy dependency, it is to be reiterated that going forward, these sales and the relationships established with the doctors in the government service will enhance the future private sector sales of DBB as these doctors having completed their compulsory term of office with the Government may leave to enter the private sector of which they will draw on their experience and knowledge accumulated during their government service. The Group's sales personnel have been trained to pay special attention to these young doctors as they proved to be a source of loyal customers when they decide to establish their private practice. Doctors are generally conservative and will not change their operating style for no apparent reason. Hence, if they are accustomed to the efficacy of particular medicines and given the competitive pricing, these doctors are unlikely to substitute these products with other manufacturers' products especially so in the case of long term therapeutic or treatment drugs.

The Directors of the Company are confident that these groups of young doctors who emerge each year from the public to private practice represent a potential source of loyal customers of the Group and will continue to procure their products from DBB.

(iv) Political, Economic and Legislative Considerations

Development in the political, economic and regulatory conditions in Malaysia and other countries where the Group is currently operating or where the Group may undertake projects in the future may materially and adversely affect the prospects of the Group and the industry in which it operates. These include the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, changes in interest rates, methods of taxation, currency exchange controls, introduction of new regulations or ban on the import of certain pharmaceutical products by other foreign countries.

5. RISK FACTORS *(Continued)*

In Malaysia, the Group's operations are subject to the jurisdiction of numerous governmental agencies with respect to healthcare and other stringent quality controls governing the pharmaceutical industry. Apart from the rules and regulations of the MoH, the Group is also subject to the following legislation:

- (a) Poisons Act, 1952 (Revised 1989)
- (b) Dangerous Drugs Act, 1952 (Revised 1989)
- (c) Registration of Pharmacists Act, 1951 (Revised 1989)
- (d) Sale of Drugs Act, 1952 (Revised 1989)
- (e) Medicines (Advertisement & Sale) Act, 1956 (Revised 1983)
- (f) Indecent Advertisement Act, 1953 (Revised 1981)
- (g) Trade Description Act, 1972
- (h) Weights and Measures Act, 1972

Furthermore, products registered in Malaysia do not guarantee acceptance abroad. Hence, the Group always endeavours to comply with all the pharmacy legislation and other regulations as well as exporting its products to several countries and not relying on a single foreign client.

Although the Group seeks to limit these risks, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's businesses.

(v) Competition

Market forces generally determine the prices of pharmaceutical products. As the pharmaceutical industry is a well-regulated industry, the estimate timeframe for a new player to introduce similar product from the set up of plant to completion of product registration is approximately six (6) years. In view of the high barriers to entry, most companies would carve its own niche market and thus competition is contained especially for ethical products (generally medicines or drugs that are scheduled or prescribed by qualified doctors).

Since DMSB commenced operations more than twenty (20) years ago, its revenue and profits have been on an increasing trend in spite of new entrants to the market. The DBB Group has recently launched the following new product innovations to enhance its competitive edge:

Product	Usage
Dental cartridge	Local anaesthetic in dentistry
Cefatum injection	3 rd generation antibiotics
Lotifar injection	3 rd generation antibiotics
Donna capsule	Osteoarthritis
Britaline respirator solution	Asthmatic relief
Butavent respirator solution	Asthmatic relief
Insopin tablet	Insomnia
Zolpidem tablet	Insomnia

The supply of products to government hospitals and doctors has created an avenue to increase the Group's revenue and ensure that the margin is not affected by potential competition as the doctors would become accustomed with the Group's products over the years. When these doctors leave the government service to set up their own private business, they would continue to procure supplies from the DBB Group.

5. RISK FACTORS *(Continued)*

Although the DBB Group seeks to maintain its competitive position through new product innovations by the Group's R&D team and enhancing the technical skills of the sales personnel, there is no assurance that DBB will be able to maintain its existing market share in the future and not be affected by the competitive strategy adopted by other companies within the same industry.

(vi) Technological Risks

The Group is subject to the risks related to rapid technological change. Furthermore, the Malaysian pharmaceutical industry is constrained by the lack of local technical and R&D expertise in this field. Companies with sound manufacturing knowledge and capable R&D staff coupled with experienced leadership will naturally have a competitive edge over other market players.

More established players, including the Group, tend to have the ability to "import" technological knowledge from abroad by employing expatriates to team up with in-house teams. Although the Group seeks to minimise these risks by actively and continuously undertaking R&D, pursuing technological innovation and providing staff training in line with the requirements of new technologies, no assurance can be given that any change to these risks will not have a material adverse effect on the Group's businesses.

(vii) Publicity Risks

In situation where a certain product range affects an individual or a group of individuals due to them not being informed of the consequences of consuming such product, the Group may face adverse exposure from such event. Such an effect may lead to the erosion of market share of the Group.

Publicity risks may also occur when there are product recalls whereby the MoH recalls a batch of products in view that the public's safety is threatened. This situation is possible when the manufacturers are not able to meet the operational product requirements adopted and/or changes made by the MoH from time to time which encompass situations whereby different international standards or criteria are adopted by the respective manufacturers. While the reasons for product recalls are not necessarily associated with poor quality, the general public will nonetheless view such recalls negatively. Hence, manufacturers of pharmaceutical products including the Group are always exposed to this risk.

There is an independent QC Department in the Group which produces reports for inspection by the MoH. This independent QC Department will continuously ensure that all the quality control measures and stringent requirements of the QC Department are strictly adhered to. In every effort to minimise publicity risk, the quality of the products is further assured by the QA Department which embarks on quality assurance from the receipt of raw materials to production, control of production procedures and release of finished goods. In addition, the QA Department performs internal quality audit functions to verify the respective department compliance with the MoH and GMP guidelines for production and GLP guidelines for QC laboratory.

(viii) Dependence on Imported Raw Materials

Approximately 70% of the raw materials used for the Group's production, which comprise active ingredients, are imported from overseas suppliers. The DBB Group has established long-term mutually beneficial relationships with its key suppliers.

Even though the Group is dependent on imported raw materials as most of the active ingredients cannot be obtained locally, these raw materials are easily available from numerous suppliers in Europe and Asia. Although the suppliers operate in a highly competitive environment, each wanting to initiate and establish long-term contracts with its customers, no assurance can be given that any change to these factors will not have a material adverse effect on the availability of raw materials and the Group's businesses.

5. RISK FACTORS *(Continued)*

(ix) Foreign Exchange Fluctuations

The majority of the Group's operational transactions are denominated in RM. However, the transactions in its overseas market are also executed in USD. Currently, approximately 12% of the Group's revenue are for export purposes.

On the contrary, approximately 70% of the Group's purchases of raw materials comprising active ingredients are denominated in foreign currencies and hence the currency fluctuations may pose a risk to the company's business. This risk is currently mitigated by the implementation of selective exchange control measures by the Government.

However, no assurance can be given that any fluctuations to the foreign exchange will not have a material adverse effect on the Group's business.

(x) High R&D Costs

One of the barriers to entry into the pharmaceutical industry is the heavy cost involved for R&D programmes. Generally, the industry's R&D are focused towards basic R&D as R&D for invention of new products is costly. Nonetheless, commitment to R&D activities is vital to the sustenance and growth of any pharmaceutical company. The increasing competition among players are constantly underscoring the necessity for companies to produce better quality products at lower costs than their competitors, and also to come up with new products. This requires the manufacturer to invest heavily in the development of an advanced R&D department with adequate equipment and capacity to fulfil the needs of expert inventors and innovators.

Although the Group has managed to carve a niche market for itself over the years in the business and gained a substantial market share within the pharmaceutical industry, its continuous effort in carrying out its R&D programmes is essential. The DBB Group undertakes basic R&D activities such as stability testing, invention of new formulations and bio-equivalent studies conducted in collaboration with institutes of higher learning, namely Universiti Malaya and Universiti Sains Malaysia to test on the efficacy, equality and effectiveness of the products to ensure that they are the same as the original patented product.

A summary of the Group's R&D cost against its respective revenue for the past three (3) financial years ended 31 December 2001 is as follows:

Financial year ended 31 December	1999	2000	2001
	RM'000	RM'000	RM'000
R&D cost	362	414	658
Revenue	48,300	52,139	56,157
Percentage (%)	0.75	0.79	1.17

The R&D cost can be transferred to the consumers. However, the Group will endeavour to absorb the cost wherever possible. In spite of the Group's commitment to R&D, the Group is still exposed to the probability that the new product will not meet certain stringent requirements of the relevant governing bodies. When this situation arises, the expenses spent on R&D might not see its fruitful returns.

(xi) Dependence on Key Personnel

The Group believes that its continued success depends, to a significant extent, upon the abilities and continued efforts of its existing Directors and key management/technical personnel. The loss of any key members of the Board of Directors and the key management/technical personnel team could affect the Group's continued ability to compete in the pharmaceutical industry. Every effort is made to groom the younger members of the senior management team to gradually take over from the senior members to ensure a smooth transition in the management team should changes occur. Details of the management succession plan are set out in Section 8.7 of this Prospectus.

5. RISK FACTORS *(Continued)*

(xii) Control by Major Shareholders

Upon the Listing, two (2) of the major shareholders of the Company, namely Chia Ting Poh @ Cheah Ting Poh and Ang Bee Lian will collectively hold approximately 54.9% of the Company's enlarged issued and paid-up share capital. As a result, it is likely that the said major shareholders will be able to effectively control the business direction and the outcome of certain matters of the Company by virtue of their shareholdings and/or directorships in the Company, unless they are required to abstain from voting by law and/or by the relevant authorities.

(xiii) Disclosure on Prospective Statements

This Prospectus contains prospective statements i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such future statements are based on assumptions which the Directors deem to be reasonable at this time, the expectations nevertheless are subject to uncertainties and contingencies. Owing to the subjective judgements and inherent uncertainties of the forecast and given that events and circumstances frequently do not occur as expected, there can be no assurance that such expectations will be achieved and actual results may be materially different from those shown. Any deviation of its actual performance from the expectations may have adverse effect on the Group's financial and business performance. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the prospective statements that are contained herein.

(xiv) Parallel Imports

Patented drugs face threat from parallel imports. However, there is no assurance that the Group's generic products will not be subject to the same threat especially for those generic products which garner relatively high profit margin. Therefore, the Group will endeavour to sustain its competitive edge and assist the authority to hinder illegal parallel imports.

(xv) Public Perception of Generic Pharmaceutical Products

It is common public perception that patented drugs are of superior quality to locally produced generic products. In an effort to change this perception, the MoH has stated that private hospitals and clinics should use locally manufactured generic products. The MoH had announced in early 2000 the National Essential Drugs List, which will ensure that patients are prescribed with equally potent and less expensive drugs manufactured locally as compared to similar imported drugs.

(xvi) Litigation Risk

DMSB has no product liability insurance at this moment. Its legal position is clear due to the regulated nature of the industry. In all of its product packaging, DMSB is required to provide all the necessary information regarding the limitation of its products to certain groups of consumers. It is the management's opinion that the best insurance is strict requirement and maintenance of the QA and QC Departments practices. This fact, coupled with the strict enforcement of GMP regulations, places the risk of product failure within the management's comfort level. However, the need for an insurance coverage for litigation will be reviewed on an annual basis.

6. INFORMATION ON THE DBB GROUP

6.1 History and Business

DBB was incorporated in Malaysia on 23 August 2000 under the Act as a public company under the name of Duopharma Biotech Bhd. The Company is principally an investment holding company.

The DBB Group would principally be carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines. The core operations of the Group are undertaken by DMSB. The principal activities of DMSB are summarised below:

Name	Date and Country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
DMSB	14 October 1978 Malaysia	1,700,000	100.00	Manufacturer, distributor, importer and exporter of pharmaceutical products and medicines

DMSB was jointly founded by two (2) experienced pharmacists, namely, Chia Ting Poh @ Cheah Ting Poh and Ang Bee Lian. Both of them have been directly involved in the business operation of DMSB since its inception in 1979.

In 1986, DMSB embarked on its manufacturing activities, and has since managed to carve a niche and become one of the leading local manufacturers of sophisticated and specialised small volume injectable items. DMSB's 89,000 sq. ft. factory in Klang is GMP-certified. The process of attaining GMP certification is tedious and the requirements to be met are much stringent than that of attaining the ISO status.

The following summarises the milestones of DMSB since inception:

1979	Commenced as trading company, importing and marketing all pharmaceutical products to doctors and hospitals.
1986	Started new production plant for tablets, capsules and oral preparations.
1993	Started construction of current factory to cater for increased production.
1995	Moved into current factory in Klang.
Jan 1996	Haemodialysis liquid production facilities approved and commenced operations.
Feb 1996	Received approval for small volume injectables facilities and commenced production of eye drops and antibiotic powders.
July 1996	Large volume infusion facilities approved.
Jan 1997	Commenced production of large volume infusion.
Jan 2000	Began construction of new state-of-art factory with total built-up area of 90,000 sq. ft. to cater for new requirement in the production of CAPD and formulation of <i>Erythropoietin</i> .

6. INFORMATION ON THE DBB GROUP (Continued)

6.2 Changes in Issued and Paid-up Share Capital

The present authorised and issued and paid-up share capital of DBB as at the date hereof are as follows:

	No. of ordinary shares of RM1.00 each in DBB	Par value RM	Amount RM
Authorised	100,000,000	1.00	100,000,000
Issued and fully paid-up	42,500,000	1.00	42,500,000

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

Date of allotment	No. of ordinary shares of RM1.00 each in DBB allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
23.08.00	2	1.00	Subscribers' shares	2
08.05.02	31,396,460	1.00	Acquisition of DMSB	31,396,462
28.05.02	11,103,538	1.00	Rights Issue	42,500,000

6.3 The Restructuring Scheme

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of DBB on the Second Board of the KLSE, the Company is implementing a Restructuring Scheme which was approved by the SC, FIC and MITI on the dates set out below:

Authority	Date of approval
SC	27 April 2001, 6 November 2001, 3 April 2002 and 30 April 2002
FIC	20 December 2000, 17 May 2001 and 26 April 2002
MITI	14 March 2001, 21 May 2001 and 18 March 2002

The Restructuring Scheme comprises the following:

6.3.1 Acquisition of DMSB

On 25 October 2000, DBB entered into a Conditional Sale and Purchase Agreement (as amended and supplemented by a First Supplemental Agreement dated 7 June 2001 and a Second Supplemental Agreement dated 3 May 2002) with the shareholders of DMSB for the acquisition by DBB of the entire equity interest in DMSB comprising 1,700,000 ordinary shares of RM1.00 each for a total purchase consideration of RM40,187,469 satisfied by the issuance of 31,396,460 new ordinary shares of RM1.00 each in DBB to the vendors, at an issue price of approximately RM1.28 per ordinary share. The shares issued rank pari passu with all respects with the existing ordinary shares in DBB.

6. INFORMATION ON THE DBB GROUP (Continued)

The purchase consideration of RM40,187,469 was arrived at on a willing buyer-willing seller basis, based on the audited NTA of DMSB as at 31 December 2001, as follows:

	RM
Share capital	1,700,000
Retained profit*	33,239,484
Revaluation surplus	5,273,377
Shareholders' funds	<u>40,212,861</u>
Less: Research and development cost	(25,392)
Audited NTA as at 31.12.2001	<u><u>40,187,469</u></u>

Note:-

* After excluding the final dividend recommended by the Directors of DMSB in respect of the financial year ended 31 December 2001 of 400% tax exempt totalling to RM6,800,000

The 1,700,000 ordinary shares of RM1.00 each in DMSB were acquired free from all encumbrances, claims, charges, liens, mortgages, pledges and equities with all rights, benefits and entitlements now and thereafter attaching thereto.

The allocation of the consideration shares is as follows:

Vendors	<-Shareholdings in DMSB->		Purchase consideration RM	Total new ordinary shares of RM1.00 each in DBB received
	No. of ordinary shares of RM1.00 each	%		
Chia Ting Poh @ Cheah Ting Poh	500,001	29.41	11,819,868	9,234,271
Ang Bee Lian	799,999	47.06	18,911,726	14,774,786
Sepang	80,000	4.71	1,891,175	1,477,481
Prosearch	320,000	18.82	7,564,700	5,909,922
	<u>1,700,000</u>	<u>100.00</u>	<u>40,187,469</u>	<u>31,396,460</u>

The Acquisition of DMSB was completed on 8 May 2002.

6.3.2 Rights Issue

Subsequent to the Acquisition of DMSB, DBB carried out a Rights Issue of 11,103,538 new ordinary shares of RM1.00 each in DBB to the shareholders of DBB on the basis of approximately 100 new ordinary shares of RM1.00 each in DBB for every 283 existing ordinary shares of RM1.00 each held in DBB, at an issue price of RM1.00 per Rights Issue Share, after the Acquisition of DMSB but prior to the issuance of this Prospectus.

The Rights Issue Shares allotted and issued pursuant to the Rights Issue rank pari passu in all respects with the existing ordinary shares of RM1.00 each in DBB.

The Rights Issue was completed on 28 May 2002.

6. INFORMATION ON THE DBB GROUP *(Continued)*

Upon completion of the Rights Issue, the issued and paid-up share capital of DBB increased from RM31,396,462 comprising 31,396,462 ordinary shares of RM1.00 each to RM42,500,000 comprising 42,500,000 ordinary shares of RM1.00 each.

The details of the utilisation of proceeds from the Rights Issue are as set out in Section 4.7 of this Prospectus.

6.3.3 Offer For Sale

Subsequent to the Rights Issue, the Offeror will offer 5,050,000 ordinary shares of RM1.00 each in DBB or 10.10% of the enlarged issued and fully paid-up share capital of DBB at an offer price of RM2.10 per Offer Share to the Bumiputera investor approved by MITI and eligible Directors of the DBB Group.

6.3.4 Public Issue

To complete the Restructuring Scheme and in conjunction with the Listing, the Company is implementing a Public Issue of 7,500,000 new ordinary shares of RM1.00 each in DBB or 15.00% of the enlarged issued and paid-up share capital at an issue price of RM2.10 per Public Issue Share.

The 7,500,000 Public Issue Shares will be allocated in the following manner:

- (a) 2,500,000 Public Issue Shares representing 5.00% of the enlarged issued and paid-up share capital of DBB to eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group;
- (b) 3,500,000 of the Public Issue Shares representing 7.00% of the enlarged issued and paid-up share capital of DBB to Malaysian institutional investors and Malaysian/foreign private investors placed by the Placement Agent; and
- (c) 1,500,000 of the Public Issue Shares representing 3.00% of the enlarged issued and paid-up share capital of DBB to the 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 details of the utilisation of proceeds from the Public Issue are as set out in Section 4.7 of this Prospectus.

Upon completion of the Public Issue, the issued and paid-up share capital of DBB will be enlarged to RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each in DBB.

6.3.5 Listing

Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of DBB of RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

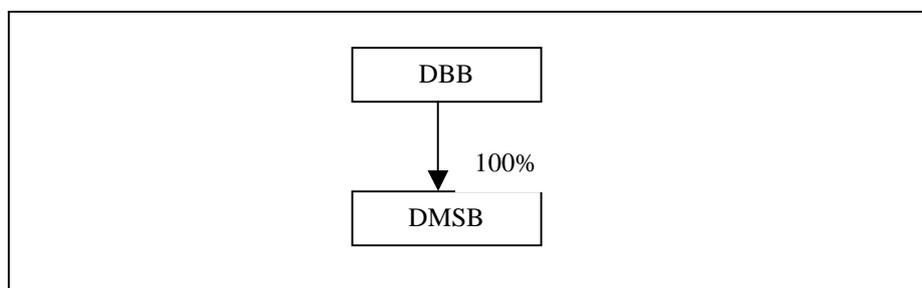
All the new ordinary shares of RM1.00 each in DBB issued pursuant to the Restructuring Scheme will rank *pari passu* in all respects with the existing ordinary shares of RM1.00 each in DBB including voting rights and the rights to all dividends and distributions that may be declared subsequent to the Restructuring Scheme.

6. INFORMATION ON THE DBB GROUP *(Continued)*

6.4 Business Overview

6.4.1 DBB Group Structure

The corporate structure of the DBB Group upon Listing is as follows:



6.4.2 Principal Products

Currently, the DBB Group manufactures 388 items approved by the Drug Control Authority of MoH, which can be primarily categorised as follows:

(a) ***Sterile products*** which consist of:

- (i) Injectables in the form of small volume ampoules and vials (e.g. 1-ml, 2-ml, 5-ml etc.)

The small volume injectables usually come in small volume ampoules and vials (e.g. 1-ml, 2-ml, 5-ml etc.). Small volume injectables are widely used in hospitals and clinics for faster relief or when patients are unable to take the oral form of medication such as tablets or capsules. Furthermore, certain medication can only be applied through injection, as the body cannot absorb oral preparation. In acute cases and for faster effect, injection is recommended. As injection will have a faster effect, this product is normally more expensive. In short, injectables are mainly used as life saving products in acute cases for immediate effect.

- (ii) Irrigation fluids (large volume infusion)

Irrigation fluid is used in all hospitals for washing and cleaning purposes. In any operation, the hospitals require special sterile solutions to clean wounds. The solution is widely used in operation procedures, where the equipment, the operation theatre and the patients are cleaned with the solution. Usage of this product is heavy in hospitals.

(b) ***Non-sterile products*** which consist of:

- (i) Capsules, tablets, syrups, creams and ointments

This group of products is taken orally by patients for long term treatment. The effect will be slower and the cost is cheaper. The treatment is normally over a longer period and patients will have to take three (3) times a day or as recommended. The product range is very wide and can be used for all medical treatment. For example, syrup is mainly for children while ointment and cream are mainly for external purpose only.

6. INFORMATION ON THE DBB GROUP (Continued)

(ii) Haemodialysis liquid

This is the solution specially formulated for kidney failure. Each patient requires approximately 15 litres of haemodialysis liquid per treatment and ideally the patients must receive the dialysis treatment three (3) times a week. All the dialysis clinics that provide the treatment will require the special solutions specially formulated for kidney failure patients.

The DBB Group's niche lies in specialised and ethical products especially injectables items which account for approximately 30% of revenue. This allows the Group to enjoy a competitive edge brought about by product differentiation since unlike many pharmaceutical manufacturers, it is relatively less involved in the OTC and food supplement segments. Government hospitals, which employ approximately 8,000 out of 14,000 doctors in the country, are the biggest consumers of ethical products in the pharmaceutical industry. The DBB Group is continuously promoting these products to government doctors who will in turn request their prescribed/required products via Remedi.

6.4.3 Technology Used or to be Used by the DBB Group for New Products

The description of the technology used or to be used by the DBB Group in manufacturing of its new products is summarised as follows:

(a) Erythropoietin

This is a totally new field involving genetic engineering and the recombinant DNA technology to be provided by Dragon Pharmaceuticals. *Erythropoietin* is a natural hormone secreted by the kidneys that acts on the bone marrow to stimulate production of red blood cells. The potential is there to be used for a variety of purposes in medical industry in particular to treat patients with chronic renal failure. In August 2000, the DBB Group signed an agreement with Allwin, an affiliate of Dragon Pharmaceuticals, to purchase *Erythropoietin* in its raw material form and to formulate, market and sell the product in Malaysia, Singapore, Indonesia, Brunei, East Timor, Cambodia, Thailand, Vietnam, Philippines, Laos and Myanmar.

(b) CAPD

The DBB Group is looking into the production of CAPD fluid which is an alternative machine-free dialysis. CAPD is currently an imported item from Baxter, a USA company based in Singapore. The management of the DBB Group intends to enter into negotiation with various foreign manufacturers for the joint venture to manufacture and sell CAPD in Malaysia and other parts of South East Asia. This is a new production and the technology will be sourced from the successful joint venture foreign manufacturer.

6.4.4 Patents, Trademark, Licences and Franchises

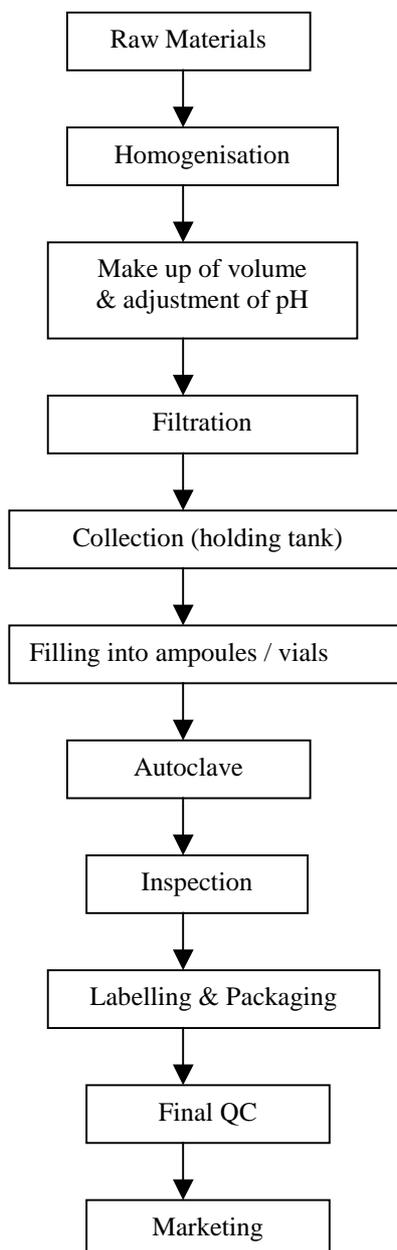
DMSB manufactures only generic products i.e. off-patented products. The DBB Group currently has 388 products registered with the NPCB.

The normal requirements for products registration involve three (3) stages. In stage 1, the DBB Group requires approval to submit registration which will normally take three (3) months. In stage 2, the DBB Group is required to prepare samples testing of protocol and stability studies of the products which normally take nine (9) to twelve (12) months. In stage 3, the DBB Group is required to prepare documentation and evaluation of the literature and this will require another twelve (12) months. Overall, stages 1 to 3 will take a time period of two (2) to three (3) years for each product. For special circumstances, which require special consideration, the minimum time frame is twelve (12) months.

