

11. INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in the Prospectus)

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Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
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16 MAR 2005

Board of Directors
Guan Chong Berhad,
PLO273, Jalan Timah 2,
81700 Pasir Gudang,
Johor

RE: INDEPENDENT MARKET RESEARCH REPORT FOR GUAN CHONG BERHAD

This Report has been prepared for inclusion in the Prospectus to be dated **22 MAR 2005** pursuant to the proposed listing of Guan Chong Berhad ("GCB" or the "Company") on the Main Board of the Bursa Securities. Relevant sections of the Report which was dated 2nd August 2004 were updated as at 4th March 2005 for inclusion in this Prospectus.

This research is undertaken with the purpose of providing an overview of GCB in Malaysia as well as the positioning of the Company within the industry. The research methodology includes both primary research, involving in-depth trade interviews and telephone interviews of pertinent companies, as well as secondary research such as reviewing press articles, periodicals, trade/government literatures, in-house databases, Internet research as well as online databases.

Infocredit D&B (Malaysia) Sdn Bhd ("Expert") has prepared this Report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Report. In addition, the Expert acknowledges that if there are significant changes affecting the content of the Independent Market Researcher Report after the issue of the Prospectus and before the issue of securities, then the Expert has an on-going obligation to either cause the Report to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Report in the Prospectus.

An Executive Summary is highlighted in the following sections.

For and on behalf
INFOCREDIT D&B (MALAYSIA) SDN BHD



Tan Sze Chong
Managing Director

Executive Summary

1 Cocoa Derived Food Ingredients Industry

1.1 Product Classification

This report uses the Harmonised Commodity Coding System ("HS") for the classification of cocoa-derived food ingredients. Under the HS, cocoa-derived food ingredients are classified into the following 4 categories: -

Table 1.1: Harmonised Commodity Coding System for the Classification of Cocoa-Derived Food Ingredients

Common Name	HS Code	Description
Cocoa liquor	1803.10.000	Cocoa paste, not defatted
Cocoa cake	1803.20.000	Cocoa paste, wholly or partly defatted
Cocoa butter	1804.00.000	Cocoa butter, fat and oil
Cocoa powder	1805.00.000	Cocoa powder, not containing added sugar or other sweetening matter

Source: Ministry of International Trade and Industry

The HS is a universally accepted classification system for goods. The HS was designed to replace local systems used by different countries in order to allow them to have a common classification system by which to administer customs programs and collect trade data. This consistency in classification helps to ensure comparability across countries.

The food ingredients, which are processed from cocoa beans, are as follows: -

Cocoa liquor

Cocoa liquor is a common term used in the cocoa industry to describe viscous cocoa mass generated after the grinding process which is in liquid or paste form and has no alcoholic content. Cocoa liquor is used with other ingredients to produce chocolate which is used as a product on its own or combined with other ingredients to form confectionery products.

Cocoa cake

Cocoa cake is further processed into cocoa powder.

Cocoa butter

Cocoa butter is used in the manufacture of chocolates.

Cocoa powder

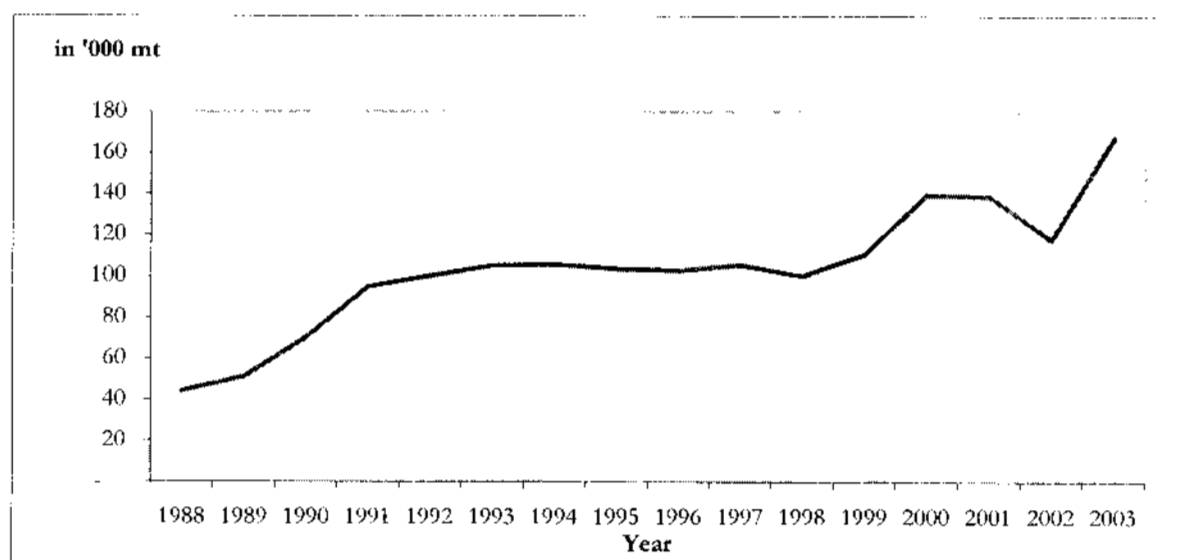
Cocoa powder can be used as an ingredient in many food products such as dairy products, bakery products, instant drinks, confectioneries, chocolate drinks and others.

1.2 Industry Overview

The Malaysian government encourages greater utilisation of local cocoa beans for downstream processing into intermediate products such as cocoa butter and cocoa powder and finished products such as chocolates, confectioneries and beverages.

Despite declining cocoa bean production in the country, the cocoa processing industry grew from strength to strength. In 1988, grindings were 44,000 mt. By 2003, grindings were estimated to be 167,595 mt. Malaysia is the world's sixth largest cocoa processing country accounting for 5.6% of world grindings and is currently the largest cocoa processing country in Asia.

Figure 1.1: Malaysia Processing of Cocoa Beans (in mt)



Source: Infocredit D&B

In Malaysia, cocoa processing is an export-oriented industry. Cocoa-derived food ingredients export generated RM991 million in 2003 compared to RM552 million in 1999 which was an increase of 79.9%. Revenue growth for 2003 was 49.0% surpassing the 32.9% growth in 2002.

11. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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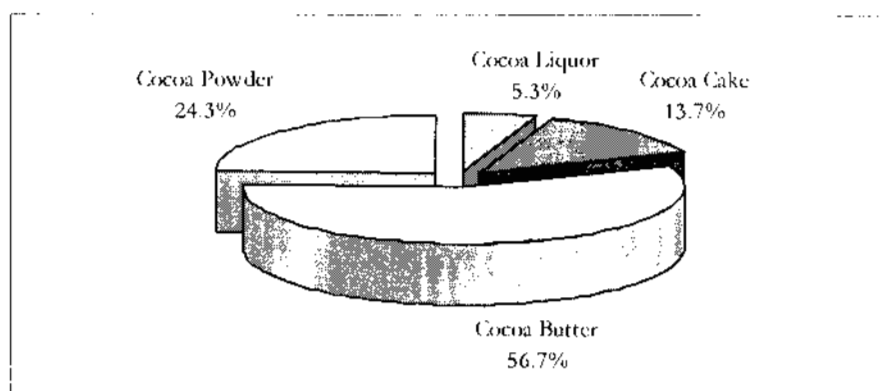
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In 2003, about 56.7% of the total export values were contributed by cocoa butter and 24.3% by cocoa powder. Among the cocoa-derived food ingredients, cocoa cake and cocoa powder recorded consistent annual export growth in value within the five-year period.

Total export volume increased strongly by 22.1% in 2003 after a decline of 10.5% in 2002. Volume growth was recorded in all categories of cocoa-derived food ingredients. Cocoa butter was the largest export item contributing 49.0% of exports in terms of volume. Cocoa powder export volume was 30.0% while cocoa cake and cocoa liquor contributions were 15.4% and 5.6% respectively.

Figure 1.2: Malaysia's Export of Cocoa-Derived Food Ingredients by Value (in RM) in 2003



Source: Department of Statistics



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1.3 Government Legislations, Policies and Incentives

Currently, apart from manufacturing license, a company interested in venturing into the cocoa-derived food manufacturing industry must also apply for the cocoa grinding licence as well as licence for buying, selling or exporting of cocoa beans from Malaysian Cocoa Board. It also need to comply with all the rules and regulations prescribed in the 1991 Cocoa (Licensing and grading) Legislation. The Malaysian Government offers various investment incentives and promotes the cocoa processing industry through MCB.

Some of the major incentives for investments for the cocoa-derived food ingredients manufacturing industry include:

- Pioneer Status
- Investment Tax Allowance ("ITA")
- Incentives for Export
- Incentives for Small-Scale Companies
- Incentives for Promoting Malaysian Brand names

A company granted the Pioneer Status is entitled to enjoy a five-year partial exemption from payment of income tax depending on the criteria it had met. In terms of ITA, the government provide allowance for qualifying capital expenditure over a five-year period for qualified companies. Under the RA incentives, the qualified manufacturing companies will receive allowance for capital expenditure. This is to promote capital expenditure and diversification of products among the local manufacturers. As exporting is an important part of the economy, the government has offer incentives for export in the form of Export Credit Refinancing ("ECR"), double deduction of export credit insurance premium, double deduction for promotion on exports, tax exemption on the value of increased export, industrial building allowance as well as incentives for research and development. Not forgetting the small-scale companies, the government also provide incentives to them. Furthermore, eligible companies will also be able to enjoy incentives for promoting of Malaysian brand name.

11. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Other incentives provided by the government include exemption of import duty and sales tax on machinery and equipment, drawback of excise duty on parts, ingredients of packaging materials and drawback of import duty.