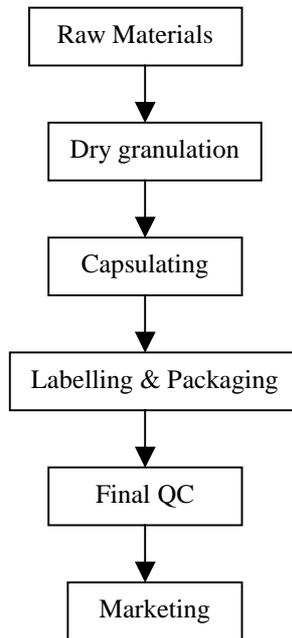
6. INFORMATION ON THE DBB GROUP *(Continued)*

6.4.5 Production Processes

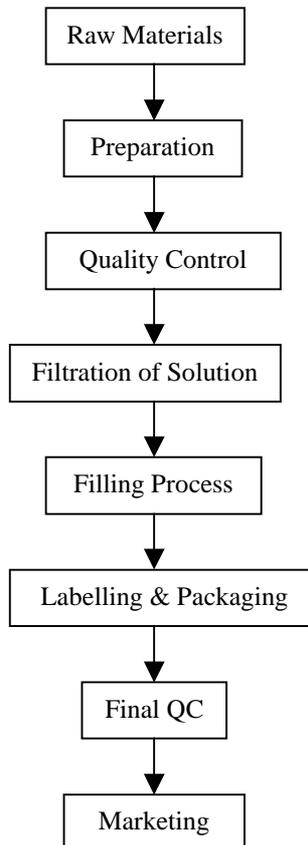
The production processes of the DBB Group's principal products can be summarised below:

(a) Production process of small volume injectables

Raw materials for the production of small volume injectables basically undergo stringent QC checking prior to being dispensed to the production line that begins with the homogenisation process. This will be followed by filtration of solution through sterile filters. The filtered solution is then filled into ampoules or vials which are subsequently sent to the autoclave for sterilisation purposes. The final product is again sent for quality inspection before labelling, packaging and marketing.

6. INFORMATION ON THE DBB GROUP *(Continued)***(b) Production process of capsules**

Raw materials used for the production of capsules have to undergo QC checking prior to being dispensed to the production line that begins with the dry granulation process. The mixture is then compressed into capsule form, capsulated and sent for packing. The final product will be sent for quality control checking again before marketing to consumers.

(c) Production process of haemodialysis liquid

6. INFORMATION ON THE DBB GROUP *(Continued)*

Upon satisfying stringent QC criteria, raw materials in the form of solution after preparation will be filtered through sterile filters. Thereafter, the filtered solution is then filled into clean bottles, which are labelled and subsequently sent for final quality inspection before launching to the market.

6.4.6 Methods of Distribution

Approximately 88% of the Group's revenue are for local markets whereas the remaining approximately 12% is for the export markets. The DBB Group's products are distributed via its headquarters in Klang (for Central and Southern region of Peninsular Malaysia) and branches set up in the Northern region of Peninsular Malaysia as well as through appointed stockists in Sabah and Sarawak. The Group has no long-term contract with any of its distributors or stockists.

This network ensures rapid market access throughout Malaysia. The Group employs experienced and committed sales personnel to cater to the needs of end-users throughout the country as well as in Singapore. This has helped in creating an extensive distribution network for its products.

The DBB Group exports mainly the injectables items to wholesalers in the importing countries.

6.4.7 DBB Group's Market Share

The overall market size of the local pharmaceutical industry can be approximately segregated into the following categories:

(a)	General products	-	65%
(b)	Small volume injectables	-	5%
(c)	Haemodialysis – general	-	3%
	– CAPD	-	2%
(d)	Irrigation fluid	-	1%
(e)	Others	-	24%

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

As most of the Group's products are more ethical in nature, the Group has established a niche market in specialised and ethical products where there are relatively few reputable players in the local market as compared to the OTC and food supplement segments.

Injectable items

The Group is able to command a major market share of approximately 85% of the total production by local manufacturers and faces little competition from local companies supplying to the Government. For the private market by local manufacturers, the Group faces minimal competition because few local manufacturers produce injectable items in the domestic market.

In terms of the total market for injectables, including imports, trade interviews revealed that the DBB Group commands approximately 50% of the market share.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

6. INFORMATION ON THE DBB GROUP *(Continued)*

Haemodialysis liquid

The market for locally manufactured haemodialysis liquid is valued to be more than RM19 million a year based on the purchases from government hospitals and private sector and the DBB Group shares the private market with B. Braun while Ain Medicare Sdn Bhd dominates the supply to government hospitals. DMSB dominates approximately 20% market share of the total locally manufactured general haemodialysis liquid.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

Irrigation fluid

The market for locally produced irrigation fluid (approximately RM1.8 million) is basically controlled equally by the DBB Group and B. Braun which represent the two (2) brands in the market because of the heavy capital expenditure involved in the production of irrigation fluid which is estimated to be between RM500,000 to RM800,000.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

General products

Generic medicines are medicines that can be manufactured by licensed manufacturers after the initial patent has expired while OTC items are non-prescriptive products. Under this product category which comprises tablets, capsules, creams, ointments, syrups etc., the major competitors of the DBB Group are UPHA Corporation (M) Sdn Bhd, Xepa-Soul Pattinson (Malaysia) Sdn Bhd, Hovid Sdn Bhd and Raza Manufacturing Bhd.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

However, the DBB Group's general products are more ethical in nature such as antibiotics and drugs for the treatment of high blood pressure and asthma. Its strength lies in the production of specialised items such as the following:

- (a) Cardiovascular (Brand name: Acepril, Danssan, Strokan, Kimafan)
- (b) Antibiotics (Brand name: Betamox, Androxyl, Solulexin)
- (c) Neuro-muscular (Brand name: Rheumofenax, Pontacid, Analcam)

Locally manufactured general products constitute approximately 25% of the total market for general products and the DBB Group's share of the locally manufactured general products market is approximately 13%.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

6.4.8 Significant New or Proposed Products

The Group has placed great emphasis on product and management innovation to improve its competitive edge. The plan to venture into manufacturing of dental cartridges in 1999 had materialised and the Group had started production in 2001. Subsequently, the Group intends to venture into the production of CAPD and the formulation of *Erythropoietin*.

6. INFORMATION ON THE DBB GROUP (Continued)

Erythropoietin is a glycoprotein that stimulates and regulates the rate of formation of red blood cells. In the adult human, the kidneys produce *Erythropoietin* and it acts on precursor cells to stimulate cell proliferation and differentiation into mature red blood cells. Kidney disease and chemotherapy or radiation therapy for treating cancer may impair the body's ability to produce *Erythropoietin* and in turn reduce the level of red blood cells to less than one-half that of healthy humans. The shortage of red blood cells leads to insufficient delivery of oxygen throughout the body. The result is anaemia, which afflicts 90% of all dialysis patients. Besides kidney patients, leukaemia patients also have low red blood cells count. As such, *Erythropoietin* also plays an important role here.

CAPD is an alternative to the existing method of dialysis, which does not require a dialysis machine.

Such pursuit of excellence will put the Group in good stead as one of the leading pharmaceutical groups in the country as well as regionally.

6.4.9 Principal Markets, End-Users and Demand for Products

For the financial year ended 31 December 2001, the following markets consume the Group's products:

- (a) Government hospitals and doctors – through contracts that are awarded through Remedi, a 70%-owned subsidiary of Pharmaniaga Berhad (“Pharmaniaga”). Remedi has been granted the exclusive rights to supply and distribute pharmaceutical and medical products to hospitals and medical institutions under the jurisdiction of MoH. Approximately 40% of DMSB's revenue are accounted to government hospitals and doctors via Remedi;
- (b) Tendering for government contracts for pharmaceutical products not in the APPL, based on invitation, performance track record, reputation and price, which accounted for approximately 11% of revenue. Every year, the Government has an allocated budget for these contracts, which are normally two (2) years in tenure;
- (c) Private hospitals, clinics and pharmacies which accounted for approximately 37% of revenue; and
- (d) Exports to countries such as Pakistan, Bangladesh, Republic of Yemen, Hong Kong, Africa, Fiji, Myanmar, Papua New Guinea, Oman, Sudan, Ethiopia, Sri Lanka, Vietnam and Singapore. This market accounts for approximately 12% of DMSB's revenue. Currently, the Group is exploring the possibility of penetrating the markets of Jordan, Tanzania, Zimbabwe, Ghana, Kenya and other African nations.

The DBB Group's products are well-accepted and used by doctors, dentists and pharmacists who recognise the high quality and reliability of the Group's products. Once a relationship is established between a supplier and customer, it is seldom seen that the customer will substitute these products with other manufacturers' products especially so in the case of long term therapeutic or treatment drugs. Hence, the high quality and reliability will ensure continuous demand for the products manufactured by the Group in the years ahead.

6. INFORMATION ON THE DBB GROUP (Continued)

In addition, having established a long-term relationship with Remedi as a result of proven track record and capability, orders from the public sector are secured. DMSB's contract to supply to Remedi, and ultimately to all government hospitals, is renewable every three (3) years with the last contract expired in 2000. The Directors of the DBB Group had further secured two (2) new contracts from Remedi worth approximately RM90 million for the contract period from 2001 to 2003.

The Malaysian pharmaceutical industry is valued at RM1.441 billion in 1999 and expected to be RM1.661 billion for year 2000¹. The MoH with a budget of approximately RM550 million for pharmaceutical products is the leading purchaser of pharmaceutical products in the country. Accordingly, the Directors of DBB estimate that the Group will be able to command approximately 13% share of the local manufactured pharmaceutical products market.

Note:

¹ *The official market value of Malaysian pharmaceutical industry for year 2000 is unreleased yet. The forecasted figure is based on a growth rate of 15.3%.*

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

Under the Sixth Malaysia Plan (1991-1995) and Seventh Malaysia Plan (1996-2000), the Government's objective is to upgrade the health status of the nation. The Government's efforts to achieve this are expected to continue beyond the Seventh Malaysia Plan. While the Seventh Malaysia Plan focused on expansionary development programme, the Eight Malaysia Plan (2001-2005) will concentrate on improving the quality of public health and curative services. Emphasis will be given to an equitable distribution in the delivery of services and better utilisation of manpower and resources through greater cooperation between the public and private health sectors. A healthcare financing mechanism will also be put in place to ensure appropriate cost sharing, thereby ensuring maximum benefits to the customers. Hence, the local pharmaceutical industry is set to achieve greater heights.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

The demand of the Group's products is mainly from promotions by the Group's well-trained sales personnel. New clients are also procured through promotions and recommendations by existing clients. This indicates the strong rapport between the Group and its clients as well as the confidence and recognition of the products manufactured by the Group. Contract to the Government through Remedi is also based on referral basis, repetitive in nature, while the tender for government contracts for pharmaceutical products not in the APPL is based on invitation, performance track record, reputation and price.

6.4.10 Source and Availability of Raw Materials

Approximately 70% of raw materials used by the Group consisting of active ingredients are imported. The balance 30% consisting of packaging materials and bottles are sourced locally. The raw materials used such as Thioridazine HCL and Terfenadine cannot be obtained locally and hence have to be sourced from established and reliable suppliers overseas. The Group will only purchase at the most competitive prices and specifications required for their product type without compromising for lower quality materials.

Raw materials are easily available from numerous suppliers in Europe and Asia. The suppliers operate in a highly competitive environment, each desiring to initiate and establish long-term contracts with customers. Due to the numerous suppliers and manufacturers, the availability of raw materials is ensured. The suppliers of the DBB Group also serve other world-renowned pharmaceutical companies in Europe and the USA. As such, a high degree of quality can be expected.

6. INFORMATION ON THE DBB GROUP *(Continued)*

Normally before commencement of any production lines, the Group will estimate the resources and materials needed to cater for the total existing as well as expected demand for each of its product types. Then, it will proceed to make arrangements with the respective suppliers for the purchase so as to ensure continuous supply of materials throughout the manufacturing processes. Usually the suppliers will need to have approximately four (4) weeks from the point of taking the order to shipping the raw materials over to the Group.

For further information on the suppliers of raw materials, please refer to Section 6.7 of this Prospectus.

6.4.11 Quality Control and Quality Assurance

The DBB Group exercises stringent quality control measures in all its production lines. A QC Department produces certificates of analysis and reports for inspection by the MoH. The QC Department also ensures that all the quality control measures stipulated are strictly adhered to.

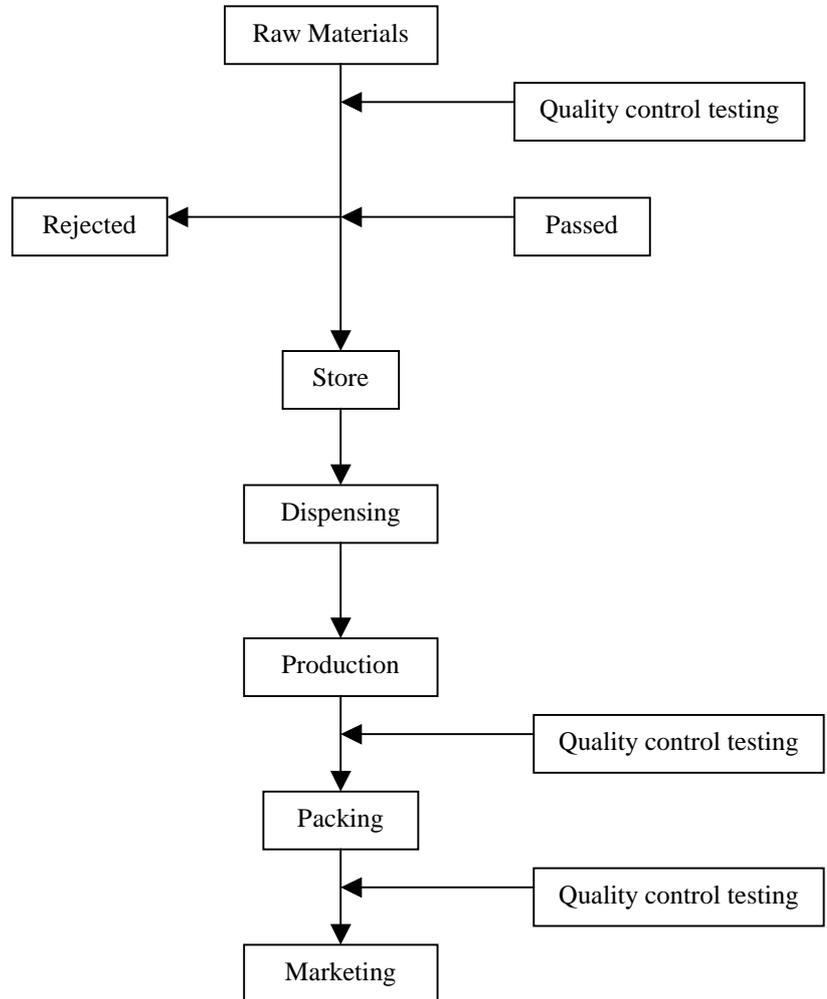
Quality of the products is further assured by the QA Department, which embarks on quality assurance from the receipt of raw materials to the production, control of production procedures and subsequent release of finished goods.

In addition, the QA Department performs internal quality audit functions to verify the respective departments' compliance with the MoH and GMP guidelines for production and GLP guidelines for QC laboratory.

All products must comply and meet the high specifications of both the QC and QA Departments.

6. INFORMATION ON THE DBB GROUP *(Continued)*

The following sets out the brief testing procedures of the QC Department:



Raw materials used by the Group in the production of pharmaceutical items undergo stringent quality control testing. Satisfactory raw materials are then moved to an “approved” area for storage purposes.

The QA Department, headed by a manager, conducts Batch Master Record to ensure that all items requested by production are dispensed and sent to the production area. Both the production and packaging processes are further subject to QC testing and QA procedures.

The DBB Group’s commitment to quality is well recognised and endorsed by its customers as evidenced by the long-term relationships established.

6. INFORMATION ON THE DBB GROUP (Continued)

6.4.12 R&D

The DBB Group has established a R&D Department with the aim of further enhancing its products in terms of innovation, quality and differentiation.

R&D facilities and personnel involved

The R&D facilities of the Group can be classified under three (3) major categories. The general production facility, which is a control class 100 K, is used in the production of new R&D formulation batches. This area has the facility to control the humidity of the area for the development of hydrosopic products. Sterile liquid R&D batches are carried out in the sterile area facilities. The sterile area can be classified into three (3) clean room areas. Class 100 means that not more than 100 particles per cubic feet of air are permitted in the room, and each particle is no more than 0.5 micron in size. The other clean room is class 10 K. The sterile utility area is class 100 K which has particles not more than 100 K. The actual R&D batches are produced under class 100 where the particle count is minimum.

The testing, sterility studies, validation and accelerated studies are conducted in the existing laboratory which consist of an instrumental laboratory and equipped with a Gas Chromatography, Atomic Absorption, High Performance Liquid Chromatography, Spectrophotometer and Polarimeter.

The laboratory also consists of microbiological laboratory with clean rooms and equipment room. The equipment room consists of bacterial endotoxin testing equipment, laminar flows and biohazard cabinet, where crucial processes are carried out.

The R&D team is made up of individuals who have a wide range of experience in the field of pharmaceutical research, clinical studies, biotechnological research, QC, QA and market research. Some of the R&D studies, researches and bio-equivalent studies are undertaken in collaboration with the local universities such as Universiti Malaya and Universiti Sains Malaysia.

The R&D team of the DBB Group comprises the following thirteen (13) individuals from various fields:

Name	Designation	Responsibility	Estimated time spent on R&D
Chia Ting Poh @ Cheah Ting Poh	Managing Director	Marketing Advisor	20%
Ang Bee Lian	Executive Director	Advisor	30%
Quek Keng Pheng	R&D Manager	Technical	100%
Shunmugam Rajasekar (Expatriate)	R&D Process Development Manager	Formulation and Process Development	100%
Sumathy A/P Ramasamy	Chemist	Product Evaluation and Method Development	100%
Valliyappan A/L S. Thevarayan	Executive Director/ Factory Manager	Technical / Clinical Studies	30%
Elizabeth Lau Sze Chuan	QC Manager	QC	20%
Loo Sun Nooi	QA Manager	QA	20%
Krishnakumara Reddi	Production Manager	Sterile Production	30%
Noor'ashikin binti Zainal	Production Manager	General Production	20%

6. INFORMATION ON THE DBB GROUP (Continued)

Name	Designation	Responsibility	Estimated time spent on R&D
Saravanan A/L R. Veerapan	R&D Executive	Stability Studies	100%
Khor Cherng Yeh	Regulatory Pharmacist	Regulatory	20%
Khairunizam bin Ahmad Zaini	Validation Chemist	Validation Studies	80%

As depicted above, the R&D department consists of four (4) full time staff who dedicates 100% of their time on R&D and nine (9) other members from various fields. Therefore, the pilot production for the R&D department is carried out as a shared responsibility between the department and its appropriate manufacturing and testing counterparts in the major units. A task force approach is practised whereby experienced personnel from various divisions within the DBB Group will meet as a committee to contribute appropriate work respectively for the R&D department to follow up.

Present status of R&D

Presently, the Group is involved in the following:

- (a) upgrading the R&D Department which comprises experienced and skilled pharmacists, chemists, biotechnologists and microbiologists;
- (b) sourcing for overseas expertise and new technologies;
- (c) joint ventures with teaching hospitals and other institutes of higher learning such as Universiti Malaya and Universiti Sains Malaysia to undertake bio-equivalent studies; and
- (d) embarking on biotechnology in collaboration with a Canadian partner, Dragon Pharmaceuticals to formulate *Erythropoietin*.

The clinical bioavailability and bioequivalent studies conducted in collaboration with the local universities include the following:

- (a) to develop injectable suspension, a mixture of powder and liquid;
- (b) to study and enhance the formulation of biotechnology products especially *Erythropoietin*. The Group is currently standardising the testing methods with Universiti Malaya in respect of the formulation of *Erythropoietin*.

In March 2002, an agreement was between the DBB Group and Universiti Malaya whereby the Faculty of Medicine in Universiti Malaya is appointed to conduct quality control tests on the recombinant human *Erythropoietin* produced by the DBB Group. The university is responsible for co-ordination, supervision and consultation on the tests, while DBB Group will supply the resources required for the project; and

- (c) to develop a once-a-month contraceptive injection, which is the only type available in the market.

6. INFORMATION ON THE DBB GROUP *(Continued)*

Key achievements in R&D

The DBB Group's R&D team have successfully made various innovations in the local pharmaceutical industry. Among the products launched by the team include:

- (a) **Cephalosporin, a third generation antibiotic, introduced to the market under the brand names of Anikef and Bicafar.** This is a sterile product manufactured under very stringent control to meet international standards and is well received by the industry. Anikef and Bicafar are two of the best selling items for the Group, generating approximately RM2.7 million sales for the financial year ended 31 December 2001.
- (b) **Depocon, an oil based injection for contraceptive.** The team has successfully standardised the formulation and it is stable for three (3) years. This product is well received in the market with growth potential. The Group achieved sales of RM470,000 on this product for the financial year ended 31 December 2001.
- (c) **Domi, an injection used as induction of anaesthetic, widely used in all surgical operations.** This product was developed by the team and is used in all MoH hospitals. Domi sales for the financial year ended 31 December 2001 were approximately RM500,000.
- (d) **Denkan, an injection used as local anaesthetic, widely used in dental surgery.** This product achieved sales of RM985,000 for the financial year ended 31 December 2001.

As at end of 2001, the R&D team launched a total of eighty-eight (88) types of injectable items.

6.4.13 Seasonality

Overall, the demand for pharmaceutical products, especially ethical products, is not affected by economic cycles, as medical products are necessities due to the fact that health issues are crucial to individuals and the community.

6.4.14 Production Capacities and Output

The DBB Group's current production output, which is approximately 70%-80% of total capacity, is as follows:

- One (1) billion tablets and capsules per year;
- Over thirteen (13) million ampoules of small volume injectables per year; and
- Over one (1) million litres of haemodialysis solution per year.

The remaining production capacity, coupled with the planned expansion in capacity that is in progress now, will be utilised to cater for anticipated increase in the sales of DBB Group's products in the future.

6. INFORMATION ON THE DBB GROUP *(Continued)*

6.4.15 Achievements of the DBB Group

The achievements of the DBB Group are summarised as follows:

- (a) Certificate of appreciation for DMSB's participation in student placement programme by Universiti Kebangsaan Malaysia; and
- (b) Recognition of DMSB's pharmaceutical factory as the premise for trainee pharmacists from MoH to undergo "Pupillage" training.

6.4.16 Location of Production Facilities and/or Principal Place of Business

The location of principal assets, production facilities and principal place of business of the DBB Group are as follows:

Duopharma Biotech Bhd
 Lot 2599, Jalan Seruling 59 Kaw 3
 Taman Klang Jaya
 41200 Klang
 Selangor Darul Ehsan

6.5 Subsidiary and Associated Companies of DBB

DBB has only one (1) subsidiary, the details of which are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
DMSB (42491-M)	14 October 1978 Malaysia	1,700,000	100.00	Manufacturer, distributor, importer and exporter of pharmaceutical products and medicines

DBB does not have any associated companies as at the date of this Prospectus.

Further information on DMSB is as follows:

(i) History and Business

DMSB was incorporated in Malaysia on 14 October 1978 under the Act as a private limited company under the name of Duopharma (M) Sendirian Berhad.

As a wholly-owned subsidiary of DBB, the company is principally engaged in manufacturing, distributing, importing and exporting of pharmaceutical products and medicines. DMSB does not have any subsidiary or associated companies as at the date of this Prospectus.

In 1986, the company embarked on its manufacturing activities, and has since managed to carve a niche and become one of the leading local manufacturers of sophisticated and specialised small volume injectable items. DMSB's 89,000-sq. ft. factory in Klang is GMP-certified.