1.4 Quality Standard

For the quality standardisation of cocoa beans and cocoa-derived food ingredients, the Malaysian Cocoa Board has set a specific standard for cocoa beans, cocoa powder and cocoa butter. The standards are based on standard set by Standards and Industrial Research Institute of Malaysia ("SIRIM"). The three standards are as follows:-

Table 1.2: Standards on Cocoa Beans, Cocoa Powder and Cocoa Powder

	Standard	Purpose
1.	MS 293:1995	Grading Malaysia cocoa beans
2.	MS 871:1988	Malaysian cocoa powder
3.	MS 1118:1988	Malaysian cocoa butter

Source: Malaysian Cocoa Board

While the MS 293:1995 is applicable for all beans to be exported from Malaysia. MS871:1988 and MS 1118:1988 are just a guide to the manufacturers. The standards provide information on basic requirements and specifications.



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1.5 International Trade Obligation

Malaysia has trade commitments under two organisations, namely, the World Trade Organisation and the Association of South East Asian Nations ("ASEAN").

Commitment under the ASEAN Common Effective Preferential Tariff Scheme to reduce tariff rates to 5% has already been implemented since 1st January 2003. In Malaysia, only cocoa powder is subject to tariffs of 5%. Other cocoa-derived food ingredients and cocoa beans are not subject to tariffs. In other 5 original ASEAN members, Indonesia, Thailand, Philippines, Singapore and Brunei, tariffs on cocoa-derived food ingredients are now at 5% or less.

International trade obligations such as the General Agreement on Trade and Tariffs are an important factor to the Malaysian cocoa processing industry due to the protection they accord the domestic industries in the consumer markets. The tariffs pose as barriers to Malaysian exporters from gaining greater market share in the protected markets. For example, Europe sets high duties on processed cocoa-derived food ingredients to protect its domestic industries. Standard tariffs on cocoa liquor, cocoa cake, cocoa butter and cocoa powder are 15%, 15%, 12% and 16% respectively. Malaysia, as a developing country, is subject to preferential rates of 8.4% for cocoa liquor, 6.3% on cocoa butter and 4.2% on cocoa powder.

1.6 Barrier of Entry

The barrier to entry into the industry is high due to the following two factors:

Capital Intensiveness

The cocoa processing industry is export-oriented, players need to operate at sufficiently large scale to achieve competitive production cost in the global market place. This involves intensive capital expenditure in factory building, warehouse facility, machineries and equipment as well as automation process. In addition, industry players need to have sufficient working capital for the funding of cocoa beans purchase and warehousing.

Technical Know-how

Players need to possess technical knowledge in machinery, engineering, production process and cocoa beans selection for the manufacturing of cocoa derived food ingredients. Such technical know-how is important to achieve production efficiency and to maximise yield. Barrier to entry is especially high for producing cocoa powder as the specifications for cocoa powder vary depending on the requirements different customers from various application markets. Technical expertise is required to derive the desired colours and flavours in the manufacturing process that meet customers' specifications and expectations.

1.7 Industry Challenges

The major risks and challenges faced by the cocoa processing industry are as follows:-

Threats to Cocoa Bean Supply

Cocoa tree is found only in tropical climates, typically not ranging more than 20 degrees from the equator. This limits the production to a few places in the world. Hence, disruptions to bean supplies would cause losses to all of the participants comprising the cocoa economy. Threats to supply include political unrest and weather changes in the cocoa producing countries, fluctuation in bean prices and cocoa tree diseases.

World Cocoa Bean Stock

Production deficits in the past few years have substantially reduced world stocks of cocoa beans from 1.53 million tonnes at the start of the 1993/94 season to around 1.26 million tonnes at the end of the 2002/2003 season. The stocks-to-grindings ratio, an approximate measure of supply tightness, is correspondingly estimated to have fallen from 63.2% to 42.2% over the same period. Low stock levels increase the risks of price fluctuations in the cocoa market.

The Group shall be able to mitigate the risk by passing on the resultant costs increase to its customers.

Cocoa Butter Substitute

Due to the higher price of cocoa butter, there has been a natural tendency for chocolate manufacturers to look for cocoa butter substitutes to replace pure cocoa butter or to adulterate it.

The common substitute to cocoa butter is called cocoa butter equivalents ("CBE"). CBE are made from vegetable oils such as palm oil, illipe, sal, shea, kokum gurgi and mango kernel. In developing countries, there is usually no restriction on the use of CBE where CBE could be mixed with cocoa butter or used on its own in the production of chocolates. But in the major developed markets such as the USA and Canada, there has been restriction in using CBE for products marketed as "chocolate". Countries that prohibit the use of CBE in

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producing chocolate also impose restrictions on the imports of chocolates that use CBE or prohibit the labeling of these products as “chocolate” to be marketed in their markets.

In August 2003, the European Union (“EU”) implemented the Directive EC 2000/36, permitting European chocolate manufacturers the use of up to 5% of CBE with specified vegetable fats in products marketed as “chocolate”. This could pose a challenge to the industry but the impact is not expected to be significant. This is because some European countries such as Denmark, Finland, Sweden, Ireland, Portugal and UK had previously allowed the 5% limit before the directive. The effect of the directive is more of harmonising the definition of chocolate and hence facilitates the trading of chocolate goods within the EU.

Political Unrest

The world supply of cocoa beans is heavily reliant on Cote d'Ivoire which is responsible for 43% of world production. The country has been facing a long standing civil war which have caused labour shortage and destroyed infrastructure. In areas of conflict, smallholder farmers abandon their farms. These factors have been an unceasing cause for concern over the supply of beans to the world markets.

In November 2004, the resurgence of political unrest in Cote d'Ivoire has caused some concerns on cocoa beans supply. However, the impact is minimal on GCB as GCB mainly sources cocoa beans from international trading houses on forward contract arrangements. To date, GCB has not encountered any major disruption in the supply of cocoa beans from Cote d'Ivoire.

In addition, GCB's risk exposure is minimal due to the fact that most of the Group's beans are of Indonesian (Sulawesi Island) origin. For purchase of African cocoa beans that are of higher quality, Management reveals that the Group would purchase more cocoa beans with other country origins apart from beans of Cote d'Ivoire origin. This is aimed at minimising the risk of potential disrupted supplies from Cote d'Ivoire. For the 10-month financial

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period ended 31 October 2004, import of cocoa beans from Cote d'Ivoire accounted for 19.2% of the Group's total bean purchases.

1.8 GCB's Performance & Market Share Ranking

Major Local Cocoa-derived Food Ingredients Manufacturers in Malaysia:-

- GCB Group
- CocoaHouse Sdn Bhd
- Delfi Cocoa (M) Sdn Bhd
- JB Cocoa Sdn Bhd
- KL-Kepong Cocoa Products Sdn Bhd
- Koko Budi Sdn Bhd
- Koko Malaysia Sdn Bhd
- Maestro Swiss Cocoa Sdn Bhd
- Majulah Koko Tawau Sdn Bhd
- Malaysia Cocoa Manufacturing Sdn Bhd

There are ten major players in the local manufacturing of cocoa-derived food ingredients industry. Among them, GCB Group was the largest manufacturer in terms of actual cocoa bean processing volume in 2003.

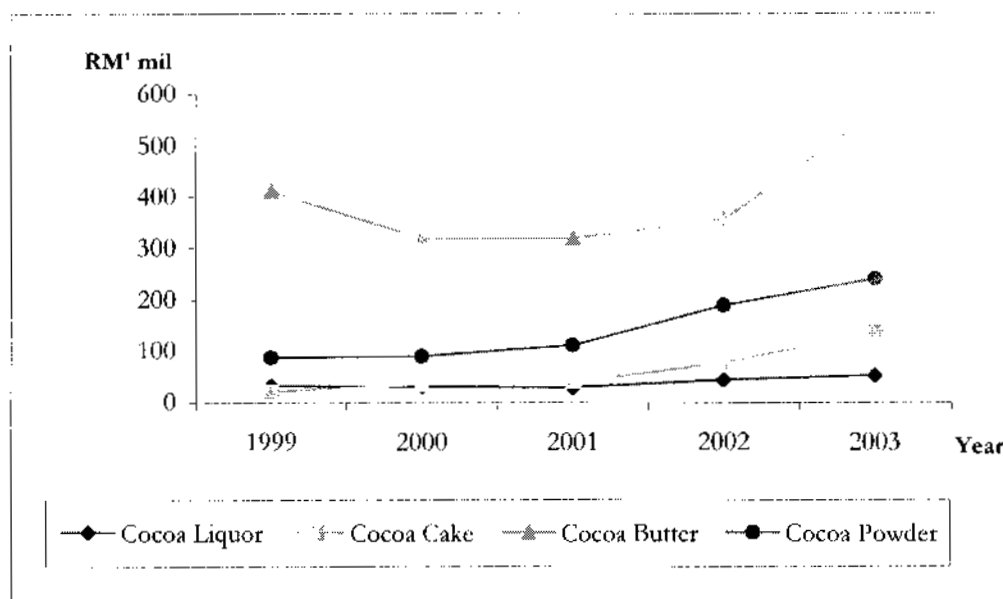
Based on FYE2003 revenue, GCB Group was the top player in Malaysia with revenues of RM371 million, capturing a market share of 35.4% among the major players. The other two big players are KL-Kepong Cocoa Products Sdn. Bhd. ("KLK Cocoa") and Malaysian Cocoa Manufacturing Sdn. Bhd. The top three players recorded more than RM200 million of revenue each in FYE2003 and collectively contributed 75.9% to the total revenue recorded by all the players.

GCB Group has shown a strong revenue growth in the past three financial years. It recorded a growth of 56.1% and 68.4% in FYE2002 and FYE2003 respectively. In FYE2001, it captured 25.8% of market share and was positioned second to KLK Cocoa. Its market share increased to 29.1% in FYE2002 which made it the top player among all players. GCB Group maintained its top position in FYE2003 with a further increase of market share to 35.4%. It has also achieved a stable profit before tax margin of 3.9% to 4.7% in the past three financial years reflecting its prudent management style and expertise in the international cocoa and cocoa-derived food ingredients market.