6. INFORMATION ON THE DBB GROUP (Continued)**(ii) Share Capital**

The authorised share capital of DMSB is RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of DMSB is RM1,700,000 comprising 1,700,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares of RM1.00 each in DMSB allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
14.10.78	2	1.00	Subscribers' shares	2
25.06.79	29,998	1.00	Cash	30,000
30.06.82	50,000	1.00	Cash	80,000
20.02.84	30,000	1.00	Cash	110,000
20.02.84	50,000	1.00	Bonus Issue	160,000
06.02.85	100,000	1.00	Cash	260,000
15.10.86	240,000	1.00	Cash	500,000
28.12.89	200,000	1.00	Cash	700,000
05.10.92	1,000,000	1.00	Cash	1,700,000

(iii) Major Shareholders

Major shareholders (with a shareholding of 5% and above) of DMSB as at the date of this Prospectus are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each in DMSB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DMSB	% of issued and paid-up share capital
DBB	1,700,000	100.00	-	-
Chia Ting Poh @ Cheah Ting Poh	-	-	1,700,000 ¹	100.00
Ang Bee Lian	-	-	1,700,000 ¹	100.00
Prosearch	-	-	1,700,000 ¹	100.00

Note:

¹ Deemed interested through their shareholdings in DBB

6. INFORMATION ON THE DBB GROUP (Continued)**(iv) Profit and Dividend Record**

A summary of the audited profit and dividend record of DMSB based on its audited financial statements for the past five (5) financial years ended 31 December 2001 is as follows:

	<----- Year ended 31 December ----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,119	32,791	48,300	52,139	56,157
EBITDA	5,173	7,651	14,022	17,814	18,468
Exceptional item	-	2,552	-	-	-
Depreciation	(1,403)	(1,566)	(1,728)	(1,985)	(2,243)
Interest expense	(2,197)	(2,878)	(1,551)	(857)	(789)
PBT	1,573	5,759	10,743	14,972	15,436
Taxation	(184)	55	(100)	(3,980)	(3,338)
PAT	1,389	5,814	10,643	10,992	12,098
No. of ordinary shares of RM1.00 in issue ('000)	1,700	1,700	1,700	1,700	1,700
Gross EPS (RM)	0.93	3.39	6.32	8.81	9.08
Net EPS (RM)	0.82	3.42	6.26	6.47	7.12
Gross dividend rate (%)	36.0	-	335.3	200.0	400.0

Notes:

- (i) *There were no extraordinary items during the years under review.*
- (ii) *In 1999, no provision for taxation was made in view of the tax waiver year pursuant to the Income Tax (Amendment) Act, 1999.*
- (iii) *The increase in revenue and PBT for the financial years ended 31 December 1998 to 2001 was primarily due to a sales contract with Remedi. Remedi holds the exclusive rights to supply to the MoH via a concession agreement, which was novated by UEM to Remedi. The contract to supply to government hospitals via Remedi amounted to RM54 million over three (3) years from 1 January 1998 to 31 December 2000. Two (2) new contracts with Remedi were drawn to supply for another three (3) years from 2001 amounting to approximately RM90 million.*
- (iv) *The net EPS is calculated based on the PAT over the 1,700,000 ordinary shares of RM1.00 each in issue.*
- (v) *The exceptional item in 1998 relates to dividend received from DL, a company incorporated in the Republic of Ireland. No adjustments were made to consolidate the results retrospectively as DL filed for de-registration on 27 September 1999 and was formally de-registered on 16 June 2000.*

6. INFORMATION ON THE DBB GROUP *(Continued)*

6.6 Major Customers

The DBB Group sells its products to government hospitals and doctors via Remedi, which accounted for approximately 40% of the Group's total revenue for the financial year ended 31 December 2001. Sales to Remedi for the past three (3) financial years are as follows:

Financial Year Ended 31 December	RM'000
1999	22,648
2000	24,774
2001	22,393

In addition, the Group has over 2,500 other customers served by experienced sales personnel and stockists throughout Malaysia. The other customers of the DBB Group comprise government agencies (such as the Ministry of Defence), teaching hospitals under the Ministry of Education as well as other hospitals, general practitioners and clinics in the private sector, so as to maintain a balance of selling to government hospitals and doctors via Remedi and to other customers. Most of the major customers have been with the Group for more than five (5) years with some having established the relationships for more than ten (10) years.

An approximate breakdown of the Group's customers based on the financial year ended 31 December 2001 is as follows:

Clientele base	% of revenue
Government hospitals/doctors via Remedi	40%
Private Sector	37%
Tenders (Government)	11%
Exports	12%

The major customers of the DBB Group for the past five (5) years are as follows:

Customers	Length of relationship Years	% of sales for the year ended 31.12.01 %
Remedi	> 5	39.9
Medi Chem System (M) Sdn Bhd	> 5	2.4
Fidin Universal Sdn Bhd	> 10	2.3
Tamasetia Resources Sdn Bhd	> 5	1.8
Duopharma Trading (S) Pte Ltd	> 5	1.6
Apex Healthcare Group of Companies	> 10	1.0
Primabumi Sdn Bhd	> 10	1.0
Pharmaquest Sdn Bhd	> 5	0.8
Hongkiat Trading & Co (Brunei)	> 10	0.8
Geliga Sistem Sdn Bhd	> 10	0.3

6. INFORMATION ON THE DBB GROUP (Continued)**6.7 Major Suppliers**

Approximately 70% of the raw materials, consisting of active ingredients, are imported while the remaining 30%, consisting of packaging material and bottles, are sourced locally. The DBB Group has established long-term mutually beneficial relationships with its key suppliers, many of which have had business dealings with the Group for more than ten (10) to fifteen (15) years. Suppliers of DBB also serve other world-renowned pharmaceutical companies in Europe and the USA. As such, a high degree of quality can be expected.

The major suppliers of DBB for the past five (5) years are as follows:

Foreign suppliers	Length of relationship Years	% of purchases for the year ended 31.12.01 %
Soma Chemie GMBH	> 15	23.3
Vitalchemie Corp	> 10	11.0
PT Schott Glass	> 5	5.8
China Jiangsu Medicines & Health Products Corporation	> 10	4.9
Rotexmedica GMBH	> 15	3.6
ACS Dobfar	> 15	3.3
Akiran Pte Ltd	> 5	1.8
Wonyung Company	> 10	1.4
Tai Guk Pharma	> 15	1.2
Chong Kun Dang Corporation	> 15	0.9
Refarmed Chemicals Ltd	> 15	0.4
Local suppliers	Length of relationship Years	% of purchases for the year ended 31.12.01 %
U Lik Sdn Bhd	> 5	1.2
General Aluminium Works (M) Sdn Bhd	> 5	1.2
Elite Organic Sdn Bhd	> 5	0.8
Champion Labels (M) Sdn Bhd	> 5	0.7
BASF Sdn Bhd	> 5	0.7
Euro Chemo Pharma Sdn Bhd	> 10	0.4
Prima Inter Chem Sdn Bhd	> 15	0.3
Central Sugars Refinery Sdn Bhd	> 5	0.2

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS

7.1 Industry Overview

7.1.1 Overview of the Malaysian Economy

The Malaysian economy remained resilient in 2001. While the global economic slowdown in 2001 was more severe than earlier expectations, Malaysia avoided economic contraction and growth for the year remained in positive territory. The negative effects of the economic slowdown in the USA and global electronics downturn were felt as early as March 2001. These were manifested in declining manufacturing production and negative export growth. Concerted efforts since the crisis to promote domestic sources of growth and reduce the over-dependence on exports resulted in real Gross Domestic Product (“GDP”) expanding by 0.4% in 2001. Fiscal stimulus measures and monetary policy that had remained accommodative led to higher public spending and positive growth in private consumption. During the year, public investment expenditure increased by 15.5% while public consumption expenditure increased by 11.9%. The direct contribution of the public sector (excluding the non-financial public enterprises) was significant at 3.4 percentage points to GDP growth in 2001. The unemployment rate was also contained below 4%.

National savings remained high at 34.9% of Gross National Product. The total domestic consumption accounted for more than half of GDP. Despite lower export earnings, the resilience in private consumption which increased by 2.8% during the year together with the strong growth in public sector expenditure of 13.9% mitigated the impact of the external sector on the domestic economy and the contraction in domestic private investment of 19.7%, following the consolidation by the corporate sector. Low interest rates and the Government’s measures to increase household disposable income through a temporary reduction in the employee’s contribution rate to the Employee’s Provident Fund, higher tax rebates and the increase in the taxable income bracket for the low and medium income groups contributed positively to growth in consumer spending.

Weaker growth in the export-oriented manufacturing industries was mitigated by positive growth in all other sectors, especially the services sector, domestic demand-oriented industries in the manufacturing sector and construction sector. Pro-growth policies to stimulate domestic activities resulted in growth of the services sector at a high level of 4.9% in 2001 and contribution of the services sector to GDP rose to 55.8%. Inflationary pressures remained muted as the Consumer Price Index only increased moderately by 1.4% due to the prevalence of excess capacity in certain sectors of the economy, the moderate appreciation of the RM against non-USD currencies, as well as lower imported inflation.

(Source: Bank Negara Malaysia Annual Report 2001)

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

Prospects for 2002

The outlook for the global economy has improved, supported by positive developments in the USA, with prospects of leading the recovery, thus supporting an upturn in the other regions, including the Euro area and East Asia. World growth is expected to pick up to 2.6% while world trade is forecast to expand between 2% and 2.5% in tandem with a gradual upturn in the electronics sector. Real output growth in the major industrial countries as a group is expected to stabilise at 1.1% while growth in the developing countries is projected to rise to 4.5%. Growth in the East Asian economies is envisaged to be slightly higher at 4.6%-4.8% due to expected stronger export demand in the second half of 2002.

The Malaysian economy is expected to strengthen in 2002 following a strengthening of external demand. Real GDP is projected to expand modestly by 3.5% in 2002 based on stronger growth in private consumption, a modest recovery in private investment, sustained public sector expenditure and a moderate growth in exports. Aggressive policy measures to enhance the role of the services sector would benefit these sectors which in turn could improve further the GDP growth.

Private consumption is expected to increase to 5% following the improved growth and employment outlook as well as the cumulative effects from the Government's measures that have raised disposable income. Additional measures announced by the Government in the 2002 Budget such as the 1-2 percentage points across-the-board reduction in individual income tax rates, raising the income threshold before the maximum income tax rate takes effect and an increase in civil servants' salaries should all further increase disposable income. Growth in private consumption is projected to be stronger in the second half-year when export demand gathers momentum. Private investment is also expected to recover in 2002, registering a positive growth of 1.2%.

Public consumption is projected to increase by 4.1% while public investment spending is projected to decline by 3% although the Federal Government's development expenditure allocation for 2002 remains high at RM28.4 billion with a major portion accorded to the economic and social sectors.

All major sectors are expected to record positive growth in 2002. The manufacturing sector is anticipated to recover, benefiting from the improvement in global demand for electronics. Value-added growth in the manufacturing sector is expected to turn around to register a positive growth of 4.2% in 2002. The anticipated economic upturn in USA and increase in electronics demand are expected to translate into stronger demand for Malaysian manufactured exports and stronger growth in the production of manufactured goods.

(Source: Bank Negara Annual Report 2001)

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

7.1.2 Overview of the Pharmaceutical Industry***Description of the industry***

Over the past years, the changing trends, growing affluence and rising living standards throughout the world have fuelled a strong demand for pharmaceutical and healthcare products and services, particularly in emerging economies. Realising its vast opportunities and immense growth potential, the Malaysian Government is determined to develop the pharmaceutical industry under the Seventh Malaysia Plan (1996-2000) (“7MP”) and the Second Industrial Master Plan (1995-2005) (“2nd IMP”).

The Malaysian pharmaceutical industry is fragmented and oligopolistic in nature. It is mainly dominated by a few multinationals such as Glaxo SmithKline, Zeneca, Dow and Bayer, some of which have production plants in the country for the manufacture of consumer products such as glucose and health drinks. They do not manufacture ethical products as these are normally imported from their foreign counterparts.

The fragmentation of the industry is due to the enormous variety of pharmaceutical products offered. However, each player tends to focus on a few niche areas of production. There are currently sixty-three (63) Malaysian-based pharmaceutical manufacturers licensed by the Drug Control Authority. Thirty-four (34) of these local manufacturers are licensed to produce ethical medicines while the rest produce non-scheduled and/or traditional medicines. These factories conform to the WHO’s GMP standards. Compliance with the GLP standards and other internationally accepted standards of the USA or British pharmacopoeia is also a pre-requisite. All these companies rely on a broad spectrum of distribution channels to satisfy the needs of end-users comprising mainly the retail sector, followed by hospitals and clinics.

(Source: ACNielsen (Malaysia) Sdn Bhd’s report dated 5 June 2002)

Differing segments

According to the MOPI, the Malaysian pharmaceutical market can be broadly divided into patented drugs, generic drugs and food supplements. MOPI is a local pharmaceutical industry organisation representing the local manufacturers and has a current membership of thirty-two (32) members. The DBB Group is a member of MOPI.

Patented drugs refer to drugs that are protected under intellectual property rights. During the period the rights are enforceable, only the patent holder and the persons authorised by the patent holder are allowed to exploit the product in terms of manufacture, usage, sale, and import. Other manufacturers can reproduce the drug without paying any royalty only when the patent expires. At that juncture, the drug will be known as a generic drug.

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

Patented and generic drugs can be further categorised into three segments:

(a) Ethical (scheduled medicines)

- Ethical patented products

The multinational corporations invent most of these products. The advantages of such products are fewer side effects, more potency, wider application and more effective than the old ethical products. The disadvantage of it is the higher price, which is usually 50 to 100 times more expensive than the old ethical products. These products are normally supplied by international companies. The normal patent shelf life for ethical patented products is twenty (20) years from the date of application. Malaysia observes all valid patents under Patent Act, 1983 and only the patent holder is allowed to market the product(s).

- Newly expired ethical patented products

For newly expired patented products, the prices are reasonable. There are usually not many players in this market because the testing and development of these products are normally very expensive and the developing methods are not readily available. Those players in the market who can obtain approval faster to develop the products will enjoy a larger share of the profit and market share. This is because the products are already well promoted by the original patent holder and hence promotional cost will be minimal.

- Old ethical products

Under this category, the patent of the products had long expired. There are many players in the market and the price is therefore lower. The market will be shared among many producers and as a result, the profit margin is relatively lower even though there are demand for such products.

(b) Non-prescription or OTC items (non-scheduled medicines)

- OTC products are generally for treatment of simple ailments such as flu and cold (e.g. vitamin supplements and food supplements). They are freely available in the market. The profit margin for the products is expected to be high if the products are well advertised, otherwise the demand is not substantial. Large multinational companies with huge budget on advertisement will have better competitive edge, as they will be able to capture the market through advertisements and promotions.

(c) Substances used in traditional medicines

- Herbal plants and roots are the usual substances found in traditional medicines and herbal remedies. They are relatively cheap and claim to be able to treat many types of ailments, which the western medical approach has not been able to manage effectively.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS (Continued)

Past performance of the industry

The total ex-factory sales of drugs and medicine grew at an average of 6.12% from RM307.3 million in 1995 to RM390.3 million in 1999. The industry imports and exports an enormous variety of products ranging from human to veterinary medicaments and from formulation of tablets, capsules, powders, liquids, ointments to injectables. Imports grew at 12.6% per year on average while exports at 10.7%. Total domestic sales also recorded growth, from a value of RM790 million in 1995 to an estimated RM1.661 billion in 2000¹. Although the growth rates differed year to year, an average of 16.23% was achieved and this clearly shows that there is a growing demand for drugs and medicines in the country.

Although the country still relies heavily on imported drugs and medicines, exports of Malaysian-made pharmaceutical products have risen about 400% since 1982. Principal destinations include other ASEAN countries, the Pacific Rim, Africa, the Middle East and countries of the former Soviet Union.

Note:

¹ The official market value of Malaysian pharmaceutical industry for year 2000 is unreleased yet. The forecasted figure is based on a growth rate of 15.3%.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

The following table shows that the Malaysian pharmaceutical industry has been able to sustain a fairly steady growth trend over the five (5) years from 1995 to 1999* despite the economic turmoil, which plagued the country in 1997/98:

Year	Manufacturing (ex-factory sale of drugs and medicines) RM'000	Growth rate %	Total exports RM'000	Growth rate %	Total imports RM'000	Growth rate %	Total domestic sales RM'000	Growth rate %
1995	307,301	5.75	201,116	12.94	798,598	12.32	790,000	15.33
1996	334,398	8.82	211,940	5.38	838,092	4.95	1,044,000	32.15
1997	344,914	3.14	202,812	(4.31)	1,034,759	23.47	1,199,000	14.85
1998	352,881	2.31	271,385	33.81	1,009,947	(2.40)	1,266,000	5.59
1999	390,300	10.6	286,853	5.70	1,235,617	22.34	1,441,000	13.82
Average Growth Rate		6.12		10.70		12.14		16.35

Note:

* An updated statistic of the industry performance is not available.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)***Industry key players**

A list of the product types and major players in the pharmaceutical industry are as follows:

Product	Major Players
Ethical patented products	Pfizer (Malaysia) Sdn Bhd Glaxo Smithkline, Malaysia Novartis Corporation (M) Sdn Bhd Merck (M) Sdn Bhd Eli Lilly (M) Sdn Bhd
Newly expired ethical patented products	DBB Group (especially injections such as Gastril Injection, Domi Injection, Tagadine Injection, Monasan Injection etc.) CCM Pharma Sdn Bhd Ranbaxy (M) Sdn Bhd Raza Pharmaceuticals Sdn Bhd Upha Corporation (M) Sdn Bhd Xepa Soul Pattinson (M) Sdn Bhd
Old ethical products	DBB Group Raza Pharmaceuticals Sdn Bhd Hovid (M) Sdn Bhd Upha Corporation (M) Sdn Bhd Xepa Soul Pattinson (M) Sdn Bhd
OTC products	Kotra Pharma (M) Sdn Bhd Hovid (M) Sdn Bhd Upha Corporation (M) Sdn Bhd <u>Retailers:</u> Guardian Pharmacy Apex Pharmacy Sdn Bhd Watson Personal Cares Stores Sdn Bhd <u>Wholesalers:</u> Apex Pharmacy Sdn Bhd Syarikat M S Ally Sdn Bhd

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

Relevant Government legislation and regulations

Due to the simple fact that medicines and drugs are consumed on the basis of the implicit trust that the products are safe, effective and of high quality, and that these products have a direct impact on the well-being of individuals, the Malaysian pharmaceutical industry is one of the most highly regulated sectors in the economy.

In order to help steer the development of the industry, comprehensive regulations and stringent quality and safety controls are required to govern the pharmaceutical manufacturing sector. The following sets out the pharmacy legislation of Malaysia:

- (a) Poisons Act, 1952 (Revised 1989)
- (b) Dangerous Drugs Act, 1952 (Revised 1989)
- (c) Registration of Pharmacists Act, 1951 (Revised 1989)
- (d) Sale of Drugs Act, 1952 (Revised 1989)
- (e) Medicines (Advertisement & Sale) Act, 1956 (Revised 1983)
- (f) Indecent Advertisement Act, 1953 (Revised 1981)
- (g) Trade Description Act, 1972
- (h) Weights and Measures Act, 1972

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

In addition to the international guidelines for the WHO's Code of GMP and Good Storage Practice, Malaysia has its own guidelines to ensure that the country's pharmaceutical industry produces reliable and excellent quality products of world-standard as follows:

- (a) Guidelines for Application for Registration of Pharmaceutical Products
- (b) Guidelines for Application for Registration of Traditional Medicines

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

The regulatory control of pharmaceutical products extends from the pre-clinical drug development stage to clinical trials and beyond product registration.

The MoH conducts regular and unscheduled inspections of factories to check for compliance with GMP. Products can only be registered for marketing upon meeting all requirements of the screening, evaluation and testing processes. The entire approval process may take two (2) years or more before the product can be launched. Products are also subject to random sampling by the NPCB where post-marketing surveillance takes over to monitor the quality of the products and ensure that any serious side effects are recorded and contained.

Government incentives and promotion

The government investment incentives for the manufacturing industry, listed as promoted activities/products include pioneer status, investment tax allowance, reinvestment allowance, export credit refinancing, double deduction of export credit insurance premiums and double deductions for promotion of exports.

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

According to the list of promoted activities and products which are eligible for consideration of pioneer status and investment tax allowance under the Promotion of Investment Act, 1986, only “the basic manufacture of pharmaceuticals” is eligible for pioneer status and investment tax allowance. The list of promoted activities and products for small scale companies under the Promotion of Investment Act, 1986, does include manufacturing of pharmaceuticals but limited to only “pigment preparation and dispersion”.

(Source: ACNielsen (Malaysia) Sdn Bhd’s report dated 5 June 2002)

For high technology companies, the “development, testing and production of pharmaceuticals, fine chemicals and food or feed supplements” are also included under the list of promoted activities under the Promotion of Investment Act, 1986 under the category of biotechnology. The details of the incentives are as follows:

- (a) Pioneer status with full tax exemption at statutory income level for a period of five (5) years.
- (b) Investment tax allowance of 60% on qualifying capital expenditure incurred within a period of five (5) years. The allowance can be offset against the statutory income for each assessment year without any restrictions.

Two (2) grant schemes have also been introduced to the pharmaceutical industry, namely the Technology Acquisition Fund and the Commercialisation of Research & Development Fund, with a combined value of RM161 million.

In addition, MITI, recognising the growth potential, has outlined plans for the future of the industry by encouraging industry players to focus on the following areas:

- (a) Building up production capability of active ingredients for the export as well as the local market;
- (b) Developing into a key regional manufacturer for certain patented products such as Zantac, Imigran, blood products by plasma fractionation and genetically engineered products;
- (c) Encouraging the manufacturing of veterinary pharmaceuticals from palm oil and introducing registration procedures and regulations for these products;
- (d) Manufacturing generics in support of the manufacturing of medical diagnostics; and
- (e) Supporting the development of intermediate suppliers, specialised pharmaceutical production, machinery and plants for the manufacturing of active ingredients and promoting expanded packaging material.

(Source: ACNielsen (Malaysia) Sdn Bhd’s report dated 5 June 2002)

Prospects and future growth of the pharmaceutical industry

The global pharmaceutical market is expected to expand at an average compounded annual rate of 7.8% to reach a hefty USD406 billion (RM1,542.8 billion) in year 2002. The fastest growing regions are expected to be South East Asia and China (11%), the Middle East (10.8%), North America (9.8%) and Australia (9.8%). The total pharmaceutical sales in South East Asia and China are forecast to grow to USD20.11 billion in year 2002.

Based on the IMS Health Pharma Prognosis Asia 2000-2004 Report, the leading pharmaceutical markets of Asia have shrugged off the effects of the 1998 economic crisis and resumed strong growth, with further growth expected in the year 2000 to 2004.

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS (Continued)

Ten (10) Asian countries namely, Indonesia, Taiwan, Malaysia, Singapore, Thailand, Philippines, South Korea, India, China and Hong Kong are forecast to post positive market growth for year 2000 to 2004, led by Indonesia, Taiwan and Malaysia. Pharmaceutical sales for the ten (10) countries combined are expected to grow from almost USD24 billion in year 2000 to over USD35 billion in year 2004, at a compound annual growth rate of 10.7%, at actual prices.

China is expected to remain the largest Asian market after Japan, but several others will post significantly higher growth rates over the next few years, partly due to their currencies appreciating against the dollar. The pharmaceutical markets of Indonesia, Taiwan and Malaysia, in particular, are expected to record growth rates in the high teens during the period.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

Malaysia's pharmaceutical market is predicted to record a compounded annual growth rate of 15.4% between year 2000 and 2004 (in USD terms). As Malaysia progresses into the ranks of developed nations, the needs of the population become more sophisticated. The increase in population and the growing affluence of the population are also important contributing factors.

The growing pharmaceutical needs, Government's emphasis on the health sector, the increasing accumulation of knowledge and skills of local manufacturers as a result of extensive R&D efforts, and tie-ups with foreign firms leading to technology transfers are expected to contribute to the development of the local pharmaceutical industry.

As a proof that the Malaysian pharmaceutical industry had met international standards in terms of quality in inspection and licensing of medicine and medical equipment, Malaysia has been officially accepted as a member of the Pharmaceutical Inspection Co-operation Scheme (PIC/S) on 1 January 2002 which enables local pharmaceutical manufacturers to market their products overseas. The membership is currently limited to 26 countries, amongst which include Australia, Britain, Canada, France, Germany, Italy and the Netherlands. Malaysia is the second country in Asia after Singapore to be given such membership.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

7.2 Future Plans, Strategies and Prospects

7.2.1 Future Plans of the DBB Group

(a) Biotechnology product – Erythropoietin

Since August 2000, the DBB Group has been granted the exclusive rights by Dragon Pharmaceuticals to formulate and market *Erythropoietin* to South East Asian countries, namely Malaysia, Singapore, Indonesia, Brunei, East Timor, Cambodia, Thailand, Vietnam, Philippines, Laos and Myanmar. The alliance with Dragon Pharmaceuticals allows the Group to acquire the necessary technical and commercial knowledge on the formulation of genetically engineered *Erythropoietin*.

The DBB Group estimates that the Malaysian market for *Erythropoietin* to be in the range of RM6.0 million to RM10.0 million per year. Inclusive of the South East Asian countries under the exclusive rights arrangement with Dragon Pharmaceuticals, the DBB Group estimates a total market of approximately RM75 million.

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

DBB has submitted the registration of *Erythropoietin* to the MoH. The Group's R&D department have commenced stability study for the past six (6) months and will continue to monitor the stability data for another eighteen (18) months.

Upon completion of the new factory that is expected by end of year 2002, the Group will proceed with the validation of the new factory and *Erythropoietin* by early year 2003. The production and commercialisation of *Erythropoietin* is expected to commence by end of year 2003. Upon commercialisation, DBB's agents and distributors in Myanmar, Vietnam, Singapore, and Philippines will be able to market *Erythropoietin*. Currently, the Group is seeking for suitable agents and distributors in the remaining countries within the territory specified under the exclusive rights granted by Dragon Pharmaceuticals.

(b) CAPD

The DBB Group estimates the domestic market size for this product to be approximately RM15 million per year. Presently in Malaysia, this product is imported directly from Baxter, a US company based in Singapore. There are currently three (3) major manufacturers in the world, namely Baxter (USA), Frecinius (Germany) and Gambro (Sweden).

The CAPD liquid is not patented. The management of the DBB Group intends to enter into negotiation with various foreign manufacturers for the joint venture to manufacture and sell CAPD in Malaysia and other parts of South East Asia. The joint venture would enable and expedite the transfer of technology and know how on the CAPD application system which has been established in the market. This is because to develop a new application system and ensure market acceptance of the new system may require a longer gestation period.

Upon commissioning of the new plant by 2003, the Group will have the capacity to venture into the manufacturing of CAPD. The initiative to produce CAPD locally is fully supported by the MoH. On full capacity, the Group will be able to produce five (5) million bags per year, of which 1.5 million bags will be supplied to the local market and the balance will be exported.