1.9 Prospects & Outlook of the Industry

In Malaysia, the cocoa industry had successfully moved up the value chain from cocoa beans plantation to the processing and manufacturing of value added cocoa-derived food ingredients. The cocoa processing industry has over the years grown into an export-oriented industry. Export earnings had grown from RM 552 million in 1999 to RM991 million in 2003. Currently, Malaysia is the biggest in Asia and it ranks 6th in the global market place in terms of cocoa processing volume.

Figure 1.3: Malaysia's Exports Value of Cocoa-Derived Food Ingredients



Source: Department of Statistics

Malaysia has many competitive advantages that drive the growth of the industry. Its proximity to Indonesia, a major source of cocoa beans, reduces costs involved in raw materials sourcing. Infrastructure costs such as land, utilities and transportation are relatively cheap. Besides, the country has well-developed infrastructure and is stable politically. Coupled with the government's pro-business policies, Malaysia has successfully created conducive environment that nurture the growth and development of the industry.

11. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



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The major export markets for Malaysian cocoa-derived food ingredients are the USA, Holland, Australia and Singapore. Malaysian players should look for growth opportunities in the emerging markets such as Russian Federation and Eastern Europe. Presently, these markets are mainly supplied by imports from Western European countries. Malaysia's lower costs of production compared to players in Western Europe would provide local players the edge in offering cocoa-derived food ingredients at competitive prices.

12. BYE-LAWS OF THE ESOS**1. NAME OF SCHEME**

This Scheme shall be called the "GCB Employee Share Option Scheme".

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are to:-

- (a) Reward and retain the employees of the Group whose services are vital to the Group's operations, continued growth and future expansion;
- (b) Instil a sense of loyalty and dedication amongst the Group's employees;
- (c) Encourage and motivate the Group's employees towards a higher level of productivity and performance;
- (d) Enable the Group's employees to participate directly in the equity of the Company; and
- (e) Reward and retain Non-Executive Directors, who are indirectly involved in the overall strategic plan and business conduct of the Group through, amongst others, their participation in Board deliberations and in the decision making process of the Group.

3. DEFINITIONS AND INTERPRETATION

3.1 In these Bye-laws, the following terms and expressions shall have the following meanings:-

"Act"	- The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
"Available Balance"	- The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in Bye-law 4.2 and after deducting all Options which have been offered and accepted
"Articles"	- Articles of Association of the Company
"Bursa Securities"	- Bursa Malaysia Securities Berhad (Company No. 635998-W) <i>(formerly known as Malaysia Securities Exchange Berhad)</i>
"Listing Requirements"	- Listing Requirements of the Bursa Securities including any amendments, press releases, flexibilities and announcements made from time to time
"Board"	- The Board of Directors of the Company
"Bye-laws"	- The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with Bye-law 22)

12. BYE-LAWS OF THE ESOS (Cont'd)

"CDS"	- Central Depository System
"CDS Account"	- An account established by Bursa Malaysia Depository Sdn. Bhd. for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
"Company" or "GCB"	- Guan Chong Berhad (646226-K)
"Date of Expiry"	- The last day of the duration of the Scheme as defined in Bye-law 19.1
"Date of Offer"	- The date on which an Offer is made by the Option Committee to an Eligible Employee in the manner provided in Bye-law 7
"Effective Date"	- The effective date of the implementation of the Scheme, as stated in the confirmation letter submitted by the Company's adviser to Bursa Securities pursuant to the Listing Requirements
"Eligible Employee"	- An Employee who is designated in writing by the Option Committee to be an Eligible Employee described in Bye-law 5, and falling within any of the categories of Employees set out in Bye-law 6
"Employee"	- A natural person who is employed by and on the payroll of any company in the Group. Employees include Executive Directors and Non-Executive Directors described in Bye-law 5
"Entitlement Date"	- The date as at the close of business on which shareholders' names must appear on GCB's Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
"Executive Director"	- A natural person who holds a directorship in a full time executive capacity in the GCB Group and is on the payroll of the GCB Group
"Grantee"	- An Eligible Employee who has accepted an Offer in the manner provided in Bye-law 8
"Group" or "GCB Group"	- The Company and its subsidiaries as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in Bye-law 17.2
"Market Day"	- Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which the Bursa Securities is open for the trading of securities

12. BYE-LAWS OF THE ESOS (Cont'd)

- | | |
|--------------------------|---|
| "Maximum Entitlement" | - The maximum number of Options that can be offered to an Eligible Employee as stipulated in Bye-law 6.1 |
| "Non-Executive Director" | - A natural person who holds a directorship in a non-executive capacity in the GCB Group |
| "Offer" | - A written offer made by the Option Committee to an Eligible Employee in the manner provided in Bye-law 7 |
| "Option" | - The right of a Grantee to subscribe for one (1) new Share pursuant to the contract constituted by acceptance by the Grantee in the manner provided in Bye-law 8 of an Offer made to such Grantee by the Option Committee pursuant to Bye-law 7 |
| "Option Committee" | - A committee comprising directors and/or senior management personnel appointed by the Board to administer the Scheme |
| "Option Period" | - The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in Bye-law 19.1. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended. |
| "Scheme" | - The scheme for the granting of Options to Eligible Employees to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "GCB Employee Share Option Scheme" |
| "Shares" | - Ordinary shares of RM0.25 each in the Company |
| "Subscription Price" | - The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of Bye-law 11 |

- 3.2 Headings are for ease of reference only and do not affect the meaning of a Bye-law.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.

4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these Bye-laws.
- 4.2 The aggregate number of Options exercised and Options offered and to be offered under the Scheme shall not exceed fifteen per centum (15%) of the issued and paid-up share capital of the Company at any one time or such other higher percentage of the issued and paid-up share capital of the Company that may be permitted by the

12. BYE-LAWS OF THE ESOS (Cont'd)

relevant authorities from time to time during the duration of the Scheme as provided in Bye-law 19.1, and further, the following shall be complied with:-

- (a) Not more than fifty per centum (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to Directors and senior management; and
 - (b) Not more than ten per centum (10%) of the Shares available under the Scheme shall be allocated to any Eligible Employee, who singly or collectively through the persons connected with them (as defined in paragraph 1.01 of the Listing Requirements), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company.
- 4.3 Notwithstanding Bye-law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of fifteen per centum (15%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act and thereby diminishing the issued and paid-up capital of the Company, the Options granted shall remain valid and exercisable in accordance with these Bye-laws. However, in such a situation, the Option Committee shall not make any further Offers until the number of Shares to be issued under the Scheme falls below 15% of its issued and paid-up share capital.
- 4.4 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

5. ELIGIBILITY

- 5.1 Only Employees who fulfill the following conditions shall be eligible to participate in the Scheme:-
- (a) An Employee must be at least eighteen (18) years of age on the Date of Offer;
 - (b) An Employee must fall under one of the categories of Employees listed in Bye-law 6.1;
 - (c) An Employee must have been confirmed and must have served the Group on a continuous basis for a period of not less than one (1) year on the Date of Offer;
 - (d) If an Employee is employed by a subsidiary of the Company, the Employee's period of employment in the Group, for purposes of determining the minimum period of continuous service as stipulated in paragraph (c) above, shall be deemed to commence from the date on which the Employee commenced employment with the subsidiary, or the date on which such company became a subsidiary of the Company, whichever is later; and
 - (e) Subject to the discretion of the Option Committee, a Non-Executive Director shall be eligible to participate in the Scheme if, the Non-Executive Director has been a Non-Executive Director of GCB for a period of at least twelve (12) months.

Non-Executive Directors who have obtained Shares through the exercise of Options offered to them pursuant to the Scheme, must not sell, transfer or assign such Shares within one (1) year from the date of offer of such Options.

12. BYE-LAWS OF THE ESOS (Cont'd)

- (f) If an Employee is not a Malaysian citizen, in addition to the conditions stipulated in paragraphs (a) to (d) above, the Employee's contribution must be deemed by the Option Committee to be vital to the Group;

Provided always that the selection of any Employee for participation in the Scheme shall be at the discretion of the Board and the decision of the Board shall be final and binding.

- 5.2 Contractual employees will not be eligible to participate in the Scheme.
- 5.3 No Employee shall participate at any time in more than one (1) employee share option scheme currently implemented by any company within the Group.
- 5.4 Subject to Bye-laws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Employees are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Option Committee may determine.
- 5.5 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.6 Executive and Non-Executive Directors who represent the Government or Government institutions or agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible for the Scheme.

6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

- 6.1 The categories of Employees who are eligible to participate in the Scheme and their Maximum Entitlements are as follows:-

Category of Employee	Maximum Entitlement (No. of Options)
Executive Director	3,600,000
Non Executive Director	500,000
Senior Manager	600,000
Manager	400,000
Senior Executive	300,000
Executive	250,000
Junior Executive	200,000
Supervisor	250,000
Leader/ Senior clerk	200,000
Technician/ Operator/ clerk	100,000
General workers	50,000

12. BYE-LAWS OF THE ESOS (Cont'd)

- 6.2 (a) In determining the number of Options to be offered to an Eligible Employee under the Scheme, the Option Committee will take into consideration the seniority, performance and length of service of the Employee in the Group as at the Date of Offer, subject to a minimum of one thousand (1,000) Options and in multiples of one thousand (1,000) Options.
- (b) In the event that an Eligible Employee is moved to a higher category, his Maximum Entitlement shall be increased in accordance with the scale provided in Bye-law 6.1 upon his confirmation in the higher category.
- (c) In the event that an Eligible Employee is moved to a lower category, the following provisions shall apply:-
- (i) His Maximum Entitlement shall be reduced in accordance with the scale provided in Bye-law 6.1;
- (ii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Shares in respect of Options which have already been accepted by him; and
- (iii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to Bye-law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
- 6.3 Notwithstanding Bye-law 6.1, the number of Options to be offered to each Eligible Employee shall, subject to each Eligible Employee's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance and length of service of each Eligible Employee. The Option Committee shall not be obliged in any way to offer to an Eligible Employee all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding.
- 6.4 The Option Committee may at its discretion introduce additional categories of Employees which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.5 The Option Committee may make more than one (1) Offer to an Eligible Employee provided that the aggregate number of Options offered to an Eligible Employee throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

12. BYE-LAWS OF THE ESOS (Cont'd)

- 6.6 The allocation of Options pursuant to the Scheme will be verified by the Audit Committee, as being in compliance with the criteria set out in this Bye-laws, at the end of each financial year of the Company. A statement by the Audit Committee verifying such allocation will be included in the annual report of the Company.