The DBB Group envisages good growth potential in this market. The DBB Group estimates that there are approximately 100 kidney patients per one million population in Malaysia. Based on this statistic, it is estimated that every year, there would be approximately new 2,200 patients requiring dialysis treatment, thereby translating into a potential demand of approximately three (3) million bags of dialysis liquid per year, assuming all patients opt for CAPD treatment.

(c) Export department

The Group intends to expand its export market to Jordan, Zimbabwe, Ghana and other African nations. It has already submitted its respective applications for the products to be exported to these countries but still pending registration from the respective governments. The average registration with the overseas market normally takes two (2) years.

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

In line with the Group's plan to expand its export market, an export department will be set up in year 2002 to concentrate on ways to capture the growing demand for pharmaceutical products in the regional as well as global arena. Existing markets will be enhanced further while new markets in Africa, the Middle East and South East Asia are targeted to be explored.

7.2.2 Future Marketing and Promotion Strategies

The DBB Group is committed to develop future marketing and promotion strategies as they consider marketing and promotion an important aspect in the distribution of ethical pharmaceutical products. Sales representatives who will be visiting the doctors and specialists are given regular training to provide in-depth knowledge on products manufactured. This is to ensure that the sales representatives are fully knowledgeable on the products (i.e. the method of usage, active ingredients etc.). In addition, in-house training as well as external courses are provided on salesmanship. External speakers specialised in a particular product such as *Erythropoietin* and CAPD are also invited to give seminars to all sales representatives so that they are updated on all product information. Furthermore, regular mailing by courier service to all doctors and specialists is also part of the promotional programme.

Apart from the above, the DBB Group is also committed to reduce its dependence on the contracts from Remedi by embarking into the manufacturing of new value-added biotechnology products such as *Erythropoietin* and CAPD as mentioned above, promoting the export of its generic products and ensuring the quality and reputation of its specialised products and services, to further penetrate into the local and export markets.

7.2.3 Prospects for the DBB Group in light of the Future Pharmaceutical Industry Outlook

In view of the favourable prospects of the pharmaceutical industry, the prospects of the DBB Group are expected to be positive, both in the local and export markets.

The DBB Group, being one of the leading manufacturers in the country, is bound to benefit and grow from this, as pharmaceutical products are important necessity items particularly when there exists numerous diseases and illnesses which affect the society. The growing substantial needs and inevitable expenditure in this sector will continue to propel the growth of the industry.

Although the Group's pharmaceutical products range from sterile to non-sterile items, its strength lies in the production of specialised sterile and ethical products such as small volume injectables and irrigation fluid. The Group has established a niche market in specialised and ethical products where there are relatively few reputable players and their ethical product brand names command loyalty from doctors and general practitioners. Its core ethical products are basic necessity of society and not susceptible to economic downturns. Thus, the demand for such products is relatively inelastic. Unlike general products which include food supplements and other OTC items, the demand may be affected during a downturn as these are fast moving consumer products considering their non-immediate health effects, and thus are given low priority when compared to scheduled or ethical products.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

7. INDUSTRY OVERVIEW, FUTURE PLANS, STRATEGIES AND PROSPECTS *(Continued)*

Having already gained a competitive edge via product differentiation of its small volume injectable items, the DBB Group will then venture into the highly specialised field of biotechnology and other product innovations to further enhance its position in the pharmaceutical industry.

Currently in the pipeline are the formulation of *Erythropoietin* and production of CAPD. The management of the DBB Group intends to enter into negotiation with various foreign manufacturers for the joint venture to manufacture and sell CAPD in Malaysia and other parts of South East Asia. The DBB Group has also signed an agreement with Allwin, an affiliate of Dragon Pharmaceuticals to purchase *Erythropoietin* in its raw material form and to formulate, market and sell the product in Malaysia, Singapore, Indonesia, Brunei, East Timor, Cambodia, Thailand, Vietnam, Philippines, Laos and Myanmar. Demand for both products is gaining momentum both locally as well as abroad. The global market size for *Erythropoietin* was valued at approximately USD4.8 billion being a genetically engineered product and this clearly indicates a growing market with immense potential.

(Source: ACNielsen (Malaysia) Sdn Bhd's report dated 5 June 2002)

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT

8.1 Major Shareholders and Promoters

8.1.1 Shareholdings (representing 5% or more of the issued and paid-up share capital of DBB)

The details of major shareholders and promoters of DBB and their respective shareholdings in DBB after the Public Issue and Offer For Sale are as follows:

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
<i>Promoters & major shareholders</i>					
Chia Ting Poh @ Cheah Ting Poh	Managing Director	12,500,024	25.00	14,949,974 ¹	29.90
Ang Bee Lian	Executive Director	14,949,974	29.90	12,500,024 ²	25.00
<i>Other major shareholders</i>					
Prosearch	-	8,000,000	16.00	-	-
Rosmimiee binti Abbas	Director of Prosearch	-	-	8,010,000 ³	16.02

Notes:

- ¹ Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB
- ² Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB
- ³ Deemed interested through her shareholding in Prosearch and her spouse's (Datuk Dr. Anis bin Ahmad) shareholding in DBB

The details of the moratorium imposed on the shareholdings of the major shareholders are as follows:

Name	Shareholding after the Public Issue and Offer For Sale		Shares placed under moratorium	
	No. of ordinary shares of RM1.00 each in DBB	%	No. of ordinary shares of RM1.00 each in DBB	%
Ang Bee Lian	14,949,974	29.90	9,582,762	19.17
Chia Ting Poh @ Cheah Ting Poh	12,500,024	25.00	8,110,829	16.22
Prosearch ¹	8,000,000	16.00	4,806,409	9.61
	35,449,998	70.90	22,500,000	45.00

Note:

- ¹ The major shareholder of Prosearch, namely Rosmimiee binti Abbas, has provided a written undertaking to the SC that she will not sell, transfer or surrender her shareholding in Prosearch during the same moratorium period as the condition imposed on Prosearch's equity interest in DBB

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

8.1.2 Profiles

Details of the major shareholders and promoters of DBB after the Public Issue and Offer For Sale are as follows:

- (i) **Chia Ting Poh @ Cheah Ting Poh**, please refer to Section 8.2.2 of this Prospectus.
- (ii) **Ang Bee Lian**, please refer to Section 8.2.2 of this Prospectus.
- (iii) **Prosearch** was incorporated in Malaysia on 16 March 1992 under the Act as a private limited company under the name of Prosearch Information Systems Sdn Bhd. Its principal activity is that of distributor of computer related publications and tendering agents for medical supplies. Its Board of Directors comprises the following members:
 - (a) Rosmimee binti Abbas; and
 - (b) Aznita binti Abbas.

The major shareholder of Prosearch and her shareholding in Prosearch as at the date of this Prospectus are as follows:

Name	<-----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
Rosmimee binti Abbas	24,999	99.99	-	-

Prior to the Restructuring Scheme, DBB's Board of Directors and major shareholders comprised the following members:

- (a) Chow Fong Chan; and
- (b) Maheswari a/p K. Rajoo.

Each of them holds 1 ordinary share of RM1.00 each in DBB representing 50% of the then issued and paid-up share capital. Both of them resigned from the Board of Directors and were replaced by the new Board of Directors on 22 May 2002. The details of the new Board of Directors are highlighted in Section 8.2 of this Prospectus.

Save as disclosed above, there are no major significant changes of the major shareholders/promoters of DBB since its incorporation.

8.1.3 Other Directorships and Major Shareholdings

None of the major shareholders and promoters of DBB have any directorships and/or any major shareholdings (representing 5% or more of the issued and paid-up share capital) in other public companies incorporated in Malaysia for the past two (2) years.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Continued)

8.2 Board of Directors

8.2.1 Shareholdings

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital	No. of ordinary shares of RM1.00 each in DBB	% of issued and paid-up share capital
Tan Sri Dato' Dr. Abu Bakar Suleiman	Chairman/ Independent Non-Executive Director	10,000 ³	0.02	-	-
Chia Ting Poh @ Cheah Ting Poh	Managing Director	12,500,024	25.00	14,949,974 ¹	29.90
Ang Bee Lian	Executive Director	14,949,974	29.90	12,500,024 ²	25.00
Valliyappan A/L S. Thevarayan	Executive Director	10,000 ³	0.02	-	-
Dato' Dr. Yap Thong @ Yap Yit Thong	Independent Non-Executive Director	10,000 ³	0.02	-	-
Datuk Dr. Anis bin Ahmad	Non- Independent Non-Executive Director	10,000 ³	0.02	8,000,000 ⁴	16.00 ⁴
Lee Siew Kuan	Independent Non-Executive Director	10,000 ³	0.02	-	-

Notes:

- 1 Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB
- 2 Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB
- 3 All Directors are entitled to 10,000 new ordinary shares of RM1.00 each in DBB under the share allocation to eligible Directors of the DBB Group in conjunction with the Offer For Sale
- 4 Deemed interested through his spouse's (Rosmimiee binti Abbas) shareholding in Prosearch

8.2.2 Profiles

The details of the Directors of DBB are as follows:

Tan Sri Dato' Dr. Abu Bakar Suleiman, a Malaysian aged 58, was appointed to the Board on 22 May 2002. A medical practitioner by profession, he obtained his Bachelor of Medicine and Bachelor of Surgery degrees from Monash University, Australia in 1968 and a Master of Medicine in Internal Medicine from University of Singapore in 1974. He is also a member of the Royal Australasian College of Physicians and Honorary Fellow of the American College of Physicians.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

He has also attended the advance management program at Harvard Business School. He began his career as a medical officer with Hospital Pontian, Johor in 1970 where he served for a year and subsequently served at Hospital Sultanah Aminah, Johor Bahru from 1971 to 1974 before he became a Consultant Physician with the Department of Nephrology of Hospital Kuala Lumpur. In 1975, he was a visiting fellow to the Division of Nephrology of Georgetown University Hospital, Washington DC as well as Prince Henry's Hospital of Melbourne, Australia. In 1976, he returned to be the Consultant Nephrologist and Head of the Department of Nephrology of Hospital Kuala Lumpur and was attached with the hospital for eleven (11) years. In 1987, he held the position of Director of Medical Services of MoH and became Deputy Director General of Health in 1989 before rising to the rank of Director General of Health of the ministry, a position he held from 1991 to 2001. Presently, he sits on the board of KPJ Healthcare Berhad, a company listed on the Main Board of the KLSE and several private limited companies.

Chia Ting Poh @ Cheah Ting Poh, a Malaysian, aged 57, was appointed to the Board as the Group Managing Director on 22 May 2002. He is a co-founder of DMSB and has been its Managing Director since 1979. A pharmacist by profession, he graduated from the Curtin University of Technology, Perth, Australia in 1971 with a Bachelor of Science (Pharmacy) degree. He started his career with the Royal Perth Hospital as a pharmacist before joining Dumex (M) Sdn Bhd as a production pharmacist in 1973. Subsequently, he obtained his Post-Graduate Degree in Business Administration also from the Curtin University of Technology, Perth, Australia.

In 1974, he incorporated Cheah & Fam (Malaysia) Sdn Bhd (now known as Malaysian Institute of Healthcare Management Sdn Bhd), then an importer of pharmaceutical products and was a leading supplier of generic pharmaceutical products. He left in 1979 to establish DMSB and subsequently resigned as director of Cheah & Fam (Malaysia) Sdn Bhd in 1983.

From a humble beginning as an importer of pharmaceutical products, DMSB evolved to have its own manufacturing facility in 1986 in line with the Government's policy to promote local production. With his entrepreneurship, hard work and vision, the company diversified into the production of small volume injectables in 1995 when the present factory of DMSB was completed.

As the Managing Director of the DBB Group, he is responsible for the overall strategic business direction of the Group and developing new target markets locally and abroad. He has participated in numerous overseas trade missions organised by the Government and international trade fairs to keep abreast with the latest technology in the pharmaceutical industry. His vast experience in the industry and well-established network with doctors and specialists has enabled him to be well versed with the intricacies of pharmaceutical trade and has groomed the Group to the present stage. He is presently the council member of Malaysian Industry Government Group For High Technology ("MIGHT") (Pharmaceutical Division) as well as a member of various pharmaceutical organisations such as MOPI, Pharmaceutical Society of Western Australia, Pharmaceutical Society of Malaysia and Parenteral Drug Association.

Ang Bee Lian, a Malaysian, aged 50, is a co-founder of the Group and was appointed to the Board as Executive Director of the Group on 22 May 2002. She is a pharmacist by profession and graduated from the Curtin University of Technology, Perth, Australia in 1974 with a Bachelor of Science (Pharmacy) degree. She started her career as a pharmacist with the Sarawak General Hospital in Kuching in 1975 before setting up DMSB in 1979.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

She has had hands-on experience in the field of pharmaceutical manufacturing and also in ensuring continuous compliance and upgrading of GMP standard. Her experience has enabled the Group to develop a smooth production flow, enhancing production efficiency to its optimum level. She is involved in the R&D processes undertaken by DMSB. Besides, she is also responsible for the finance, human resource and general administration of the Group and has been with DMSB since its inception in 1979.

She has been a member of the Pharmaceutical Society of Western Australia for the past 15 years and is also a member of the Pharmaceutical Society of Malaysia.

Valliyappan A/L S. Thevarayan, a Malaysian, aged 38, was appointed to the Board on 22 May 2002 and is also the Factory Manager of the DBB Group. He holds a Master of Science from the Madurai Kamaraja University of India and a Master of Medical Science from the Universiti Malaya. He has been trained in the field of biotechnology especially in medical biotechnology and has vast experience in the production of monoclonal antibodies and antigens. He has also published several scientific publications in the field of monoclonal antibodies and antigens. He joined DMSB in 1994 as a production executive, responsible for the overall production of sterile, small volume and large volume parenterals. He was promoted to production manager (Sterile Department) in 1997 and subsequently to his current position in January 2000 and is responsible for the overall production activities of DMSB.

Prior to joining DMSB, he was attached to Top Plant Laboratories Sdn Bhd, a commercial biotechnology company, for four (4) years. He is also a member of the Parenteral Drug Association.

Dato' Dr. Yap Thong @ Yap Yit Thong, a Malaysian, aged 58, was appointed to the Board on 22 May 2002. A medical practitioner by profession, he obtained his Bachelor of Medicine and Bachelor of Surgery ("MBBS") degrees from Universiti Malaya in 1970 and also Post-Graduate Degree Member of College of General Practitioner ("MCGP") from Universiti Malaya in 1980. He began his career as a medical officer with the MoH in 1970 and was attached with the ministry for three (3) years. Thereafter, he operated his own group medical practice to serve the community from 1973 to 1995. In addition, Dato' Yap has vast experience in the medical profession and is well versed in the biotechnology area.

Dato' Yap has been very involved in his professional body and social work since his graduation in 1970. He was first elected as Chairman of the Malaysian Medical Association, Perak Branch, in 1976 and continued to hold the post until 1978. He joined the Rotary Club in Ipoh in 1978 and rose to the rank of President of the club in 1986/87. In the meantime, he also held the post of Chairman of the College of General Practitioners, Perak Chapter, from 1980 to 1990. He was also appointed as a member of the Board of Visitors of Hospital Bahagia, Ulu Kinta since 1978 and was the Chairman of that Board from 1988 to 1995.

Besides his continuous commitment to his social work, he founded the Malaysian Chapter of the International Medical Parliamentary Organisation ("IMPO") and was recently elected as a council member of the Malaysian International Chambers of Commerce and Industry ("MICCI"), Perak Branch. For his contributions at both state and national levels, the Sultan of Perak awarded him the title DPMP that carries the title "Dato" in April 2000. Besides the above, Dato' Yap is also a managing director and director of several private limited companies.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

Datuk Dr. Anis bin Ahmad, a Malaysian aged 56, was appointed to the Board on 22 May 2002. He holds a Ph.D. in Pharmacology from the University of Bath, United Kingdom, a Master of Science in Pharmaceutical Technology from the University of London and a Bachelor of Pharmacy from the University of Singapore. Datuk Dr. Anis has extensive experience in pharmacy and started his career as a pharmaceutical officer/pharmacist with the MoH in 1968 where he was attached for six (6) years. Thereafter, he was a lecturer and Head of the Department of Pharmacology in Universiti Kebangsaan Malaysia. In 1983 to 1987, he served as the Deputy Director of NPCB of MoH and was thereafter promoted to Director of NPCB in 1988 and served in that capacity until 1990. He was also the Secretary of the Drug Control Authority of MoH from 1985 to 1990. In 1991, he held the position of Deputy Director of the Pharmacy Division of MoH. In 1993, he was the Deputy Director of Health (Pharmacy) for the Department of Health, Johor before returning to be a Director of NPCB in 1995. He was subsequently promoted to be a Director of Pharmacy of MoH in 1996 and was attached for five (5) years to 2001. Datuk Dr. Anis was awarded the title Pingat Jasa Negara that carries the title “Datuk” by Seri Paduka Baginda Yang Di-Pertuan Agong in 2001. He is also a non-executive director of several private limited pharmaceutical companies.

Lee Siew Kuan, a Malaysian aged 70, was appointed to the Board on 22 May 2002. He holds a Bachelor of Commerce and Certificate in Accounting from the University of Queensland, Australia. Mr. Lee is a member of the Malaysian Institute of Accountants (MIA), Malaysian Association of Certified Public Accountants (MACPA) and fellow member of the Certified Practising Accountants Australia (CPA Australia) as well as a member of the Institute of Internal Auditors Malaysia. He began his career as an Officer of the Auditor General of Malaysia in 1961 and retired as an Assistant Auditor General in 1986. From 1986 to 1992, Mr. Lee became a Special Assistant to the Governor of Bank Negara Malaysia. Thereafter, from 1993 to 1994, he was involved in some counselling work with a transport company and a local college before taking the role of Executive Counsellor of Pacific Bank Berhad for three (3) years from 1995 to 1997. Mr. Lee was the Chief Executive Officer of the National Kidney Foundation of Malaysia from 1997 to April 2002. He is currently also a Director of CPA Australia (M) Sdn Bhd.

8.2.3 Other Directorships and Major Shareholdings

Save as disclosed in this Prospectus, none of the Directors of DBB have any directorships and/or any major shareholdings (representing 5% or more of the issued and paid-up share capital) in other public companies incorporated in Malaysia for the past two (2) years.

8.2.4 Aggregate Remuneration and Benefits of Directors

The aggregate remuneration paid to the Directors of the Company for services rendered to the Company and its subsidiary in all capacities for the financial year ended 31 December 2001 amounted to RM657,918. For the financial year ending 31 December 2002, the amount payable to the Directors of the Company for services rendered to the Company and its subsidiary in all capacities is forecast to be approximately RM1,394,786.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Continued)

The amount of remuneration and benefits received/receivable by each Director is summarised below:

	Remuneration (RM'000 per year)		Benefit (RM'000 per year)	
	2001	2002	2001	2002
Executive Directors				
DBB	-	72	-	-
DMSB	657	1,140	47	48
Non-executive director				
DBB	-	182	-	-

8.3 Audit Committee

The composition of the Audit Committee of DBB is as follows:

Name	Designation	Directorship
Lee Siew Kuan	Chairman	Independent Non-Executive Director
Chia Ting Poh @ Cheah Ting Poh	Member	Managing Director
Dato' Dr. Yap Thong @ Yap Yit Thong	Member	Independent Non-Executive Director

8.4 Key Management and Technical Personnel

The key management team in charge of the daily operations of the DBB Group is headed by its Managing Director, Chia Ting Poh @ Cheah Ting Poh and a team of experienced management and professional personnel, inclusive of Ang Bee Lian and Valliyappan A/L S. Thevarayan (whose profiles are disclosed in Section 8.2.2 of this Prospectus). The particulars of the key management and technical personnel of the DBB Group are as follows:

8.4.1 Shareholdings

None of the key management/technical personnel have any direct or indirect interests in DBB apart from the ordinary shares of RM1.00 each in DBB to be offered to them pursuant to the Public Issue as stated in Section 4.5 of this Prospectus.

8.4.2 Profiles

Chek Wu Kong, aged 36, is the Financial Controller and is responsible for the corporate and financial matters of the Group. He graduated with an Honours degree in Accounting from the Universiti Malaya in 1990 and obtained his professional qualification from MACPA in 1994. He is also a member of MIA. He commenced his career in an international firm of public accountants in 1990, gaining experience in taxation, auditing and accounting. Thereafter, he joined Komarkcorp Berhad in 1994 as an accountant responsible for corporate restructuring, group accounting and finance. He was promoted to Group Finance Manager in 1995 and thereafter to Group Financial Controller in 1996 before leaving to venture into his own business in January 2000. He joined DMSB in August 2000 in his present capacity.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

Ng Chee Leong, aged 41, joined DMSB in October 1989 as a hospital sales executive. He graduated from Stamford College with a Diploma in Marketing in 1991 and later pursued and obtained a Certificate in the study of German language from Colon Institute in Hamburg, Germany. Before joining DMSB, he held several managerial positions in companies promoting specialised educational products for children and students. He was promoted to an Area Sales Manager (Selangor) in 2000 and is in charge of the central Selangor area, rapidly developing and expanding the customer base. His efforts to keep abreast with the market, coupled with his vast experience, have enabled him to serve his customers' needs well. He was promoted to General Sales Manager in April 2001.

Yong Su Oi, aged 39, joined DMSB in July 1993. Prior to that, she was attached to the Sales and Administration Department of Pan Malaysia Cement Industry from 1982 until 1989. Thereafter, she joined UMH Pharmacy Sabah Sdn Bhd until June 1993 as a sales executive, gaining experience in the pharmaceutical industry. Presently, she is the Area Sales Manager covering the Sabah and Brunei market. She liaises with the local customers and stockists in Sabah and Brunei for the sales and has good rapport with them to ensure that their needs are fulfilled and the services provided are to the satisfaction of the clients.

Ng Chin Hoo, aged 42, is the Area Sales Manager for Perak. He obtained his Higher School Certificate in 1978. He joined DMSB in 1980 as a sales executive and was promoted to his current position in 1991. Presently, he is in charge of all local sales covering Perak and assists DMSB in the launching of new products and dissemination of market and products information. He has more than twenty (20) years of experience in this industry and has good rapport with his customers.

Teh Seng Keat, aged 49, joined DMSB as a sales representative in 1987. He was promoted to Area Sales Manager (Northern Region) in 1991, covering Penang, Kedah and Perlis. Prior to joining DMSB, he was attached to other establishments from 1981 to 1987 as a medical sales representative covering the northern region. He has vast experience in the area of pharmaceutical sales and marketing and is currently in charge of the sales orders and development of new customer base in the northern region.

Goh Chok Kwee, aged 45, joined DMSB in 1985 as a sales executive and was promoted to an Area Sales Manager (Johor) in 2000. He obtained his General Certificate of Education in 1974. Currently, he is responsible for the marketing aspects, which include developing the southern market of Peninsular Malaysia, identifying customers needs and contributing to the development of products. His vast experience in the pharmaceutical industry has enabled him to implement marketing strategies and expand his customer base. Prior to joining DMSB, he was attached to Tasy Sdn Bhd which markets OTC products to pharmacies, drug stores and supermarkets.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

Krisnakumara Reddi, aged 32, is the Production Manager (Sterile Department) of the Group. He graduated with a Bachelor of Pharmacy (Hons) degree from Universiti Sains Malaysia in 1994 and was trained in the National Pharmaceutical Control Selangor Enforcement Unit and the General Hospital of Kuala Lumpur from 1994 to 1995. The training involved procedures for registration of new products, good laboratory practices, good manufacturing practices, drug information unit, clinical pharmacy, drug dispensing, stock inventory management and also the aspects of pharmaceutical enforcement. After completing his pharmacy training, he joined Bristol Myers Squibb Sdn Bhd as a hospital sales representative in 1995. Thereafter, he was attached to Smith Kline Beecham Sdn Bhd and Upha Pharmaceutical (M) Sdn Bhd as a production pharmacist from 1996 to 1998. In both the companies, he was responsible for managing the Sterile and Liquid Department. He joined DMSB in July 1998 as a production pharmacist and was promoted to his current position in August 2000. He is responsible for enhancing and up-keeping current GMP standards in the Sterile Department. He is also in charge of all narcotic products produced in the Sterile Department and the validation processes. He is registered with the Pharmacy Board of Malaysia.

Noor'ashikin binti Zainal, age 36, is the Production Manager (General Production) of DMSB. She graduated with a Bachelor of Science degree from Universiti Kebangsaan Malaysia in 1989. She started her career in DMSB as a production chemist in 1991 before her promotion to Production Executive Chemist in 1996 and to her current position in 1997. As the Production Manager (General Production), she is involved in the production of non-sterile products. She is also responsible for managing the general production, maintaining and upgrading the high standards of GMP. Currently, she is also participating in the Safety Committee, Fire Squad Committee and GMP Internal Auditing Committee.

Elizabeth Lau Sze Chuan, age 39, is the Quality Control Manager of DMSB. She holds a Bachelor of Science degree from Carleton University (Canada). She started her career with Sunward Chemical Industries Co Sdn Bhd as a Quality Control Chemist in 1987 before joining DMSB as a Quality Control Analytical Chemist in 1988. She was promoted to her current position in 1996. She is involved in the development of new testing methods and smooth running of the QC Department. During her stint as a Quality Control Analytical Chemist, she had extensive training and exposure in the field of microbiological testing methods of the pharmaceutical industry.