7. OFFER

- 7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Employee, subject to the Eligible Employee's Maximum Entitlement under Bye-law 6.1 hereof.
- 7.2 The Option Committee shall state the following particulars in the letter of Offer:-
- The number of Options that are being offered to the Eligible Employee;
 - The number of Shares which the Eligible Employee shall be entitled to subscribe for upon the exercise of the Options being offered;
 - The Option Period;
 - The Subscription Price; and
 - The Offer Period as defined in Bye-law 7.3.
- 7.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer ("**Offer Period**").
- 7.4 No Offer shall be made to any Executive or Non-Executive Directors of GCB Group unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.5 Without prejudice to Bye-law 21, in the event of an error on the part of the Company in stating any of the particulars referred to in Bye-law 7.2, the following provisions shall apply:-
- Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in Bye-law 7.2;
 - In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
 - In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 7.6 After each adjustment following an alteration of the share capital of the Company as stipulated in Bye-law 15.1, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within two (2) months from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

12. BYE-LAWS OF THE ESOS (Cont'd)**8. ACCEPTANCE**

- 8.1 An Offer shall be accepted by an Eligible Employee within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 8.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the Eligible Employee, and the Eligible Employee shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

9. NON-TRANSFERABILITY

- 9.1 An Option is personal to the Grantee and subject to the provisions of Bye-laws 14.2 and 14.3, is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 9.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under Bye-law 14.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

10. EXERCISE OF OPTIONS

- 10.1 Subject to Bye-laws 14.2, 14.3, 16 and 17, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, on the tenth (10th) and twenty fifth (25th) day of the month or if such day is not a working day, the working day immediately after such day, or such other period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment of the Group, and within the Option Period subject to the following limits:-

Maximum Percentage of Options Exercisable in Each Year Commencing From Date of Offer					
Number of Options	Year 1	Year 2	Year 3	Year 4	Year 5
Less than or equal to 10,000	100	-	-	-	-
10,001 to 99,999	25	25	25	25	-
100,000 and above	20	20	20	20	20

Note: The above percentages of Options shall be rounded up to the nearest 1,000 Options.

- 10.2 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of Bye-law 10.1 are subject to the provisions of this Bye-law 10.2.

12. BYE-LAWS OF THE ESOS (Cont'd)

- 10.3 A Grantee shall exercise his Options on the tenth (10th) and twenty fifth (25th) day of the month or if such day is not a working day, the working day immediately after such day, or such other period that may be stipulated by the Option Committee, by notice in writing to the Company stating the number of Options exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 10.4 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Shares relating thereto and the Grantee's individual/nominee CDS Account number. The Options shall be exercised in multiples of and not less than one thousand (1,000) Options. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him, during the Option Period.
- 10.5 Every notice to exercise Options shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Johor Bahru, for the full amount of the subscription money in relation to the number of Shares in respect of which the notice is given.
- 10.6 Within ten (10) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by the Bursa Securities, and subject to the Articles of Association of the Company, the Company shall allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee or his financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made to the Bursa Securities for the quotation of such Shares.
- 10.7 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

11. SUBSCRIPTION PRICE

The Subscription Price of each Share comprised in any Option shall, subject always to the provisions of Bye-law 15 hereof, be the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or the par value of the Shares, whichever is the higher amount. For any Option granted as part of the listing proposal of the Company, the subscription price must not be less than the initial public offer price.

12. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted upon the exercise of any Options will, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up Shares, except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions, the Entitlement Date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all the provisions of the Articles.

12. BYE-LAWS OF THE ESOS (Cont'd)**13. HOLDING OF SHARES**

The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for realisation to yield a quick profit.

14. TERMINATION OF EMPLOYMENT

14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-

- (a) Cessation of directorship or termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day of such cessation or the Grantee notifies his employer of his resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
- (c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the Option.

Upon the termination of Options pursuant to By Law 14.1(a), (b) or (c) above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

14.2 Notwithstanding Bye-law 14.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:-

- (a) Retirement on attaining the normal retirement age of fifty-five (55) years; or
- (b) Retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or
- (c) Ill-health, injury, physical or mental disability; or
- (d) Redundancy; or
- (e) Transfer to any company outside the Group at the direction of the Company; or
- (f) Any other circumstance acceptable to the Option Committee.

14.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee.

12. BYE-LAWS OF THE ESOS (Cont'd)

The exercise of Options in the proportions set out in Bye-law 10.1 hereof shall not apply to an exercise of the Options of a deceased Grantee by his personal or legal representative. The proportion exercisable is at the discretion of the Option Committee.