Quek Keng Pheng, aged 42, is the R&D Manager of DMSB. She joined DMSB as a Quality Control Manager in April 1988. She holds a Bachelor of Science degree from the University of Campbell, USA. She started her career as a chemist in Warner Lambert Manufacturing Sdn Bhd in 1983 where she was trained in all aspects of QC procedures in pharmaceutical manufacturing before joining Raza Manufacturing Bhd from 1984 to 1988 where she worked as a chemist. As a Quality Control Manager, she was exposed to various testing methods which included Gas Chromatography, High Performance Liquid Chromatography and other chemical methodology. She was involved in the development of chemical analysis methodology, which is presently being used in DMSB. She was promoted to Quality Assurance Manager in 1995 and to her current position in 1999. At present, she is responsible for the R&D activities where she is involved in the formulation and development of new products, stability studies, accelerated studies and validation.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

Khor Cherng Yeh, aged 26, is the Regulatory Affair Pharmacist of the Group. He graduated with a Bachelor of Pharmacy (Honours) degree from Universiti Malaya in 1998. He started his career as a trainee pharmacist in Hospital Tengku Ampuan Rahimah, Klang in the same year and was trained in the field of drug dispensing, clinical pharmacy, galenical manufacturing and stock inventory management before joining DMSB in 1999. He is involved in the registration of new drugs as well as re-registration. He is also responsible for the control and approval of all poison release and inventory management of narcotics. He is registered with the Pharmacy Board of Malaysia.

Loo Sun Nooi, aged 34, is the Quality Assurance Manager of DMSB. She graduated with a Bachelors of Science in Chemistry degree from Universiti Malaya in 1992. She started her career with Top Glove Sdn Bhd as a chemist before being promoted to a Quality Assurance Manager, heading several departments such as QA, QC laboratory, chlorination, store as well as R&D. During her stint with Top Glove Sdn Bhd, she was exposed to various international audits. She was also responsible for implementing quality systems such as ISO 9002 and other international standards. She joined DMSB in July 2000 in her present capacity and is responsible for the quality assurance of production, packaging in the plant, related training and GMP compliance.

Shunmugam Rajasekar, aged 37, joined DMSB in October 2000 as the R&D Pharmacist. He was promoted to R&D Process Development Manager in February 2002 and responsible for the formulation development and quality development. He holds a Bachelor of Pharmacy from Madurai Kamaraj University (India) and a Master in Pharmacy from the Birla Institute of Technology & Science, Pilani, Rajasthan (India). In 1988, he started his career as a Quality Assurance Supervisor in Ranbaxy Lab Ltd India, a multinational pharmaceutical company based in India for two (2) years. He was in charge of analysing (chemical and instrumental) tablets, capsules and injections of finished, intermediates and raw materials and developed test methods and specifications in compliance with the US Food & Drug Authority requirements. In 1991 to 1994, he worked as an R&D Executive in TTK Pharma Ltd India guiding two (2) pharmacists and a chemist in the formulation development of capsules, tablets and injections. Thereafter, he was attached with Vitarite Pharmaceuticals Sdn Bhd, a member of the Lion Group as a Chief Chemist for five (5) years before joining DMSB.

Dr. Fong Mun Yik, aged 38, is appointed as a consultant to DMSB to co-ordinate and supervise the quality control testing and clinical trials of recombinant human *Erythropoietin* produced by DMSB at a laboratory at the Faculty of Medicine, Universiti Malaya. He is also responsible to continue to co-ordinate and provide advice after the recombinant human *Erythropoietin* has been registered with the NPCB and marketed. By profession, Dr. Fong is a Lecturer in the Department of Parasitology at Universiti Malaya. He holds a Doctorate from Universiti Malaya and is the Vice President of the Malaysian Society of Molecular Biology and Biotechnology and Council Member of the Malaysian Society of Parasitology and Tropical Medicine since 1999. Dr. Fong was a Senior Scientist with TropBio Research Sdn Bhd from 1996 till 1998 before becoming a Lecturer with the Faculty of Medicine in Universiti Malaya.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

- 8.4.3 No Director, key management/technical personnel or person nominated to become a Director or key management personnel is or was involved in the following events:
- (a) a petition under any bankruptcy or insolvency laws which was filed against such person or any partnership in which he is or was a partner or any corporation of which he is or was a director or key management; or
 - (b) conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) the subject of any 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.

8.5 Relationships and Associations

Save as disclosed below there are no other family relationships between/amongst the major shareholders, promoters, and/or key management/technical personnel of the DBB Group:

- (i) Chia Ting Poh @ Cheah Ting Poh and Ang Bee Lian are husband and wife.
- (ii) Rosmimée binti Abbas and Aznita binti Abbas (both directors of Prosearch) are sisters.
- (iii) Datuk Dr. Anis bin Ahmad and Rosmimée binti Abbas are husband and wife.
- (iv) Datuk Nor Azah Awin and Zain Shahrer bin Awin (both major shareholders of Sepang) are sister and brother.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

8.6 Employees

As at 5 June 2002, the DBB Group has a total workforce of 251 employees, of which 19 are in the management whilst the remaining balance of 232 are non-management. All the employees except two (2) are Malaysian citizens. The breakdown of the total number of employees into categories and the average number of years of service are as follows:

Category	Total	Average no. of years of service
Managerial and professional		
-Pharmacists	4	13.1
-Biotechnologist	1	7.4
-Chemists	9	5.6
-Others	5	11.8
Technical and supervisory		
-Pharmacists	2	1.8
-Biotechnologist	1	1.5
-Chemists	8	1.5
-Microbiologists	3	1.0
-Engineers	2	0.7
-Others	51	6.6
Executives	40	9.8
Clerical	12	8.3
Factory workers	113	2.9
	251	

None of the employees is a member of any labour union. All employees enjoy a cordial relationship with the management and there has been no industrial dispute in the past.

Training plays a pivotal role in ensuring that the DBB Group's employees keep up with the current trends in technology advancement and industrial development. The employees are regularly sent for courses and seminars in respect of the current developments in GMP, productivity, leadership and teamwork organised by MOPI and other training centres.

8.7 Management Succession Plan

The DBB Group recognises the importance of continuity in management of the Group to maintain its competitive edge over its competitors. In view, the DBB Group's human resource policies serve to groom the lower and middle management staff to gradually assume the responsibilities of the senior management. As part of the employees' career advancement programme, training are provided to employees in their related fields to enable them to enhance their knowledge and keep abreast of latest developments. Employees who have undergone such training will undertake to serve the Group for a period of at least three (3) years.

The DBB Group is primarily divided into six (6) departments, namely Production, R&D, Regulatory, Marketing, QC and QA.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

Production Department

The Production Department is an important component of the DBB Group as the Group is essentially a manufacturing company. The department is managed by Ang Bee Lian and is assisted by Valliyappan A/L S. Thevarayan who is also the Group Factory Manager. The Group Production Department is segregated into two (2) sections as follows:

(i) Sterile Production

Krisnakumara Reddi who holds the position of Production Manager (Sterile Department) is principally responsible for the overall production processes of sterile products. He is responsible for enhancing and up-keeping current GMP standards in the Sterile Department. He is also in charge of all narcotic products produced in the Sterile Department and the validation processes.

An Assistant Manager and three (3) supervisors who have served the Group for an average of more than twelve (12) years are assigned to assist Mr. Krisnakumara.

(ii) Non-Sterile Production

This section is principally led by Noor'ashikin binti Zainal, who is responsible for managing the overall general production processes of non-sterile products. She is also responsible for maintaining and upgrading the high standards of GMP. She is supported by a team of eight (8) executives and supervisors, serving the Group for an average of more than seven (7) years.

R&D Department

The Group takes cognisance of the important role entrusted on the R&D Department in ensuring that the Group keeps abreast with the latest technology and innovations in the industry and surge forward in order to maintain its competitive edge. The R&D team which consists of thirteen (13) qualified pharmacists and chemists including an expatriate specialising in the field of R&D process development is responsible for the enhancement of production processes, development and formulation of new products, new innovations, stability studies and other R&D activities. Quek Keng Pheng and Shunmugam Rajasekar jointly head this department.

Regulatory Department

Registration of new products for the local as well as export markets falls within the ambit of the Regulatory Department. In addition, sales of all poison products and inventory management of narcotics are also controlled by this department in accordance with the MoH regulations and relevant laws.

Khor Cherng Yeh, a qualified pharmacist is responsible for the daily operations of the Regulatory Department, supported by three (3) other employees.

Marketing Department

Chia Ting Poh @ Cheah Ting Poh conducts the marketing activities of the DBB Group. Since 2001, the Group has expanded the workforce of this department to penetrate and capture bigger market share. Chia Ting Poh @ Cheah Ting Poh is supported by Ng Chee Leong, the General Sales Manager who is primarily responsible for the sales and marketing to the private sector.

8. INFORMATION ON MAJOR SHAREHOLDERS/PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Continued)*

QC Department

The DBB Group implements stringent quality control measures from in-process to completion of process (out-going) in all production lines. The QC Department which is headed by Elizabeth Lau Sze Chuan, ensures that all the quality control measures stipulated are strictly adhered to. She is supported by a team of nineteen (19) personnel comprising two (2) assistance managers, six (6) qualified chemists, three (3) microbiologists and eight (8) technical assistants.

QA Department

The QA Department further assures the quality of DBB's products by embarking on quality assurances from the receipt of raw material to the production, control of production procedures and subsequent release of finished goods.

In addition, the QA Department which is principally headed by Loo Sun Nooi, also performs internal quality audit functions to verify the respective departments' compliance with the stringent requirements of the Drug Control Authority of the MoH, GMP guidelines for production and GLP guidelines for QC laboratory.

9. APPROVALS AND CONDITIONS

In conjunction with and as an integral part of the Listing, the Company undertook a Restructuring Scheme as set out in Section 6.3 of this Prospectus, which was approved by the SC, FIC and MITI on the dates set forth below:

Authority	Date of approval
SC	27 April 2001, 6 November 2001, 3 April 2002 and 30 April 2002
FIC	20 December 2000, 17 May 2001 and 26 April 2002
MITI	14 March 2001, 21 May 2001 and 18 March 2002

The conditions imposed by the SC, FIC and MITI in their approvals of the Restructuring Scheme and the Listing are as follows:

Authority	Details of conditions imposed	Status of compliance
SC	(i) The prior approval of the SC must be obtained for any variations to the original utilisation of proceeds which are not meant for purposes involving the core business of the DBB Group.	To be complied with, if applicable
	(ii) Appropriate disclosures in respect of the utilisation of proceeds from the Rights Issue and Public Issue, including the estimated time frame for utilisation must be made in the Prospectus of DBB. The approval of the shareholders of DBB must be obtained for any deviation which is 25% or more of the total gross proceeds. If the intended variation is less than 25%, then appropriate disclosures must be made to the shareholders of DBB.	Met Please refer to Section 4.7 of this Prospectus for further details. To be complied with, if applicable
	(iii) Any extension of time for the utilisation of proceeds has to be approved through a final resolution by the Board of Directors of DBB and the necessary disclosures/announcement would have to be made to the KLSE accordingly	To be complied with, if applicable
	(iv) Appropriate disclosures on the status of the utilisation of proceeds must be made in the quarterly reports and annual reports of DBB until the entire amount of the proceeds have been fully utilised.	To be complied with
	(v) The Supplemental Sale and Purchase Agreement between DBB and the vendors in relation to the Acquisition of DMSB must be executed prior to the issuance of the Prospectus.	Met Please refer to Section 16.8 of this Prospectus for further details.
	(vi) The new supply contract for the three (3) years commencing 2001 to 2003 between the DBB Group and Remedi must be executed prior to the issuance of the Prospectus.	Met Please refer to Section 16.9 of this Prospectus for further details.
	(vii) The extension at the mezzanine floor involving the living room, dining area and 4 bedrooms on Lot PT 9570, Mukim dan Daerah Kelang, Selangor, which has not obtained the approval from the authorities, must be rectified prior to the issuance of the Prospectus.	Met

9. APPROVALS AND CONDITIONS *(Continued)*

Authorities	Details of conditions imposed	Status of compliance
	(viii) The extension on the roofed area at the ground floor, control room and offices at the mezzanine floor on Lot PT 9620, Mukim dan Daerah Kelang, Selangor which has not obtained the approval from the authorities, must be rectified prior to the issuance of the Prospectus.	Lot PT 9620 was disposed of to Chia Ting Poh @ Cheah Ting Poh for RM1 million via Sale and Purchase Agreement dated 31 October 2001, as disclosed in Section 16.8 of this Prospectus.
	(ix) The promoters and major shareholders of DBB are not allowed to be involved in any new businesses which will give rise to a conflict of interest situation with the existing business of the DBB Group. In this regard, the promoters and Directors of DBB are required to disclose their involvement in businesses which are similar or competing with the Group, if any, in the Prospectus.	Met Please refer to Sections 10.1.1 and 10.1.2 of this Prospectus for further details.
	(x) Moratorium is to be imposed on 22,500,000 ordinary shares of DBB, representing 45% of the enlarged issued and fully-paid up capital of DBB, held by the promoters and major shareholders of DBB as set out in paragraph 10.12 of the SC Guidelines.	Complied

The major shareholders are not allowed to sell, transfer or assign their shareholdings within one (1) year from the date of listing of DBB on the KLSE. Thereafter, in every subsequent year, each of the major shareholders is permitted to sell, transfer or assign only up to a maximum of one-third ($\frac{1}{3}$) per annum (on a straight-line basis) of their respective shareholdings in DBB which are under moratorium.

The details of the moratorium are as follows:

Name	Shareholding after the Public Issue and Offer For Sale		Shares placed under Moratorium	
	No. of shares	%	No. of shares	%
Ang Bee Lian	14,949,974	29.90	9,582,762	19.17
Chia Ting Poh @ Cheah Ting Poh	12,500,024	25.00	8,110,829	16.22
Prosearch	8,000,000	16.00	4,806,409	9.61
	35,449,998	70.90	22,500,000	45.00

9. APPROVALS AND CONDITIONS *(Continued)*

Authorities	Details of conditions imposed	Status of compliance
	(xi) The major shareholder of Prosearch, namely Rosmimee binti Abbas, has to provide a written undertaking to the SC that she will not sell, transfer or assign her shareholding in Prosearch during the same moratorium period as the condition imposed on Prosearch's equity interest in DBB.	Met
	(xii) Ang Bee Lian and Chia Ting Poh @ Cheah Ting Poh have to provide a written undertaking to the SC that they will remain active in the management of the DBB Group during the moratorium period.	Met
	(xiii) DBB is required to prepare and arrive with an effective management succession plan to ensure a continued management of the Company and appropriate disclosures regarding the management succession plan must be disclosed in the Prospectus.	Met Please refer to Section 8.7 of this Prospectus for further details.
	(xiv) DBB is required to fully comply with the relevant requirements pertaining to the listing of companies as stipulated in the SC Guidelines, in particular Chapters 7, 10 and 25 of the aforesaid guidelines.	Complied/To be complied with, if applicable
	(xv) The SC noted that up to 31 December 2000, the DBB Group has high amount of trade debtors which exceeded the credit period. The Company must take proactive measures including analysing its credit policies to ensure smooth collection of its trade debtors.	To be complied with
	(xvi) In line with the National Development Policy, DBB is required to have at least 30% Bumiputera equity interest. DBB is encouraged to appoint Bumiputera directors to the Board, the number of which should reflect the said percentage of Bumiputera equity.	To be complied with upon successful completion of the Listing Out of the seven (7) Directors appointed to the Board, two (2) of them are Bumiputera directors representing approximately 28.6% of the total composition of the Board, which approximates the advisable percentage. CIMB had informed the SC accordingly on 8 February 2002.
	(xvii) CIMB and DBB are required to furnish written confirmation that all the terms and conditions of approval imposed have been complied with after the implementation of the IPO.	To be complied with
	(xviii) The private placement of the 3,500,000 Public Issue Shares must be done through an independent placement agent.	Met
	(xix) Disclosure must be made in the Prospectus in respect of the private placement.	Met Please refer to Sections 4.5 and 19.3 of this Prospectus for further details.
	(xx) CIMB or the independent placement agent must submit to the SC, for its notification, a final list of placees, and a confirmation that the placement complies with the SC Guidelines.	Met

9. APPROVALS AND CONDITIONS *(Continued)*

Authorities	Details of conditions imposed	Status of compliance
	(xxi) At least 30% of the 3,500,000 Public Issue Shares under private placement must be placed out to Bumiputera investors.	At least 30% of the Public Issue Shares under the private placement will be allocated to Bumiputera investors.
	(xxii) CIMB or the independent placement agent must place at least 30% of the private placement shares to Bumiputera investors. CIMB or the independent placement agent is only allowed to place less than 30% of the placement shares to Bumiputera investors after providing a written confirmation to the SC that they have not been able to procure Bumiputera investors as required despite all appropriate efforts have been made.	At least 30% of the private placement shares will be allocated to Bumiputera investors.
FIC	(i) DBB must have at least 30% direct Bumiputera equity interest upon the listing of DBB on the Second Board of the KLSE.	To be complied with upon successful completion of the Listing
	(ii) Approval from the MITI to be obtained.	Met
	(iii) CIMB to notify the FIC upon completion of the proposals.	To be complied with
MITI	(i) The allocation of the 5,000,000 Offer Shares is subject to the approval of MITI and the distribution shall be determined after the approval of the SC is obtained.	Met
	(ii) DBB can only be listed on the KLSE after 18 September 2001 after all the Bumiputera equity interests comply with the requirement of one (1) year holding period.	Met
	(iii) The entire 20% Bumiputera equity interest recognised by MITI cannot be sold or transferred without prior written approval from MITI.	To be complied with, if applicable
	(iv) Approval from the FIC to be obtained.	Met
	(v) Approval from the SC to be obtained.	Met
	(vi) CIMB to notify the MITI upon completion of the IPO.	To be complied with

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST**10.1 Related Party Transactions**

10.1.1 Save as disclosed below, none of the Directors, major shareholders and/or key management is interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary:

(i) Chia Ting Poh @ Cheah Ting Poh

Name of company	Country of incorporation	Principal activities	% Shareholding		Date of appointment as director
			Direct interest	Deemed interest	
Duopharma Trading (S) Pte Ltd	Singapore	Retailer in pharmaceutical products	50.00	49.99 ^(a)	1 March 1985
Malaysian Institute of Healthcare Management Sdn Bhd (formerly known as Cheah & Fam (Malaysia) Sdn Bhd)	Malaysia	Dormant	25.00	-	Resigned with effect from 19 November 1983

^(a) Deemed interested through his spouse's (Ang Bee Lian) shareholding in Duopharma Trading (S) Pte Ltd

(ii) Ang Bee Lian

Name of company	Country of incorporation	Principal activities	% Shareholding		Date of appointment as director
			Direct interest	Deemed interest	
Duopharma Trading (S) Pte Ltd	Singapore	Retailer in pharmaceutical products	49.99	50.00 ^(a)	1 March 1985

^(a) Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in Duopharma Trading (S) Pte Ltd

(iii) Datuk Dr. Anis bin Ahmad

Name of company	Country of incorporation	Principal activities	% Shareholding		Date of appointment as director
			Direct interest	Deemed interest	
Zuellig Pharma Sdn Bhd	Malaysia	Marketing and distribution of pharmaceutical products	-	-	31 May 2001
Aventis Farma SA (Malaysia) Sdn Bhd	Malaysia	Trading in pharmaceutical and chemical products	-	-	20 September 2001
Pharma Assist Sdn Bhd	Malaysia	Provision of consultancy services	-	-	2 March 2001

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST (Continued)**(iv) Tan Sri Dato' Dr. Abu Bakar Suleiman**

Name of company	Country of incorporation	Principal activities	% Shareholding		Date of appointment as director
			Direct interest	Deemed interest	
KPJ Healthcare Berhad	Malaysia	Investment holding. The subsidiaries are involved in owning and managing specialist hospitals and providing medical and healthcare services	-	-	15 March 2001

10.1.2 Save as disclosed below, there are no transactions, existing or potential, entered or to be entered by DBB or its subsidiary which involve the interest, direct or indirect, of the Directors, major shareholders, persons connected with such Directors or major shareholders as defined under Section 122A of the Act and/or key management of the Company:

Name of directors/major shareholders	Related parties	Nature of related party transactions	Value of transaction	Forecast value from 01.01.02 to 31.12.02
<ul style="list-style-type: none"> Chia Ting Poh @ Cheah Ting Poh Ang Bee Lian 	Duopharma Trading (S) Pte Ltd	Sales by DMSB to Duopharma Trading (S) Pte Ltd	RM906,265 <i>(Based on the audited financial statements for the financial year ended 31 December 2001 of DMSB)</i>	RM900,000

10.1.3 Save as disclosed below, none of the Directors, the major shareholders and/or key management staff of the Company has any interest, directly or indirectly, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to the Company and its subsidiary:

Name of directors/major shareholders	Related parties	Nature of related party transactions	Value of transaction
<ul style="list-style-type: none"> Chia Ting Poh @ Cheah Ting Poh 	DMSB	Disposal of Lot PT 9620 to Chia Ting Poh @ Cheah Ting Poh	RM1,000,000 <i>(Based on the valuation report prepared by Messrs Colliers, Jordan Lee & Jaafar (S) Sdn Bhd dated 2 October 2000, the market value of Lot PT 9620 in its existing condition, free from encumbrances and with vacant possession was RM935,000)</i>

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST *(Continued)*

10.2 Conflict of Interest

- 10.2.1 CIMB is not aware of any existing or potential conflict of interest in its capacity as the Adviser, Managing Underwriter, Underwriter and Placement Agent to DBB for the Restructuring Scheme and Listing.
- 10.2.2 Messrs KPMG confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to DBB for the Restructuring Scheme and Listing.
- 10.2.3 Messrs Teh & Lee confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors to DBB for the Restructuring Scheme and Listing and conducting the legal due diligence.
- 10.2.4 Messrs AC Nielsen (Malaysia) Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher to DBB for the Restructuring Scheme and Listing.
- 10.2.5 Messrs Colliers, Jordan Lee & Jaafar (S) Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Valuers to DBB for the Restructuring Scheme and Listing.

11. OTHER INFORMATION CONCERNING THE DBB GROUP

11.1 Approvals, Major Licences and Permits

Type of licence/permits and approvals	Granted to	Governing body/ authority	Major conditions imposed	Status of compliance
<p>Manufacturing licence</p> <p>Manufacturing Licence</p> <p>a. S/N: A 012266 L/N: A008264 effective from 18/4/1992</p> <p>b. S/N: A012392 L/N: A008264 effective from 8/7/1992</p> <p>c. S/N: A007563 L/N: A005154 effective from 4/5/1988</p> <p>d. S/N: A006047 L/N: A004182 effective from 15/1/1986</p>	DMSB	MITI (Industrial Coordination Act, 1975)	<ul style="list-style-type: none"> The shares in DMSB must be held by Malaysians which includes 30% Bumiputera equity interests; The composition of the Board of Directors must be reflective of the shareholding and MITI must be duly notified of all changes in the Board of Directors; and Written consent must be obtained from the MITI prior to execution of agreement for technology transfer with foreigners, such as joint venture agreement, agreement of transfer of know-how, licensing agreement, agreement on trade mark and patent, "turnkey" contract and management agreement. 	DMSB is a wholly-owned subsidiary of DBB. The 30% Bumiputera equity interests will be met upon Listing. As at 5 June 2002, there is no Bumiputera representation on the board of directors of DMSB. The Directors of DBB have taken note and will ensure compliance with this condition.
<p>Manufacturing licence</p> <p>Licence No: MALLP20010964A – valid from 1/1/2002 to 31/12/2002</p>	DMSB	Drug Control Authority, Ministry of Health (Drugs and Cosmetic Control Regulations, 1984)	This licence may be revoked at any time in the event that the premise is found to be not suitable from the angles of location, facility, cleanliness, operation/maintenance, record keeping, etc.	DMSB is abiding with the stringent requirements imposed by the MoH.
<p>Licence to manufacture dangerous drugs</p> <p>Licence No: DDM 1/2002 effective from 1/1/2002 to 31/12/2002 for 4 items</p>	DMSB	Ministry of Health (Dangerous Drugs Act, 1952)	None	Not applicable
<p>Pharmacists Poisons Licence (Type A)</p> <p>Effective from 1/1/2002 to 31/12/2002</p>	DMSB	Jabatan Kesihatan Negeri Selangor (Poisons Ordinance, 1952)	None	Not applicable

11. OTHER INFORMATION CONCERNING THE DBB GROUP (Continued)

11.2 Landed Properties

A summary of the information on the landed properties owned by the DBB Group is as follows:

Postal address/Location of the property	Land area/Built-up area	Description/Existing use	Tenure/Approx. age of building	Market valuation by independent valuer ¹ RM	Date of valuation / Methods of valuation	Net book value as at 31.12.2001 RM
GM 1391 Lot No. 2599, Mukim and District of Klang, State of Selangor Darul Ehsan / Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan.	Land area: 2a 3r 20p Gross built-up: 11,006 sq.ft. (office block) 78,400 sq.ft. (factory building) 780 sq.ft. (pump house cum boiler house) 1,050 sq.ft. (parking shed) 100 sq.ft. (guard house) 384 cu.ft. (water tank)	Industrial land built-upon with a double storey office block cum factory building, a single storey pump house cum boiler house, a parking shed, a guardhouse and a water tank.	Freehold/ 8 years old	10,000,000	2 October 2000 / Cost and Investment Methods	9,733,810
H.S.(D) 52204 and 52205 PT Nos. 9570(30063) and 9571(30064), Mukim and District of Kelang, State of Selangor Darul Ehsan / Nos. 29 and 27, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan.	Land area: 5,129 sq.ft. each Gross built-up: 3,588 sq.ft. each	Two units of 1 ½ storey semi-detached factories.	Freehold / 16 years old	900,000	2 October 2000 / Comparison and Investment Methods	885,600
H.S.(D) 14330 Lot No. 9575 (30068) Mukim and District of Kelang State of Selangor Darul Ehsan / No. 19, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan.	Land area: 4,644 sq.ft. Gross built-up: 3,120 sq.ft.	1 ½ storey semi-detached factory	Freehold / 16 years old	410,000	2 October 2000 / Comparison and Investment Methods	403,500

11. OTHER INFORMATION CONCERNING THE DBB GROUP (Continued)

Postal address/Location of the property	Land area/Built-up area	Description/Existing use	Tenure/Approx. age of building	Market valuation by independent valuer ¹ RM	Date of valuation / Methods of valuation	Net book value as at 31.12.2001 RM
H.S.(M) 27455 and 27454 PT Nos. 48576 and 48575, Mukim and District of Klang, State of Selangor Darul Ehsan / No. 51 & 53, Jalan Rebana 3, off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Land area: 191 sq.m and 260 sq.m Built-up : 4,108 sq.ft. and 5,588 sq.ft.	Two units double storey terrace light industrial buildings	Freehold/ 4 years old	750,000	30 October 2000 / Comparison and Investment Methods	731,200
GM 994 Lot No. 2555, Mukim and District of Kelang, State of Selangor Darul Ehsan	Land area: 3a 0r 00p	Agricultural land zoned for industrial use	Freehold	1,960,000	2 October 2000 / Comparison Method	1,960,000
GM 1649 Lot No. 2556, Mukim and District of Klang, State of Selangor Darul Ehsan	Land area: 3a 0r 00p	Vacant industrial land	Freehold	2,650,000	2 October 2000 / Comparison Method	2,650,000

Note:

¹ DMSB is the registered and beneficial owner of all the above landed properties. The valuations were carried out on 2 October 2000 and 30 October 2000 respectively by an independent firm of professional valuers, Messrs Colliers, Jordan Lee & Jaafar (S) Sdn Bhd. The Valuation Certificate is set out in Section 15 of this Prospectus. The valuations had been incorporated in the financial statements of DMSB for the financial year ended 31 December 1999.

11.3 Acquisition of Properties

The DBB Group has not acquired any properties during the two (2) years preceding the date of this Prospectus.

12. FINANCIAL INFORMATION

12.1 Historical Financial Information

12.1.1 Pro Forma Consolidated Income Statement

The following is a summary of the pro forma consolidated results of DBB for the past five (5) financial years ended 31 December 2001 based on the assumption that the current structure of the Group has 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 13 of this Prospectus.

	<----- Financial year ended 31 December ----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,119	32,791	48,300	52,139	56,157
EBITDA (as per audited financial statements)	5,173	10,203	14,022	17,814	18,402
Adjustment	-	(2,552) ¹	-	-	-
EBITDA (as restated)	5,173	7,651	14,022	17,814	18,402
Interest on borrowings	(2,197)	(2,878)	(1,551)	(857)	(789)
Depreciation and amortisation	(1,403)	(1,566)	(1,728)	(1,985)	(2,243)
Operating profit / Consolidated PBT	1,573	3,207	10,743	14,972	15,370
Taxation ²	(133)	(350)	-	(3,618)	(3,900)
Consolidated PAT	1,440	2,857	10,743	11,354	11,470
Number of ordinary shares of RM1.00 each in DBB in issue ('000)	31,396	31,396	31,396	31,396	31,396
Gross EPS (sen)	5.01	10.21	34.22	47.69	48.96
Net basic EPS (sen)	4.59	9.10	34.22	36.16	36.53

Notes:

1 The adjustment for RM2,552,000 in 1998 refers to overseas dividend received from DL. The income from DL has been excluded retrospectively so that the results of the Group are comparable as DL filed for de-registration on 27 September 1999 and was formally de-registered on 16 June 2000.

2 Taxation has been adjusted for under/(over) provision in the respective years.

Commentary:

- (i) There were no EI and exceptional items during the years under review other than the adjustments disclosed in Note 1 above.

12. FINANCIAL INFORMATION (Continued)

- (ii) The pro forma Group revenue for the five (5) financial years ended 31 December 2001 were on an upward trend generally as a result of the continuous expansion programme undertaken by DMSB. Revenue increased significantly for the financial years ended 31 December 1998 to 2000 mainly due to a sales contract with Remedi for the supply of pharmaceutical products and medicines to government hospitals via Remedi for three (3) years from 1998. Remedi holds the exclusive rights to supply to the MoH via a concession agreement, which was novated by UEM to Remedi. Two (2) new contracts with Remedi were drawn up to supply for another three (3) years from 2001.
- (iii) Pro forma Group PBT increased in line with the growth in revenue for the five (5) financial years ended 31 December 2001. The increase from 1998 to 2000 was due to the sales contract as stated in item (ii) above. Furthermore, the upward price revision in the new contract contributed positively towards the gross margin. This was allowed as the MoH recognised that the increase in price will better reflect the actual cost of production in the private sector. In addition, the cost of imported raw materials increased due to the financial crisis in the region which resulted in adverse movements in foreign exchange during 1997 and 1998. The increase in operating cost was minimal compared to revenue as economies of scale were achieved.
- (iv) Pro forma Group PAT for the financial year ended 31 December 1999 increased mainly due to the increase in profit from Remedi's contract as well as the tax waiver year in 1999. For the financial years ended 31 December 2000 and 31 December 2001, the effective taxation rate were approximately 24.2% and 25.4% respectively due to the availability of reinvestment allowances.

12.1.2 Segmental Analysis of Revenue

By market	<----- Financial year ended 31 December ----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Local sales					
-Private clinics and doctors	9,404	9,605	13,890	14,943	18,668
-Tender for non-APPL products	1,959	4,646	6,672	6,560	5,927
-East Malaysia	1,494	1,504	1,816	1,805	2,186
-Government hospitals and doctors via Remedi	9,701	13,769	22,648	24,774	22,393
	22,558	29,524	45,026	48,082	49,174
Overseas sales					
-Singapore	620	1,137	1,022	1,017	906
-Others	941	2,130	2,252	3,040	6,077
	1,561	3,267	3,274	4,057	6,983
Total revenue	24,119	32,791	48,300	52,139	56,157
Local sales (%)	94	90	93	92	88
Overseas sales (%)	6	10	7	8	12
Growth rate (%)	44	36	47	8	8

12. FINANCIAL INFORMATION *(Continued)*

Commentary:

- (i) The reduction in sales to Remedi in 2001 was mainly due to the changeover period in which the two (2) new contracts for the next three (3) years from 2001 to 2003 were finalised after the first quarter of 2001.
- (ii) The slight reduction in sales to Singapore since 1999 was mainly due the market size and economic situation then which has yet to fully recover from the economic slowdown.
- (iii) The increase in export sales is in line with the DBB Group's gradual effort to penetrate into the overseas market.

12.1.3 Directors' Declaration of Financial Performance

Save as disclosed in this Prospectus, the financial performance, position and operations of the Company and its subsidiary are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) material capital expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the DBB Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

12.2 Working Capital, Borrowings, Contingent Liabilities, Capital Commitments and Material Litigation

12.2.1 Working Capital

The Directors of DBB are of the opinion that, barring any unforeseen circumstances and after taking into account the pro forma consolidated cash flow forecast and projections, banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

12.2.2 Borrowings

As at 5 June 2002, being the latest practicable date at which such amounts could be calculated prior to the registration of this Prospectus, the total interest bearing borrowings of the Group are as follows:

Tenure	Amount RM'000
Short term (repayment within one (1) year from 5 June 2002)	12,663
Long term (repayment commencing one (1) year after 5 June 2002)	5,065
	17,728

12. FINANCIAL INFORMATION (Continued)

Save as disclosed above, the Group does not have any other loan capital outstanding or loan capital created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings as at 5 June 2002.

12.2.3 Contingent Liabilities

As at 5 June 2002, being the last practicable date prior to the printing of this Prospectus, the Directors are not aware of any material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material effect on the financial position of the DBB Group.

12.2.4 Capital Commitments

Save as disclosed below, as at 5 June 2002, being the last practicable date at which such amount can be calculated prior to the printing of this Prospectus, there are no material commitments for the capital expenditure incurred or known to be incurred by DBB or its subsidiary, which may have a material effect on the results or the financial position of the DBB Group.

	Amount RM'000
Approved and contracted for:	
- in respect of construction of four (4)-storey factory	1,599
- in respect of purchase of plant and machinery	2,566
Approved but not contracted for:	
- in respect of purchase of plant and machinery	1,206
	<u>5,371</u>

12.2.5 Material Litigation

As at 5 June 2002, being the last practicable date prior to the printing of this Prospectus, neither DBB nor its subsidiary is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of DBB or its subsidiary and the Directors are not aware 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 DBB or its subsidiary.

12.3 Future Financial Information

12.3.1 Consolidated Profit Forecast

The Directors of DBB forecast that, barring unforeseen circumstances, the consolidated PBT and PAT of DBB for the financial year ending 31 December 2002 will be as follows:

	RM'000
Revenue	<u>60,649</u>
Consolidated PBT	16,477
Less: Taxation	<u>(2,854)</u>
Consolidated PAT	13,623
Less: Pre-acquisition profit	<u>(4,541)</u>
	<u>9,082</u>

12. FINANCIAL INFORMATION *(Continued)*

Number of ordinary shares in issue ('000)	
- based on weighted average share capital ¹	31,158
- based on the enlarged issued and paid-up share capital	50,000
Gross EPS (sen) ²	
- based on weighted average share capital	52.88*
- based on the enlarged issued and paid-up share capital	32.95*
Net EPS (sen) ³	
- based on weighted average share capital	43.72*
- based on the enlarged issued and paid-up share capital	27.25*
Net PE multiple (times) ⁴	
- based on weighted average share capital	4.80*
- based on the enlarged issued and paid-up share capital	7.71*

Notes:

- 1 Based on the weighted average share capital of 31,158,039 ordinary shares of RM1.00 each in DBB, after the completion of the Rights Issue on 28 May 2002 and assuming that the Public Issue will be completed by July 2002
 - 2 Calculated based on the consolidated PBT divided by the respective no. of ordinary shares
 - 3 Calculated based on the consolidated PAT divided by the respective no. of ordinary shares
 - 4 Calculated based on the Public Issue/Offer Share price of RM2.10 per ordinary share divided by the net EPS.
- * Based on full financial year consolidated PAT inclusive of pre-acquisition profit, shown for illustrative purposes only.

12.3.2 Bases and assumptions

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

- 1) There will be no material changes in the present legislations or government regulations, rates and duties, levies and taxes which will adversely affect the operations of the DBB Group or the markets in which it operates.
- 2) There will be no major breakdown or disruption in the operational facilities, industrial dispute, disruption from supplies of materials or other abnormal factors both domestic and overseas, which will adversely affect the DBB Group's operations. The Group will continue to maintain its purchasing arrangements made with its existing suppliers.
- 3) There will be no significant changes in the political, economic and market conditions which will materially affect the activities of the DBB Group and the demand, saleability and pricing of its products and services or the markets in which it operates which will adversely affect the DBB Group's performance and the business of its major customers.
- 4) Existing financing facilities will remain available to the DBB Group and interest rates will not change significantly from those presently prevailing. In addition, the DBB Group will be able to obtain financing facility at the present prevailing interest rates.
- 5) There will be no significant changes in the existing accounting, management and operational policies of the DBB Group that will adversely affect the activities and performance of the DBB Group.

12. FINANCIAL INFORMATION *(Continued)*

There will be no major changes in the key personnel and management of the DBB Group, which will affect the marketing capability and level of activities of the DBB Group.

- 6) There will be no product recall or if any, will not materially or adversely affect the DBB Group's performance and the business of its major customers.
- 7) Existing trend of orders from government hospitals via Remedi will not change to the extent that it will adversely affect the DBB Group's performance.
- 8) There will be no changes in the present structure or principal activities of the DBB Group.
- 9) There will be no material changes in labour costs, price of raw materials and other costs, which will adversely affect the DBB Group's profitability.
- 10) There will be no significant changes in the rate and basis of taxation which may affect the Group's activities. The Group will succeed in obtaining Reinvestment Allowance tax incentive under the Income Tax Act, 1967 on the capital expenditure to be incurred.
- 11) The value of contracts awarded to and fulfilled by the DBB Group will be in line with the forecast level.
- 12) Proposed listing expenses estimated at RM2,000,000 will be set-off against the share premium account.
- 13) Inflation rates and exchange rates of foreign currencies will not change materially from their present levels, specifically the Malaysian currency will continue to be fixed at USD1.00 : RM3.80.
- 14) Capital expenditure programmes will be implemented on schedule and there will be no material acquisitions or disposals of property, plant and equipment other than those planned.
- 15) The DBB Group will propose final dividends of 5% less 28% tax for the year ending 31 December 2002 and the dividends will be paid in the following year in which they are proposed.
- 16) In connection with and as an integral part of the Listing, DBB has undertaken the following restructuring scheme which was completed on 8 May 2002 and 28 May 2002 respectively:
 - a. Acquisition of 1,700,000 ordinary shares of RM1.00 each in DMSB, representing 100% of the issued and paid-up share capital of DMSB, for a purchase consideration of RM40,187,469 satisfied by an issuance of 31,396,460 new ordinary shares of RM1.00 each in DBB at an issue price of approximately RM1.28 per ordinary share credited as fully paid-up; and
 - b. Rights issue of 11,103,538 ordinary shares of RM1.00 each in DBB at an issue price of RM1.00 per ordinary share on the basis of approximately 100 new ordinary shares of RM1.00 each for every 283 existing ordinary shares of RM1.00 each.

12. FINANCIAL INFORMATION *(Continued)*

Subsequent to the Rights Issue, DBB will undertake an offer for sale of 5,050,000 ordinary shares of RM1.00 each in DBB by existing shareholder representing 10.1% of the enlarged issued and fully paid-up share capital of DBB to the Bumiputera investor nominated and approved by MITI and eligible Directors of the DBB Group at an offer price of RM2.10 per ordinary share.

In connection with the above, DBB will undertake a public issue of 7,500,000 new ordinary shares of RM1.00 each in DBB at an issue price of RM2.10 per new ordinary share.

- 17) The proceeds from the Public Issue are expected to be received by July 2002 and the proceeds will be utilised as follows:

	RM'000
Proceeds from Rights Issue	11,104*
Proceeds from Public Issue	15,750
	<u>26,854</u>
Utilisation:	
Construction of four (4)-storey factory	2,200**
Purchase of plant and machinery	6,200**
Repayment of bank borrowings	13,750
Working capital requirements	2,704
Estimated listing expenses	2,000
	<u>26,854</u>

* The proceeds from the Rights Issue was received on 24 May 2002

** As at 5 June 2002, bank borrowings of RM3,000,000 have been further drawdown to pay for the construction of 4-storey factory and the purchase of plant and machinery amounting to RM600,000 and RM2,400,000 respectively. Part of the proceeds from the share issue will be utilised to repay the additional bank borrowings which have been drawdown after 31 December 2001.

12. FINANCIAL INFORMATION (Continued)

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



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The Board of Directors
Duopharma Biotech Bhd
No. 10A, Lebuhraya Gopeng
41400 Klang
Selangor Darul Ehsan

10 June 2002

Dear Sirs

Reporting Accountants' Letter On The Consolidated Profit Forecast For The Financial Year Ending 31 December 2002

We have reviewed the accounting policies and calculations for the Consolidated Profit Forecast of Duopharma Biotech Bhd ("DBB") and its subsidiary (hereinafter referred to as "DBB Group" or "the Group") for the financial year ending 31 December 2002 for which the Directors are solely responsible, as set out in the Prospectus to be dated 18 June 2002 in connection with the Public Issue of 7,500,000 new ordinary shares of RM1.00 each in DBB at an issue price of RM2.10 per new ordinary share and Offer for Sale of 5,050,000 ordinary shares of RM1.00 each in DBB at an offer price of RM2.10 per ordinary share in conjunction with the listing of and quotation for the entire issued and fully paid-up share capital of DBB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Consolidated Profit 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 accompanying statement, and is prepared on a basis consistent with the accounting policies normally adopted by DBB Group as set out in the Prospectus.

Yours faithfully

KPMG
Firm Number: AF 0758
Chartered Accountants

Lim Hun Soon @ David Lim
Partner
Approval Number: 1514/5/04 (J)



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.

12. FINANCIAL INFORMATION *(Continued)***12.3.4 Directors' analysis of consolidated profit forecast together with the commentaries for the financial year ending 31 December 2002**

The total Group's revenue is forecast to increase by RM4.49 million, mainly due to higher tender awarded to the Group to supply to the government clinics and hospitals via Remedi commencing from 1 January 2001 for three (3) years ending 31 December 2003. The rest of the increase in revenue is forecast to be from the private clinics and hospitals as well as from the export market. As depicted in the following comparison of the segmental analysis of revenue for the Group in respect of the financial year ended 31 December 2001 and the financial year ending 31 December 2002, while the sales for the local market is expected to increase by 7.68%, the sales for the export market is expected to increase by 10.27%, indicating the Group's gradual effort to penetrate into the overseas market.

Financial year ended/ending 31 December By market	2001 RM'000	2002 RM'000
Local sales		
- Private clinics and doctors	18,668	21,449
- Tender for non-APPL products	5,927	5,000
- East Malaysia	2,186	2,300
- Government hospitals and doctors via Remedi	22,393	24,200
	<u>49,174</u>	<u>52,949</u>
Overseas sales		
- Singapore	906	900
- Others	6,077	6,800
	<u>6,983</u>	<u>7,700</u>
Total revenue	<u>56,157</u>	<u>60,649</u>

Incorporating the effect of the Public Issue, the consolidated PBT and PAT for the financial year ending 31 December 2002 are forecast to be higher at RM16.48 million and RM13.62 million respectively. With the completion of the Public Issue, the Group will be utilising part of the proceeds amounting to RM13.75 million for the repayment of the then existing bank borrowings. Accordingly, the Group is expected to benefit from interest savings of RM0.501 million after partial repayment of the existing term loans, trade financing and overdraft. Furthermore, there will be interest income earned of approximately RM0.500 million from the excess funds placed in fixed deposit, earning a fixed rate of 3.5% per annum.

The Directors of the DBB Group have reviewed and analysed the reasonableness of the bases and assumptions used in arriving at the profit forecast for the financial year ending 31 December 2002 and are of the opinion that in the absence of unforeseen circumstances, the profit forecast for the financial year ending 31 December 2002 is achievable and reasonable in light of the future prospects of the pharmaceutical industry, future plans and strategies to be adopted by DBB, its level of gearing, liquidity and working capital requirements.

12. FINANCIAL INFORMATION *(Continued)***12.3.5 Dividend Forecast**

It is the policy of the Directors of DBB in recommending dividends to allow shareholders to participate in the profits of DBB while maintaining adequate reserves for the future growth of the Group.

Investors should note that future dividends may be waived if:

- (a) the Group is in a loss position for the relevant financial period; or
- (b) the Group has insufficient cashflow to meet any dividend payments.

Based on the forecast consolidated PAT of RM13.62 million for the financial year ending 31 December 2002, the Directors of DBB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a final gross dividend of 5 sen per ordinary share of RM1.00 each in DBB for the said financial year ending 31 December 2002 based on the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB.

The intended appropriation of the forecast consolidated PAT for the financial year ending 31 December 2002 will be as follows:

Financial year ending 31 December 2002	RM'000
Consolidated PBT	16,477
Less: Taxation	<u>(2,854)</u>
Consolidated PAT	13,623
Less: Pre-acquisition profit	<u>(4,541)</u>
	9,082
Less: Proposed final net dividend of 3.6% ¹	<u>(1,800)</u>
Retained profit	<u>7,282</u>
Gross dividend per ordinary share (sen)	5.00
Net dividend per ordinary share (sen)	3.60
Gross dividend yield (%) <i>(based on the Public Issue/Offer Share price of RM2.10 per ordinary share)</i>	2.38
Net dividend yield (%) <i>(based on the Public Issue/Offer Share price of RM2.10 per ordinary share)</i>	1.71
Gross dividend cover (times) ²	6.59*
Net dividend cover (times) ³	7.57*

Notes:

¹ Based on 5% less tax at 28%

² Based on gross EPS of 32.95 sen (which is calculated based on the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB) divided by the gross dividend per ordinary share

³ Based on net EPS of 27.25 sen (which is calculated based on the enlarged issued and paid-up share capital of 50,000,000 ordinary shares of RM1.00 each in DBB) divided by the net dividend per ordinary share

* Based on full financial year consolidated PAT inclusive of pre-acquisition profit, shown for illustrative purposes only

Notwithstanding the above, the Directors of the DBB Group have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interests of the Company.

12. FINANCIAL INFORMATION (Continued)**12.4 Pro Forma Consolidated Balance Sheets****12.4.1 Pro Forma Consolidated Balance Sheets as at 31 December 2001**

The pro forma consolidated balance sheets of DBB as at 31 December 2001 as set out below have been prepared solely for illustrative purposes to show the pro forma effects of the Acquisition of DMSB, Rights Issue, Public Issue and Offer For Sale on the assumption that these transactions were effected on 31 December 2001 and should be read in conjunction with the accompanying notes.

	As at 31 December 2001 RM'000	Pro forma I RM'000	Pro forma II RM'000	Pro forma III RM'000	Pro forma IV RM'000
Property, plant and equipment	-	29,960	29,960	29,960	38,360
Current assets					
- Inventories	-	11,420	11,420	11,420	11,420
- Trade and other receivables	-	18,509	18,509	18,509	17,746
- Cash and cash equivalent	- ¹	6,179	17,283	33,033	9,646
	- ¹	36,108	47,212	62,962	38,812
Current liabilities					
- Trade and other payables	66	2,056	2,056	2,056	2,056
- Borrowings	-	8,025	8,025	8,025	3
- Provision for taxation	-	2,818	2,818	2,818	2,818
- Proposed dividends	-	6,800	6,800	6,800	6,800
	66	19,699	19,699	19,699	11,677
Net Current (Liabilities)/Assets	(66)	16,409	27,513	43,263	27,135
	(66)	46,369	57,473	73,223	65,495
Financed by:					
Share capital	- ¹	31,396	42,500	50,000	50,000
Share premium	-	8,791	8,791	17,041	15,041
Accumulated losses (Deficit)/Surplus in Shareholders' funds	(66)	(66)	(66)	(66)	(66)
	(66)	40,121	51,225	66,975	64,975
Borrowings	-	5,728	5,728	5,728	-
Deferred taxation	-	520	520	520	520
	(66)	46,369	57,473	73,223	65,495
NTA/(Net tangible liabilities) per share (RM)	(33,000)	1.28 ²	1.20 ²	1.34 ²	1.30 ²

12. FINANCIAL INFORMATION (Continued)*Notes:*

<i>Pro forma I</i>	:	<i>After the Acquisition of DMSB</i>
<i>Pro forma II</i>	:	<i>After Pro forma I and the Rights Issue</i>
<i>Pro forma III</i>	:	<i>After Pro forma II, the Public Issue and the Offer For Sale</i>
<i>Pro forma IV</i>	:	<i>After Pro forma III and the utilisation of proceeds</i>

¹ This represents cash in hand of RM2 and RM2 share capital comprising 2 ordinary shares of RM1.00 each in DBB.

² NTA has been adjusted to exclude development expenses capitalised of RM25,000.

12.4.2 Notes to the Pro forma Consolidated Balance Sheets as at 31 December 2001

1. The Pro forma Consolidated Balance Sheets have been prepared for illustrative purposes only and are based on the audited financial statements of DBB and its subsidiary, DMSB as at 31 December 2001.
2. The Pro forma Consolidated Balance Sheets of the DBB Group have been prepared based on accounting policies and bases consistent with those previously adopted in the preparation of the audited financial statements.
3. The Pro forma Consolidated Balance Sheets incorporated the following transactions as though they were effected on 31 December 2001:

3.1 Pro forma I

Pro forma I incorporates the acquisition of 1,700,000 ordinary shares of RM1.00 each in DMSB, representing 100% of the issued and paid-up share capital of DMSB, for a purchase consideration of RM40,187,469 satisfied by an issuance of 31,396,460 new ordinary shares of RM1.00 each in DBB at an issue price of approximately RM1.28 per ordinary share credited as fully paid-up.

3.2 Pro forma II

Pro forma II incorporates the effects of Pro forma I and the rights issue of 11,103,538 ordinary shares of RM1.00 each in DBB at an issue price of RM1.00 per ordinary share on the basis of approximately 100 new ordinary shares of RM1.00 each for every 283 existing ordinary shares of RM1.00 each.

3.3 Pro forma III

Pro forma III incorporates the effects of Pro forma I, II and the following:

- a) Offer for sale of 5,050,000 ordinary shares of RM1.00 each by the existing shareholder representing 10.1% of the enlarged issued and fully paid-up share capital of DBB to the Bumiputera investor nominated and approved by the MITI and to the eligible Directors of the DBB Group at an offer price of RM2.10 per ordinary share.
- b) Public issue of 7,500,000 new ordinary shares of RM1.00 each in DBB at an issue price of RM2.10 per new ordinary share.
- c) Listing of and quotation for the entire issued and paid-up share capital of DBB on the Second Board of the Kuala Lumpur Stock Exchange.

12. FINANCIAL INFORMATION (Continued)

3.4 Pro forma IV

Pro forma IV incorporates the effects of Pro forma I, II, III and the following:

- a) The estimated listing expenses of RM2,000,000 have been set-off against share premium account.
- b) Utilisation of proceeds as follows:

	RM'000
Construction of four (4)-storey factory	2,200*
Purchase of plant and machinery	6,200*
Repayment of bank borrowings	13,750
Working capital requirements	2,704
Estimated listing expenses	2,000
	26,854

* As at 5 June 2002, bank borrowings of RM3,000,000 have been further drawdown to pay for the construction of 4-storey factory and the purchase of plant and machinery amounting to RM600,000 and RM2,400,000 respectively. Part of the proceeds from the share issue will be utilised to repay the additional bank borrowings which had been drawdown after 31 December 2001.

4. Share capital and share premium

The movement in the share capital and share premium are as follows:

	Share Capital RM'000	Share Premium RM'000
Balance at 31 December 2001	*	-
31,396,460 new ordinary shares of RM1.00 each at an issue price of approximately RM1.28 per share issued for the acquisition of DMSB	31,396	8,791
After Pro forma I	31,396	8,791
Rights issue of 11,103,538 ordinary shares at an issue price of RM1.00 per ordinary share	11,104	-
After Pro forma II	42,500	8,791
Public issue of 7,500,000 new ordinary shares at an issue price of RM2.10 per new ordinary share	7,500	8,250
After Pro forma III	50,000	17,041
Estimated listing expenses	-	(2,000)
After Pro forma IV	50,000	15,041

Note:

* This represents RM2 share capital comprising 2 ordinary shares of RM1.00 each in DBB.

12. FINANCIAL INFORMATION (Continued)

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



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The Board of Directors
Duopharma Biotech Bhd
No. 10A, Lebuh Gopeng
41400 Klang
Selangor Darul Ehsan

10 June 2002

Dear Sirs

Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets Of Duopharma Biotech Bhd And Its Subsidiary As At 31 December 2001

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Duopharma Biotech Bhd ("DBB") and its subsidiary (hereinafter referred to as the "DBB Group" or "the Group") as at 31 December 2001 for which the Directors are solely responsible, together with the accompanying notes thereon as set out in the Prospectus to be dated 18 June 2002, in connection with the Public Issue of 7,500,000 new ordinary shares of RM1.00 each in DBB at an issue price of RM2.10 per new ordinary share and the Offer for Sale of 5,050,000 ordinary shares of RM1.00 each in DBB at an offer price of RM2.10 per ordinary share and in conjunction with the listing of and quotation for the entire issued and fully paid-up share capital of DBB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets together with the accompanying notes thereon which have been prepared for illustrative purposes only, have been properly prepared on a basis consistent with the accounting policies normally adopted by DBB Group as set out in the Prospectus.

Yours faithfully

KPMG

Firm Number: AF 0758
Chartered Accountants

Lim Hun Soon @ David Lim
Partner

Approval Number: 1514/5/04 (J)



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.

15. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PROPERTIES HELD FOR OWNER OCCUPATION

PROPERTY (TITLE DETAILS AND ADDRESS)	DESCRIPTION, AGE, TENURE AND METHOD OF VALUATION	MARKET VALUE FOR THE EXISTING USE
<p>Our Ref : V20/KLG/SC160191/D005 Date of valuation : October 2, 2000 Date of inspection : September 8, 2000 GM 1391 Lot No. 2599, Mukim and District of Klang, State of Selangor Darul Ehsan Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan.</p>	<p>Industrial land built-upon with a double storey office block cum factory building, a single storey pump house cum boiler house, a parking shed, a guard house and a water tank. About 6 years old (as at date of valuation) Freehold Land Area : 2a 3r 20p Gross built-up : 11,006 sq.ft. (office block) 78,400 sq.ft. (factory building) 780 sq.ft. (pump house cum boiler house) 1,050 sq.ft. (parking shed) 100 sq.ft. (guard house) 384 cu.ft. (water tank)</p> <p>Cost and Investment Methods</p>	<p>RM10,000,000</p>
<p>Our Ref : V20/KLG/SC160192/D006 Date of valuation : October 2, 2000 Date of inspection : September 6, 2000 H.S.(D) 52204 and 52205 PT Nos. 9570 (30063) and 9571 (30064), Mukim and District of Kelang, State of Selangor Darul Ehsan Nos. 29 and 27, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan.</p>	<p>Two units of 1 ½ storey semi-detached factories. About 14 years old (as at date of valuation) Freehold Land Area : 5,129 sq.ft. each Gross built-up : 3,588 sq.ft. each</p> <p>Comparison and Investment Methods</p>	<p>RM900,000</p>
<p>Our Ref : V20/KLG/SC160194/D008 Date of valuation : October 2, 2000 Date of inspection : September 6, 2000 H.S.(D) 14330 Lot No. 9575 (30068) Mukim and District of Kelang State of Selangor Darul Ehsan No. 19, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan.</p>	<p>1 ½ storey semi-detached factory About 14 years old (as at date of valuation) Freehold Land Area : 4,644 sq.ft. Gross built-up : 3,120 sq.ft.</p> <p>Comparison and Investment Methods</p>	<p>RM410,000</p>

15. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PROPERTIES HELD FOR OWNER OCCUPATION

PROPERTY (TITLE DETAILS AND ADDRESS)	DESCRIPTION, AGE, TENURE AND METHOD OF VALUATION	MARKET VALUE FOR THE EXISTING USE
<p>Our Ref : V20/KLG/SC160195/D009 Date of valuation : October 30, 2000 Date of inspection : October 27, 2000 H.S.(M) 27455 and 27454 PT Nos. 48576 and 48575, Mukim and District of Klang, State of Selangor Darul Ehsan No. 51 and 53, Jalan Rebana 3, Off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan</p>	<p>Two units double storey terrace light industrial buildings About 2 years old (as at date of valuation) Freehold Land Area : 191 sq.m and 260 sq.m Gross built-up : 4,108 sq.ft. and 5,588 sq.ft.</p> <p>Comparison and Investment Methods</p>	<p>RM750,000</p>

15. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PROPERTY HELD AS INVESTMENT

PROPERTY (TITLE DETAILS AND ADDRESS)	DESCRIPTION, AGE, TENURE AND METHOD OF VALUATION	BRIEF PARTICULARS OF TENANCIES	NET ANNUAL RENT RECEIVABLE	MARKET VALUE
Our Ref : V20/KLG/SC160189/D003 Date of valuation : October 2, 2000 Date of inspection : September 8, 2000 GM 994 Lot No. 2555, Mukim and District of Kelang, State of Selangor Darul Ehsan	Agricultural land zoned for industrial use Freehold Land Area : 3a 0r 00p Comparison Method	-	-	RM1,960,000
Our Ref : V20/KLG/SC160190/D004 Date of valuation : October 2, 2000 Date of inspection : September 8, 2000 GM 1649 Lot No. 2556, Mukim and District of Klang, State of Selangor Darul Ehsan	Vacant industrial land Freehold Land Area : 3a 0r 00p Comparison Method	-	-	RM2,650,000

We certify that in our opinion the total Market Value of the above landed properties belonging to the Group on existing use basis in their existing condition using the methods stated, amounts to RM16,670,000/-. (RINGGIT MALAYSIA : SIXTEEN MILLION SIX HUNDRED AND SEVENTY THOUSAND ONLY).

Yours faithfully
For and on behalf of
COLLIERS, JORDAN LEE & JAAFAR (S) SDN BHD


LIM CHANG MEE, FISM, FRICS
Chartered Valuation Surveyor
And Registered Valuer (V213)



16. ADDITIONAL INFORMATION

16.1 Share Capital

- (i) No shares will be allotted on the basis of this Prospectus later than twelve (12) 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 this Prospectus, no shares or debentures of the Company and its subsidiary have been or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years preceding the date of this Prospectus.
- (iv) Save for the 2,500,000 Public Issue Shares and 50,000 Offer Shares reserved for the eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the Group and the eligible Directors respectively as disclosed in Section 4.5 of this Prospectus, no person or employee of the Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary.
- (v) Save for the 2,500,000 Public Issue Shares and 50,000 Offer Shares reserved for the eligible employees (such as suppliers, distributors, dealers or customers) of the Group and the eligible Directors respectively as disclosed in Section 4.5 of this Prospectus, there is currently no other scheme involving the Directors and employees of the DBB Group in the share capital of the Company or its subsidiary.
- (vi) No options to subscribe for any shares, stocks or debentures of the Company or its subsidiary have been granted to or exercised by the Directors or employees of the Group during the financial year ended 31 December 2001.

16.2 Articles of Association

The following provisions in respect of the arrangements for the transfer of securities and restrictions on their free transferability are reproduced from the Company's Articles of Association, the Listing Requirements of the KLSE, the Act and the Rules.

1. Share Capital and Variation of Rights

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

Article 3 Issue of Shares

- (1) Subject always to the provisions of the Act and Article 48 and to the provisions of any resolution of the Company the shares of the Company shall be under the control of the Directors who may allot and issue or otherwise dispose of the same to such persons and on such terms and conditions with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting or return of share capital and either at a premium or otherwise and at such time or times as the Directors may think fit.

16. ADDITIONAL INFORMATION *(Continued)*

- (2) Paragraph 1 of this Article shall be subject to the following restrictions, that is to say:
- (a) No director shall participate in an issue of shares or options to employees of the Company unless the shareholders in general meeting have approved of the specific allotment to be made to such Director and unless he holds office in the Company in an executive capacity. Provided always that a non-executive Director may so participate in an issue of shares pursuant to a public issue or offer for sale;
 - (b) No issue of preference shares shall be made which would result in the total nominal value of issued preference shares exceeding the total nominal value of the issued ordinary shares at any time;
 - (c) No shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act; and
 - (d) The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolutions passed creating the same.
- (3) The Registrar of the Company shall only issue jumbo certificates in respect of the shares of the Company in favour of MCD Nominees Sdn Bhd as he may be directed by the Securities Commission pending the crediting of the shares into the Securities Account of the person entitled to such shares or as may be prescribed by the Central Depositories Act and the Rules. Provided always that every certificate shall be issued under the Share Seal or Seal in such form as the Directors shall from time to time prescribe and shall bear the facsimile signature of at least one Director and a second Director or the Secretary or some other person appointed by the Directors, and shall specify the number and class of the shares of the Company to which it relates and amounts paid thereon.

Article 4 Preference Shares

- (1) Subject to Article 3(2)(b), the Company shall have power with the sanction of an ordinary resolution to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference shares ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.
- (2) Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of 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 whole of the company's property, business or undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrears for more than six (6) months.
- (3) Preference shareholders must be entitled to a return of capital in preference to holders of ordinary shares when the company is wound up.

16. ADDITIONAL INFORMATION *(Continued)*

Article 5 Repayment of Preference Capital

Notwithstanding Article 7 hereof the repayment of preference shares other than redeemable preference shares, or any alteration of preference shareholders rights shall only be made pursuant to a special resolution of the preference shareholders concerned provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting shall be valid and effectual as a special resolution carried at the meeting.

Article 7 Modification of Class Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meetings, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be three (3) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall apply with such adaptations as may be necessary.

Article 8 Ranking of Class Rights

The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

2. Transfer of Shares

The provisions in the Company's Articles of Association, the Listing Requirements of the KLSE, the Act and the Rules in respect of the arrangements for transfers of shares of the Company and any restrictions on their free transferability are as follows:

Article 21 Transfers of Securities

The transfer of any listed security or class of listed security 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 the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the company shall be precluded from registering and effecting any transfer of the listed securities.

Article 22 Transferor's Right

The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof.

16. ADDITIONAL INFORMATION *(Continued)*

Article 23 Refusal to Register Transfers

The Central Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

Article 24 Suspension of Registers

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Subject always to the requirements of the Stock Exchange, at least twelve (12) market days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall be also be given to the Stock Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) market days prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, at least seven (7) market days prior notice shall be given to the Central Depository.

Transmission of Shares**Article 28 Transmission of Shares**

In the case of the death of a Member, the executors or administrators of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, subject to the Rules and Article 22 hereof, transfer the share to himself or to some person nominated by him as the transferee.

Article 29 Share of Deceased or Bankrupt Member

Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Rules and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Central Depository shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy. Provided always that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

Article 31 Transmission of Securities from Foreign Register

- (1) Where:
- (a) the securities of the Company are listed on the Approved Market Place; and
 - (b) such company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules 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") provided that there shall be no change in the ownership of such securities.

16. ADDITIONAL INFORMATION *(Continued)*

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

Increase of Capital / Alteration of Capital**Article 47 Power to Increase Capital**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 48 Shares to be Offered to Members Before Issue

Subject to any direction to the contrary that may be given 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 or renounced will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from persons to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to these 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 proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner herein before provided.

Article 49 Rights and Liabilities of New Shares

Except in so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 50 Alteration of Capital

The Company may from time to time by ordinary resolution:

(a) **Power to consolidate shares**

consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) **Power to sub-divide shares**

subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however that in subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

16. ADDITIONAL INFORMATION *(Continued)*

(c) Power to cancel shares

cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 51 Power to Reduce Capital

The Company 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 authorisation, and consent required by law.

Listing Requirements of the KLSE

The provisions of the Listing Requirements of the KLSE on the transferability of securities are as follows:

7.13 Transfers of Securities

The transfer of any listed security or class of listed security 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 Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the company shall be precluded from registering and effecting any transfer of the listed securities.

7.14 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”) provided that there shall be no change in the ownership of such securities.

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

16. ADDITIONAL INFORMATION *(Continued)*

Companies Act, 1965

The provisions within the Act on the transferability of securities are as follows:

Section 103 (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.

Section 103 (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.

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

- (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 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.

16. ADDITIONAL INFORMATION (Continued)

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;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code on Take-overs 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; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

3. Directors’ Remuneration

The provisions in the Company’s Articles of Association dealing with the remuneration of Directors are as follows:

Article 86 Directors’ Remuneration

Remuneration of Directors shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determined. Provided always that:

- (a) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;
- (c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;

16. ADDITIONAL INFORMATION *(Continued)*

- (d) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 87 Reimbursement of Expenses

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.
- (2) If any Director whether he holds an executive or non executive position in the Company, being willing shall be called upon to perform extra services or to make any special arrangements 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 a member of a committee of Directors, the Company may remunerate the Director so doing if he holds an executive position in the company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and if he holds a non-executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) 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.

Article 90 Remuneration of Managing Director

The remuneration of the Managing Director may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover.

4. Voting and Borrowing Powers of Directors

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

Article 106 Proceedings at Committee Meetings

A committee may meet and adjourn its meeting as its members think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present. The Chairman shall have a casting vote in case of an equality of votes except where only two (2) members are competent to vote on the question at issue.

Article 112 Borrowing Powers of Directors

Subject to Article 113, the Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit.

16. ADDITIONAL INFORMATION *(Continued)*

Article 113 Borrowings for Unrelated Third Parties Prohibited

The Directors shall not borrow any money or mortgage or charge any of the Company or its 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 any unrelated third party.

Article 121 Declaration of Interest and Restriction of Voting

(1) A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so his vote should not be counted, nor shall be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to:

- (a) any arrangement for giving any Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security.

(2) **Director may hold other office under the Company**

- (a) A Director may hold any other office or place of profit under the Company (other than the office of Auditors in conjunction with his office of Director) for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and subject to the provisions of the Act, no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
- (b) Director appointed to hold other office to be counted in the quorum. A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director to be appointed to hold any office or place of profit in 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 in any other company or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, as he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

16. ADDITIONAL INFORMATION *(Continued)*

- (c) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditor of the Company.

(3) **General notice of interest in corporation by Company**

A general notice given to the Board of Directors that a Director, alternate Director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be sufficient disclosure under this clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.

(4) **Director's interest in corporation promoted by Company**

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

16.3 Directors and Major Shareholders

- (i) The names, addresses and occupation of the Directors of DBB are set out in Section 1 of this Prospectus.
- (ii) A Director of the Company is not required to hold any qualification share in the Company, unless otherwise so fixed by the Company in general meeting.
- (iii) None of the Directors of the Company have any existing or proposed service contracts with the DBB Group, excluding contracts expiring or terminable by the Company without payment or compensation (other than statutory compensation) within two (2) years from the date of this Prospectus.

16. ADDITIONAL INFORMATION (Continued)

- (iv) According to the Register of Directors' Shareholdings, the direct and indirect interests of the Directors in the shares of the Company, before and after the Public Issue and Offer For Sale, are as follows:

Directors	Before the Public Issue and Offer For Sale				After the Public Issue and Offer For Sale			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each in DBB held	%	No. of ordinary shares of RM1.00 each in DBB held	%	No. of ordinary shares of RM1.00 each in DBB held	%	No. of ordinary shares of RM1.00 each in DBB held	%
Chia Ting Poh @ Cheah Ting Poh	12,500,024	29.41	19,999,974 ^(a)	47.06	12,500,024	25.00	14,949,974 ^(a)	29.90
Ang Bee Lian	19,999,974	47.06	12,500,024 ^(b)	29.41	14,949,974	29.90	12,500,024 ^(b)	25.00
Dato' Dr. Yap Thong @ Yap Yit Thong	-	-	-	-	10,000 ^(c)	0.02	-	-
Valliyappan A/L S. Thevarayan	-	-	-	-	10,000 ^(c)	0.02	-	-
Datuk Dr. Anis bin Ahmad	-	-	-	-	10,000 ^(c)	0.02	8,000,000 ^(d)	16.00
Tan Sri Dato' Dr. Abu Bakar Suleiman	-	-	-	-	10,000 ^(c)	0.02	-	-
Lee Siew Kuan	-	-	-	-	10,000 ^(c)	0.02	-	-

Notes:

^(a) Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB

^(b) Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB

^(c) All Directors are entitled to 10,000 new ordinary shares of RM1.00 each in DBB under the share allocation to eligible Directors of the DBB Group in conjunction with the Offer For Sale

^(d) Deemed interested through his spouse's (Rosmimée binti Abbas) shareholding in DBB via Prosearch

- (v) The major shareholders (representing 5% or more of the enlarged paid-up share capital of the Company) and their respective interests in the shares of the Company, before and after the Public Issue and Offer For Sale are as follows:

Shareholders	Before the Public Issue and Offer For Sale				After the Public Issue and Offer For Sale			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares of RM1.00 each in DBB held	%	No. of ordinary shares of RM1.00 each in DBB held	%	No. of ordinary shares of RM1.00 each in DBB held	%	No. of ordinary shares of RM1.00 each in DBB held	%
Chia Ting Poh @ Cheah Ting Poh	12,500,024	29.41	19,999,974 ^(a)	47.06	12,500,024	25.00	14,949,974 ^(a)	29.90
Ang Bee Lian	19,999,974	47.06	12,500,024 ^(b)	29.41	14,949,974	29.90	12,500,024 ^(b)	25.00
Prosearch	8,000,000	18.82	-	-	8,000,000	16.00	-	-
Rosmimée binti Abbas	-	-	8,000,000 ^(c)	18.82	-	-	8,010,000 ^(c)	16.02

16. ADDITIONAL INFORMATION (Continued)

Notes:

- (a) *Deemed interested through his spouse's (Ang Bee Lian) shareholding in DBB*
- (b) *Deemed interested through her spouse's (Chia Ting Poh @ Cheah Ting Poh) shareholding in DBB*
- (c) *Deemed interested through her shareholding in Prosearch and her spouse's (Datuk Dr. Anis bin Ahmad) shareholding in DBB*
- (vi) Save as disclosed in this Prospectus, none of the Directors or major shareholders of the Company have 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 to or proposed to be leased to the Company or its subsidiary within the two (2) years preceding the date of this Prospectus.
- (vii) Save as disclosed in this Prospectus, none of the Directors or major shareholders have any interest in any contract or arrangement which is significant in relation to the business of the DBB Group subsisting as at the date of this Prospectus.
- (viii) Save as disclosed in this Prospectus, none of the Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the DBB Group.

16.4 General

- (i) The nature of DBB's business and the names of all corporations that are deemed to be related to the Company by virtue of Section 6 of the Act are disclosed in Sections 6 and 10 of this Prospectus. Other than as mentioned in Section 10 of this Prospectus, there are no corporations deemed to be related to DBB by virtue of Section 6 of the Act.
- (ii) As at the date of this Prospectus, the Company and its subsidiary have not established a place of business outside Malaysia.
- (iii) Apart from the listing sought on the Second Board of the KLSE, DBB 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 19 of this Prospectus.
- (v) The date and time of the opening and closing of applications for the IPO is set out in Section 4.1 and 19.1 of this Prospectus.
- (vi) The amount payable in full on application in respect of the Public Issue Shares and Offer Shares is RM2.10 per Public Issue Share/Offer Share.
- (vii) Save for the remuneration paid and payable as set out in Section 8.2.4 of this Prospectus, no amount or benefit has been paid or given within the two (2) years preceding the date of this Prospectus, nor is it intended to be so paid or given, to any promoter.
- (viii) The name and address of the Auditors and Reporting Accountants of the Company are set out in Section 1 of this Prospectus.
- (ix) Save and except for the Public 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.

16. ADDITIONAL INFORMATION *(Continued)*

- (x) As at the date of this Prospectus, the Company and its subsidiary do not have any outstanding convertible debt securities.
- (xi) Save as disclosed in Sections 3.9, 4.4 and 6.2 of this Prospectus, no capital in the Company has, within the two (2) years immediately preceding the date of this Prospectus, been issued or is proposed to be fully or partly paid-up by cash or otherwise than in cash and the consideration for which the same has been or is to be issued.
- (xii) Save as disclosed in this Prospectus, no property has been acquired or is proposed to be acquired by the Company or its subsidiary in contemplation of the Public Issue/Offer For Sale.

16.5 Expenses and Commission

- (i) Underwriting commission is payable by the Company to the Underwriters mentioned in Section 1 of this Prospectus at the rate of 2.0% of the issue price of RM2.10 for each of the 4,000,000 Public Issue Shares being underwritten. A managing underwriting commission is also payable by the Company to the Managing Underwriter at the rate of 0.5% of the issue price of RM2.10 for each of the 4,000,000 Public Issue Shares underwritten.
- (ii) Brokerage of 1.0% of the issue price of RM2.10 per Public Issue Share is payable by the Company in respect of successful applications bearing the stamps of CIMB, member companies of the KLSE, members of the Association of Banks of Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.
- (iii) Other than remuneration paid in the normal course of employment, no amount or benefit has been paid or given within the two (2) preceding years of the date hereof, nor is it intended to be so paid or given, to any promoter.
- (iv) Placement fees shall be payable by the Company to the Placement Agent mentioned in Section 1 of this Prospectus at the rate of 1.0% of the issue price of RM2.10 for each of the 3,500,000 Public Issue Shares being placed with Malaysian institutional investors and Malaysian/foreign private investors.
- (v) The underwriting commission, placement fees, brokerage and stamp duty (if any) in relation to the Public Issue and estimated expenses and fees incidental to the Listing amounting to RM2.0 million will be borne entirely by the Company. The estimated expenses and fees, including brokerage and underwriting commission relating to the Offer Shares will be borne by the Offeror.
- (vi) Save as disclosed in sub-paragraph (v) above and Section 4.8 of this Prospectus, no commission, discounts, brokerage or other special terms were granted by the Company within the two (2) years immediately preceding the date of this Prospectus in connection with the issue or sale of any capital of the Company or its subsidiary.

16.6 Public Take-Overs

During the last financial year and the current financial year up to the date of this Prospectus, 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.

16. ADDITIONAL INFORMATION *(Continued)*

16.7 Material Litigation

As at 5 June 2002, being the last practicable date prior to the printing of this Prospectus, neither DBB nor its subsidiary is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of DBB or its subsidiary and the Directors are not aware 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 DBB or its subsidiary.

16.8 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 DBB and its subsidiary during the two (2) years immediately preceding the date of this Prospectus:

- (i) Conditional Sale and Purchase Agreement dated 25 October 2000 (as amended and supplemented by a Supplemental Agreement dated 7 June 2001 and a Second Supplemental Agreement dated 3 May 2002) between DBB and the vendors of DMSB for the acquisition of the entire issued and paid-up share capital of DMSB comprising 1,700,000 ordinary shares of RM1.00 each for a total purchase consideration of RM40,187,469 satisfied by the issuance of 31,396,460 new shares of RM1.00 each in DBB at an issue price of approximately RM1.28 per ordinary share.
- (ii) Sale and Purchase Agreement dated 31 October 2001 between DMSB, as the vendor, and Chia Ting Poh @ Cheah Ting Poh, as the purchaser, for the acquisition of all that piece of land and the building erected thereon held under HS(D) 49497 PT No. 9620 Mukim Klang, District of Klang, State of Selangor for a total cash consideration of RM1,000,000.
- (iii) Underwriting Agreement dated 28 May 2002 (as supplemented by a letter dated 12 June 2002) between DBB, the Offeror, CIMB and Hwang-DBS Securities Berhad as the Underwriters, in respect of the Underwritten Shares for an underwriting commission of 2.0% and managing underwriting commission of 0.5% of the issue/offer price of RM2.10 per Underwritten Share. The underwriting commission of RM170,100 and managing underwriting commission of RM42,525 will be satisfied in cash by DBB and the Offeror in their respective proportion.

16.9 Material Agreements

Save as disclosed in Section 10.1.2 of this Prospectus and below, there are no other subsisting material agreements which have been entered into by the Company and its subsidiary:

- (i) A Marketing and Licence Agreement dated 9 August 2000 had been entered into by DMSB and Allwin, an affiliate under the control of Dragon Pharmaceuticals. For consideration of USD1 and other consideration given therein, DMSB was granted the exclusive licence to sell, formulate, vial and package Recombinant Human Erythropoietin ("Product") in the Market Areas (namely, Malaysia, Singapore, Indonesia, Brunei, East Timor, Cambodia, Thailand, Vietnam, Philippines, Laos and Myanmar) for treatment of anaemia associated with chronic renal failure and other indications approved by governing regulatory bodies of Malaysia for a term of five (5) years from the date of this agreement until 9 August 2005 (and thereafter the term will be renewed automatically for successive one (1) year term). Sales outside of the Market Areas are prohibited. Allwin and its affiliates will retain the right to sell the Product in the Market Areas and the Product will remain the exclusive property of Allwin and its affiliates.

16. ADDITIONAL INFORMATION *(Continued)*

Under the agreement, Allwin also granted the non-exclusive, non-transferable right to use the tentative trademark and brand name "HEMOTIN" for purposes of advertising, promotion and marketing in the Market Areas subject to the entering into of a trademark licence agreement. During the term of the agreement and three (3) years thereafter, DMSB will not, directly or indirectly, in sole proprietorship, in any partnership, as owner of any equity in a company which is engaged in the manufacturing, sale or distribution of the product or in a business, engage in or carry on the business of manufacturing, distribution or marketing of the Product in or outside the Market Area which competes with Allwin or its affiliates/partners.

DMSB has previously on 7 July 2000 signed a non-disclosure agreement with Dragon Pharmaceuticals whereby, pursuant to negotiations between the parties for purposes of determining whether DMSB will be appointed as exclusive distributor of the product, Dragon Pharmaceuticals will disclose certain trade secrets and other confidential/proprietary information consisting of technical and commercial aspects relating to the Product. DMSB shall have a fiduciary duty to neither disclose nor use such confidential information in any manner or for any reason except as may be necessary for the purposes of evaluating the Product. The obligations contained therein shall continue for a term of seven (7) years after the agreement is terminated.

- (ii) DMSB has entered into two supply agreements with Remedi on 1 April 2002 and 15 April 2002 (collectively "Supply Agreement") respectively for the supply of a total of 92 types of pharmaceutical products ("Products") to Remedi, the specification and term of payment as set out in the schedules therein, at contract value totalling approximately RM90 million for a period of three (3) years commencing from 1 January 2001 to 31 December 2003. The Supply Agreement was entered into by the parties to replace and to supersede the interim agreements for the supply of the pharmaceutical products made previously. The Supply Agreement may be terminated by either party by giving to the other party at any time not less than six (6) months written notice to expire on or at any time after the end of that six (6) months period. Remedi shall be entitled to terminate this agreement within seven (7) working days by written notice to DMSB if Remedi receives a directive from MoH and/or the Government of Malaysia which is inconsistent with the terms and conditions of the Supply Agreement or if any of the prices, fees and discounts as contained therein are revised or changed by DMSB. DMSB shall supply the Products exclusively to Remedi throughout the term of the Supply Agreement and cannot supply directly or indirectly (through other than Remedi) to any hospital, clinic, health centre, medical institution or other similar facility within Malaysia which is operated or controlled by the MoH.
- (iii) On 7 May 2002, DMSB has received approval from the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait, United Nations authorising DMSB to ship and supply pharmaceutical products to Iraq amounting to approximately Euro 2.3 million or equivalent to RM8.0 million. A contract has been signed between DMSB and Itkan Scientific Bureau of Iraq on 18 April 2002 for the supply of the pharmaceutical products to Iraq. However, the contract is still pending receipt of the letter of credit and completion of other terms and conditions stipulated therein. There is no guarantee that the supply contract will materialise. However, should the contract materialise, the Directors of DBB anticipate that certain proportion of the contract will be concluded during the financial year ending 31 December 2002 while the balance will materialise in the financial year ending 31 December 2003.

16. ADDITIONAL INFORMATION *(Continued)*

16.10 Responsibility

CIMB acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue and Offer For Sale and is satisfied that the consolidated profit forecast (for which the Directors of DBB are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors of the Company after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

This Prospectus has been seen and approved by the Directors and promoters of DBB and the Offeror, and they collectively and individually accept full responsibility for the accuracy of all information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements herein false or misleading.

17. LETTERS OF CONSENT

The written consents of the Adviser, Managing Underwriter and Placement Agent, Underwriters, Principal Bankers, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, their Accountants' Report and letters relating to the consolidated profit forecast for the financial year ending 31 December 2002 as well as the pro forma consolidated balance sheets as at 31 December 2001 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Valuers to the inclusion in this Prospectus of their name and the Valuation Certificate in the form and context in which it is contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of their name and quotations as per the independent market research report dated 5 June 2002, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of DBB during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of DBB and its subsidiary;
- (ii) The Accountants' Report and Directors' Report as included in Sections 13 and 14 respectively of this Prospectus;
- (iii) The Reporting Accountants' letter relating to the consolidated profit forecast for the financial year ending 31 December 2002 as included in Section 12.3.3 of this Prospectus;
- (iv) The Reporting Accountants' letter relating to the pro forma consolidated balance sheets of DBB as at 31 December 2001 as included in Section 12.4.3 of this Prospectus;
- (v) Audited financial statements of DMSB for the past five (5) financial years ended from 31 December 1997 to 31 December 2001;
- (vi) Audited financial statements of DBB for the financial year ended 31 December 2001;
- (vii) The letters of consent referred to in Section 17 of this Prospectus;
- (viii) The Valuation Certificate as included in Section 15 of this Prospectus and the valuation report on the Group's landed properties as referred to therein;
- (ix) The material contracts referred to in Section 16.8 of this Prospectus;
- (x) The material agreements referred to in Section 16.9 of this Prospectus; and
- (xi) The independent market research report dated 5 June 2002 by AC Nielsen (Malaysia) Sdn Bhd.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE

19.1 Opening and Closing of Applications

Applications will be accepted from 10:00 a.m. on 18 June 2002 and will close at 8:00 p.m. on 1 July 2002 or such other date(s) as the Directors of DBB, the Offeror and the Underwriters in their absolute discretion may decide. Late applications will not be accepted.

19.2 Methods of Application

Applications for the Public Issue Shares and Offer Shares may be made using either of the following:

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

19.3 General Conditions for Application

(i) **Applications by the eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group**

Applications for the 2,500,000 Public Issue Shares reserved for eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group must be made on the **Pink** Application Forms provided and not on any other Application Form or by way of Electronic Share Application.

(ii) **Applications by identified Malaysian institutional investors and Malaysian/foreign private investors**

The places for the 3,500,000 Public Issue Shares made available for application by identified Malaysian institutional investors and Malaysian/foreign private investors were identified by the Placement Agent in consultation with the management of the Company.

The Placement Agent had entered into a placement agreement with each placee ("Placement Agreement") and on opening of the application for the Public Issue Shares and Offer Shares, the Placement Agent will send the Prospectus to these placees together with the **White** Application Forms.

Applications for the 3,500,000 Public Issue Shares must be made on the **White** Application Forms provided. The placees must return the completed **White** Application Forms to the Placement Agent before the closing of the application for the Public Issue Shares and Offer Shares. The procedures for payment in respect of the placement shares are contained in the terms and conditions of the Placement Agreement.

The placees cannot apply for the 1,500,000 Public Issue Shares made available for application by the Malaysian public.

(iii) **Applications by the Malaysian public for allocation via balloting**

Applications for the 1,500,000 Public Issue Shares made available for application by the Malaysian public for allocation via balloting must be made on the **White** Application Forms and **White** official "A" and "B" envelopes provided or by way of Electronic Share Application.

However, a corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

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

(iv) Application by Bumiputera investor nominated and approved by MITI

Application for the 5,000,000 Offer Shares to the nominated Bumiputera investor approved by MITI must be made on the **White** Application Form provided and not by way of Electronic Share Application.

(v) Applications by the eligible Directors of the DBB Group

Applications for the 50,000 Offer Shares reserved for eligible Directors of the DBB Group must be made on the **White** Application Forms provided and not by way of Electronic Share Application.

Only one (1) 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 minimum number of shares that can be applied for is 1,000 ordinary shares of RM1.00 each. The amount payable in full on application is RM2.10 per Public Issue Share or Offer Share.

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

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

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:

- (i) (a) THE APPLICANT'S IDENTITY CARD ("NRIC"); OR
 - (b) CHANGE OF ADDRESS CARD ("RESIT PENUKARAN KAD PENGENALAN JPN 1/22"); 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/HER 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 the Application Form or application monies will be made by the Company.

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

19.4 Application using Application Forms**(i) Types of Application Forms**

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed with this Prospectus and are deemed to form an integral part hereof:

- (a) **Pink** Application Forms for application by eligible employees (such as suppliers, distributors, dealers or customers) of the DBB Group; and
- (b) **White** Application Forms for application by the eligible Directors of DBB, the Bumiputera investor nominated and approved by MITI, 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

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

- (a) The Application Form 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 41(2) of the Securities Commission Act, 1993, 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 the Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (b) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA 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 MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

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

- ATM STATEMENT OBTAINED ONLY FROM:
 - AFFIN-ACF FINANCE BERHAD *(formerly known as Asia Commercial Finance (M) Berhad)*;
 - ALLIANCE BANK MALAYSIA BERHAD *(formerly known as Multi-Purpose Bank Berhad)*;
 - ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - BANK UTAMA (MALAYSIA) BERHAD;
 - BUMIPUTRA-COMMERCE BANK BERHAD;
 - EON BANK BERHAD;
 - EON FINANCE BERHAD;
 - HONG LEONG BANK BERHAD;
 - HONG LEONG FINANCE BERHAD;
 - MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - PUBLIC BANK BERHAD;
 - PUBLIC FINANCE BERHAD;
 - RHB BANK BERHAD;
 - SOUTHERN BANK BERHAD *(ex-Ban Hin Lee Bank Berhad)*; OR
 - SOUTHERN FINANCE BERHAD *(formerly known as United Merchant Finance Berhad)*.

AND MUST BE MADE OUT IN FAVOUR OF “**MIH SHARE ISSUE ACCOUNT NO. 227**” 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 MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER’S DRAFT/CASHIER’S ORDERS/MONEY ORDERS/GGO WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (c) AN APPLICANT SHOULD STATE HIS/HER CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM IF HE/SHE PRESENTLY HAS SUCH AN ACCOUNT AND HE/SHE SHALL BE DEEMED TO HAVE AUTHORISED MCD TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO THE ISSUING HOUSE/COMPANY. WHERE AN APPLICANT DOES NOT PRESENTLY HAVE A CDS ACCOUNT, HE/SHE SHOULD STATE IN HIS/HER APPLICATION FORM HIS/HER 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, POSTAL ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.

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

- (e) The Directors of the Company 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 the Company 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 the Company 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 the Company reserve the right not to accept any application or to accept any application in part only without assigning any reason thereof. 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.
- (h) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to the applicant within twenty-one (21) days from the date of the final ballot of the Application Lists by ordinary post or registered 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.
- (j) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes 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 1 July 2002.

Applications may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 1 July 2002, 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 Public Issue Shares.
- (l) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE **WHITE APPLICATION FORM** TO MIH.

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

19.5 Application 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; and
- (c) Applicant is to apply for the Public Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 19.5(ii) under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so:
 - Personal Identification Number ("PIN");
 - **MIH Share Issue Account No. 227;**
 - CDS Account Number;
 - Number of Public Issue Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

(ii) Terms and Conditions for Electronic Share Application

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 19.5(i) above. 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 Application set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Application 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 Application, only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he/she can make an Electronic Share Application at an ATM of that 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/her Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his/her 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 the Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

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

Upon the closing of the offer for the application for the Public Issue Shares on 1 July 2002 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 Public 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/she has an account and its branches, subject to the applicant making only one application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one application. A fee of RM2.50 per application will be charged.

AN APPLICANT MUST ENSURE THAT HE/SHE USES HIS/HER 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/SHE ENTERS HIS/HER OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM/HER IN HIS/HER OWN NAME. HIS/HER APPLICATION WILL BE REJECTED IF HE/SHE FAILS TO COMPLY WITH THE FOREGOING.

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

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.
- (b) 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 this 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/her 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.

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

- (c) THE APPLICANT CONFIRMS THAT HE/SHE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE/SHE MAKES IS MADE BY HIM/HER AS THE BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE PUBLIC ISSUE SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his/her account with the relevant Participating Financial Institution at the time he/she makes his/her Electronic Share Application, failing which his/her 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.
- (e) 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 to him/her in respect of his/her Electronic Share Application. In the event that the Company decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his/her confirmation (by his/her action of pressing the designated key or button on the ATM) of the number of shares applied for shall signify, and shall be treated as, his/her acceptance of the number of shares that may be allotted or allocated to him/her and to be bound by the Memorandum and Articles of Association of the Company.
- (f) The Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason thereof. 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.
- (g) 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 the 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 market day from the balloting day.

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

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.

- (h) The applicant requests and authorises the Company:
- (i) to credit the shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - (ii) to issue share certificate(s) representing such shares allotted or allocated in the name of MCD Nominees Sdn Bhd and send the same to MCD.
- (i) The applicant, acknowledging that his/her 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 the Company, MIH or the Participating Financial Institution, irrevocably agrees that if:
- (i) the Company or MIH does not receive the applicant's Electronic Share Application; or
 - (ii) 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 the Company or MIH,
- the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against the Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he/she makes his/her Electronic Share Application shall be deemed to be true and correct and the Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The applicant shall ensure that his/her personal particulars as recorded by both MCD and the relevant Participating Financial Institution are correct and identical. Otherwise, his/her 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 allotment or allocation will be sent to his/her registered address last maintained with MCD.

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

- (l) By making and completing an Electronic Share Application, the applicant agrees that:
- (i) in consideration of the Company 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/her Electronic Share Application is irrevocable;
 - (ii) the Company, 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/her Electronic Share Application to the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of the Company, 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 allotment for prescribed securities, in respect of the said shares;
 - (iv) the applicant irrevocably authorises MCD to complete and sign on his/her behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allotted or allocated to the applicant; and
 - (v) The Company agrees that, in relation to any legal action or proceedings arising out of or in connection 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 submits to the jurisdiction of the Courts of Malaysia.
- (m) The Directors of the Company 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 the Company 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.
- (n) The Directors of the Company reserve the right to reject applications which do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:
- ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - BUMIPUTRA-COMMERCE BANK BERHAD (at selected branches in the Klang Valley only);
 - HSBC BANK MALAYSIA BERHAD;
 - MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - OCBC BANK (MALAYSIA) BERHAD;

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

- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

19.6 Applications and Acceptances

The Directors of DBB reserve the right not to accept any application, which does not strictly comply with the instructions, or to accept any application in part only without assigning any reason thereof.

The submission of an Application Form does not necessarily mean that the application will be successful.

ALL APPLICATIONS MUST BE FOR 1,000 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by the Directors of DBB. Due consideration will be given to the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of the Company. Pursuant to the SC Guidelines, the Company needs to have at least 25% of the enlarged issued and paid-up share capital in the hands of public shareholders and a minimum number of 750 public shareholders (of which at least 500 shareholders are members of the public who are not employees of the Company), holding not less than 1,000 shares upon completion of the Public Issue and Offer For Sale. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to the Public Issue and Offer For Sale, the Company may not be allowed to proceed with the Listing. Applicants will be selected in a manner to be determined by the Directors of DBB.

Any Public Issue Shares not subscribed for by the eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group and any Offer Shares not taken up by the eligible Directors of the DBB Group will be made available for application by the Malaysian citizens, companies, co-operatives, societies and institutions and will be underwritten by the Underwriters.

In the event of an under-subscription by the Malaysian public, all the Public Issue Shares not applied for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement dated 28 May 2002.

Directors and employees of MIH and their immediate family are strictly prohibited from applying for the Public Issue Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS 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 REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

19. 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.

19.7 CDS Accounts

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in DBB 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/her CDS account number in the space provided in the Application Form if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code in the space provided. A list of the ADA Codes is given in Section 19.10 of this Prospectus. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code.

If a successful applicant fails to state either his/her CDS account number or the preferred ADA Code, 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 the MCD to open a CDS account on the applicant's behalf at the specified ADA and credit the shares allotted to the applicant into the applicant's CDS account.

Where an applicant already has a CDS account, his/her completion of the Application Form includes his/her authority for MCD to disclose information pertaining to the CDS account to the Issuing House/Company.

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/her CDS account number to the Participating Financial Institution by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so.

Failure to comply with these specific instructions or inaccuracy in the CDS account number or preferred ADA Code may result in the application being rejected. The Directors of the Company 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 Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application differ from those in MCD's records, such as the identity card number, name and nationality.

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

19.8 Notice of Allotment

Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful applicant at his/her address shown in the Application Form where the applicant does not presently have a CDS account or to the applicant's address last maintained with the MCD where the applicant has an existing CDS account at the applicant's own risk within thirty (30) days after the final ballot of the application list. For Electronic Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his/her address last maintained with the 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.

19.9 Formalising CDS Accounts

Successful or partially successful applicants whose CDS accounts have been opened by MCD at their preferred ADA or the ADA caused to be inserted by MIH at the instruction of the Company in case where the successful or partially successful applicants fail to state either their CDS account number or preferred ADA Code, are required to formally open the 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.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)**19.10 List of Authorised Depository Agents**

Name	Address and Telephone Number	ADA Code
KUALA LUMPUR		
AFFIN-UOB SECURITIES SDN BHD	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: 03-21438668	028-001
ALLIED AVENUE ASSETS SECURITIES SDN BHD (<i>formerly known as MGI Securities Sdn Bhd</i>)	Ground Floor & Level 1 THB 1, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-20951111	052-001
ARAB-MALAYSIAN SECURITIES SDN BHD	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20782788	086-001
BBMB SECURITIES SDN BHD	Level 2, 3, 4 & 15 Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20319900	099-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor Podium Block, Bangunan AMDB No. 1, Jalan Lumut 50400 Kuala Lumpur Tel. No.: 03-40433533	024-001
CIMB SECURITIES SDN BHD	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-20849999	065-001
FIMA SECURITIES SDN BHD (<i>formerly known as Capitalcorp Securities Sdn Bhd</i>)	No. 45-14, Plaza Level & Level 1 Plaza Damansara Jalan Medan Setia 1 Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-20949966	018-001
HLG SECURITIES SDN BHD	Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: 03-21681168	066-001
HWANG-DBS SECURITIES BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel. No.: 03-77106688	068-009
INTER-PACIFIC SECURITIES SDN BHD	Level 7, Menara Shahzan Insas 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21441888	054-001

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

Name	Address and Telephone Number	ADA Code
KUALA LUMPUR <i>(Continued)</i>		
JUPITER SECURITIES SDN BHD	7th - 9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20341888	055-001
K&N KENANGA BHD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21649080	073-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD <i>(formerly known as Seagroatt & Campbell Sdn Bhd)</i>	30th Floor The Weld Tower No.76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20201600	053-001
KUALA LUMPUR CITY SECURITIES SDN BHD	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-21667922	076-001
LEONG & COMPANY SDN BHD	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03-26928899	061-001
MAYBAN SECURITIES SDN BHD	Level 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: 03-22978888	098-001
MIDF SISMA SECURITIES SDN BHD	17th & 18th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-21668888	026-001
OSK SECURITIES BERHAD	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-21624388	056-001
PB SECURITIES SDN BHD	27th Floor, Bangunan Public Bank No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-20313011	051-001
PM SECURITIES SDN BHD	Ground & 1st Floor, MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-21463000	064-001
RASHID HUSSAIN SECURITIES SDN BHD	Level 9, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-92852233	087-001
SIME SECURITIES SDN BHD	21st Floor, Bangunan Sime Bank 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-22749288	097-001

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

Name	Address and Telephone Number	ADA Code
KUALA LUMPUR <i>(Continued)</i>		
TA SECURITIES BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: 03-20721277	074-001
SELANGOR DARUL EHSAN		
AMSTEEL SECURITIES (M) SDN BHD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-33439999	080-001
HWANG-DBS SECURITIES BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: 03-55133288	068-002
HWANG-DBS SECURITIES BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: 03-56356688	068-010
JF APEX SECURITIES BERHAD	3rd Floor, Wisma Apex 145A-C, Jalan Bukit 43000 Kajang Selangor Darul Ehsan Tel. No.: 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-76201118	079-002
K&N KENANGA BHD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel. No.: 03-30057001	073-007

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

Name	Address and Telephone Number	ADA Code
SELANGOR DARUL EHSAN <i>(Continued)</i>		
K&N KENANGA BHD	1st Floor, Wisma UEP Pusat Pemiagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel. No.: 03-80241682	073-006
K&N KENANGA BHD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-79562169	073-005
MOHAIYANI SECURITIES SDN BHD	1st, 2nd & 3rd Floor Plaza Damansara Utama No 2, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77297345	095-001
PM SECURITIES SDN BHD	No.157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: 03-80700773	064-003
SJ SECURITIES SDN BHD	Level 3, Holiday Villa No. 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-56340202	096-001
MELAKA		
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box 248 75250 Melaka Tel. No.: 06-3371533	012-001
OSK SECURITIES BERHAD	579, 580-581A & B, Taman Melaka Raya 75000 Melaka Tel. No.: 06-2825211	056-003
STRAITS SECURITIES SDN BHD	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel. No.: 06-2833622	011-001

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

Name	Address and Telephone Number	ADA Code
PERAK DARUL RIDZUAN		
ALLIED AVENUE ASSETS SECURITIES SDN BHD	A23-A29, Wisma Kota Emas Jalan Dato' Tahwil Azar 30300 Ipoh Perak Darul Ridzuan Tel. No.: 05-2422828	052-002
BOTLY SECURITIES SDN BHD	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001
HWANG-DBS SECURITIES BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8060888	068-003
M&A SECURITIES SDN BHD	Bangunan M&A 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001
MAYBAN SECURITIES SDN BHD	55, 57 & 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	098-002
OSK SECURITIES BERHAD	21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	056-002
SBB SECURITIES SDN BHD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-001
PULAU PINANG		
A. A. ANTHONY & COMPANY SDN BHD	No.41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No.: 04-2299318	014-001
HWANG-DBS SECURITIES BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-001
HWANG-DBS SECURITIES BERHAD	Ground, 1st & 2nd Floor 1620 & 1621, Jalan Permatang Batu Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel. No.: 04-5372882	068-006

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)

Name	Address and Telephone Number	ADA Code
PULAU PINANG (Continued)		
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322123	093-001
OSK SECURITIES BERHAD	64, Bishop Street 20F & 20G, Penang Street 10200 Pulau Pinang Tel. No.: 04-2634222	056-004
OSK SECURITIES BERHAD	Level 19, NB Tower 5050 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel. No.: 04-3322299	056-005
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2273000	064-004
SMITH ZAIN SECURITIES SDN BHD	7th & 8th Floor, PSCI Tower 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	016-001
SOON THEAM SECURITIES SDN BHD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-001
THONG & KAY HIAN SECURITIES SDN BHD	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2635481	070-001
UT SECURITIES SDN BHD	6th, 10th & 12th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No.: 04-2626644	059-001
KEDAH DARUL AMAN		
KUALA LUMPUR CITY SECURITIES SDN BHD	2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7317088	076-004
PERLIS INDRA KAYANGAN		
KUALA LUMPUR CITY SECURITIES SDN BHD	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9765200	076-003

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Continued)

Name	Address and Telephone Number	ADA Code
NEGERI SEMBILAN DARUL KHUSUS		
HWANG-DBS SECURITIES BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No: 06-7612288	068-007
PM SECURITIES SDN BHD	1st, 2nd and 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131	064-002
JOHOR DARUL TAKZIM		
ARAB-MALAYSIAN SECURITIES SDN BHD	2nd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4342282	086-002
ENG SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211	081-001
HWANG-DBS SECURITIES BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692	068-004
JB SECURITIES SDN BHD	Suite 8.2, Level 8 Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332000	078-001
KESTREL SECURITIES SDN BHD	No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	088-001
K&N KENANGA BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	073-004
KUALA LUMPUR CITY SECURITIES SDN BHD	No. 46 & 48 Jalan Dato' Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel. No.: 07-7717922	076-006

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

Name	Address and Telephone Number	ADA Code
JOHOR DARUL TAKZIM <i>(Continued)</i>		
OSK SECURITIES BERHAD	Unit 27-01 to 27-08 Level 27, Menara Landmark No.12, Jalan Ngee Heng 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2212233	056-006
OSK SECURITIES BERHAD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4380288	056-009
PM SECURITIES SDN BHD	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-2781813	064-005
KELANTAN DARUL NAIM		
KOTA BHARU SECURITIES SDN BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7432288	075-001
PAHANG DARUL MAKMUR		
KUALA LUMPUR CITY SECURITIES SDN BHD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800	076-002
OSK SECURITIES BERHAD	A-27 & A-29, Lorong Tun Ismail 9 Seri Dagangan Kuantan Business Centre 25000 Kuantan Pahang Darul Makmur Tel. No.: 09-5163811	056-007
TERENGGANU DARUL IMAN		
FA SECURITIES SDN BHD	No.51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001
PTB SECURITIES SDN BHD	1st, 2nd & 3rd Floor 61, Jalan Sultan Ismail P.O Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6235546	025-001

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

Name	Address and Telephone Number	ADA Code
SABAH		
HWANG-DBS SECURITIES BERHAD	Room Nos 106-109, Mezzanine Floor Room Nos 207-212, 2nd Floor Gaya Centre Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel. No.: 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamuning 88100 Kota Kinabalu Sabah Tel. No.: 088-234090	020-001
KUALA LUMPUR CITY SECURITIES SDN BHD	Suite 1-9-E1, 9th Floor CPS Tower No.1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel. No.: 088-253922	076-005
OSK SECURITIES BERHAD	5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamuning 88000 Kota Kinabalu Sabah Tel. No.: 088-269788	056-010
SARAWAK		
BORNEO SECURITIES SDN BHD	12G, Jalan Kampung Datu 96000 Sibu Sarawak Tel. No.: 084-319998	030-001
HWANG-DBS SECURITIES BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel. No.: 082-236999	068-005
K&N KENANGA BHD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: 082-338000	073-003
K&N KENANGA BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	073-002
OSK SECURITIES BERHAD	Ground & 1st Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel. No.: 082-422252	056-008

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

Name	Address and Telephone Number	ADA Code
WILAYAH PERSEKUTUAN LABUAN		
SHARETECH SECURITIES SDN BHD	Unit 7(A), Level 7 Main Office Tower Financial Park Labuan Jalan Merdeka 87000 Wilayah Persekutuan Labuan Tel. No.: 087-451666	022-001