15. ALTERATION OF CAPITAL AND ADJUSTMENT DURING THE OPTION PERIOD

15.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variation of capital, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made in:

- (i) the Subscription Price; and/or
- (ii) the number of nominal value of the Shares comprised in the Option so far as unexercised;

and shall be adjusted in accordance with the following formulas:

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Shares credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:-

$$\frac{A+B}{A}$$

12. BYE-LAWS OF THE ESOS (Cont'd)

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue; and

B = the aggregate number of new Shares to be issued pursuant to any allotment to shareholders of the Company credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

(c) If and whenever Company shall make:

- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or
- (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in any such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in Bye-Law 15(c)(ii) hereof, the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:-

$$\frac{C}{C-D^*}$$

where:

C = the Current Market Price (as defined in Bye-Law 15.1(h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

12. BYE-LAWS OF THE ESOS (Cont'd)

- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under Bye-Law 15.1(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe or Shares under Bye-Law 15.1(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within this Bye-Law 15.1(c), the fair market value, as determined (with the concurrence of the external auditors of the Company), of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (aa) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = C in this Bye-Law 15.1(c);
- E = the subscription price of one (1) additional Share under the terms of such offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and
- D* = the value of the rights attributable to one (1) Share (as defined below).

For the purpose of D* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:-

$$\frac{C - E^*}{F^* + 1}$$

where:-

- C = C in this Bye-Law 15.1(c);
- E* = the subscription consideration for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares;
- F* = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share; and
- 1 = one (1).

12. BYE-LAWS OF THE ESOS (Cont'd)

For the purpose of this Bye-Law 15.1(c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within Bye-Law 15.1(b)) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in Bye-Law 15.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in Bye-Law 15.1(c)(ii) or Bye-Law 15.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and in respect of each case referred to in Bye-Law 15.1(b) and 15.1(c)(ii), the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction :

$$\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

where:

- G = the aggregate number of issued and fully paid-up Shares on the entitlement date;
- C = C in Bye-Law 15.1(c) above;
- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as the case may be;
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription price of one additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one additional Share as the case may be;

12. BYE-LAWS OF THE ESOS (Cont'd)

I^* = the subscription consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares

B = B in Bye-Law 15.1(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in Bye-Law 15.1(c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in Bye-Law 15.1(c)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options by the following fraction :-

$$\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

where:

G = G as in Bye-Law 15.1(d) above;

C = C as in Bye-Law 15.1(c) above;

H = H as in Bye-Law 15.1(d) above;

H^* = H^* as in Bye-Law 15.1(d) above

I = I as in Bye-Law 15.1(d) above;

I^* = I^* as in Bye-Law 15.1(d) above;

J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders; and

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

12. BYE-LAWS OF THE ESOS (Cont'd)

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Bye-Law 15.1(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in Bye-Law 15.1(c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in Bye-Law 15.1(c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction :-

$$\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

where:

- G = G as in Bye-Law 15.1(d) above;
 C = C as in Bye-Law 15.1(c) above;
 H = H as in Bye-Law 15.1(d) above;
 H* = H* as in Bye-Law 15.1(d) above;
 I = I as in Bye-Law 15.1(d) above;
 I* = I* as in Bye-Law 15.1(d) above;
 J = J as in Bye-Law 15.1(d) above;
 K = K as in Bye-Law 15.1(e) above;
 B = B as in Bye-Law 15.1(b) above;

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under Bye-Law 15.1(c)(2), 15.1(c)(3), 15.1(d)), 15.1(e) or 15.1(f) above), the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

12. BYE-LAWS OF THE ESOS (Cont'd)

$$\frac{L + M}{L + N}$$

where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and
- N = the aggregate number of Shares which so issued or in the case of securities convertible into Shares or with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purposes of this Bye-Law 15.1(g) the "Total Effective Consideration" shall be as determined by the directors of the Company:

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights; in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this Bye-Law 15.1(g), the "Average Price" of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

12. BYE-LAWS OF THE ESOS (Cont'd)

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on the Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of Bye-Law 15.1(c),(d),(e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the Securities Commission.

Such adjustments must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) no adjustment to the Subscription Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Shares;
- (b) upon any adjustment being made pursuant to this Bye-Law, the Option Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option; and
- (c) any adjustments made must be in compliance with the provisions for adjustment as provided in these Bye-Laws.

Nevertheless, any adjustments to the Subscription Price and /or the number of new Shares comprise in the Option so far as unexercised arising from bonus issues, need not be confirmed in writing by the external auditors of the Company.

- 15.2 The adjustment pursuant to this Bye-Law shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.
- 15.3 The Company's auditors must confirm in writing that the adjustments (other than on a capitalization issue) are in their opinion fair and reasonable.
- 15.4 The provisions of this Bye-Law shall not apply where the alteration in the capital structure of the Company arises from:
- (a) An issue of Shares pursuant to the exercise of Options under the Scheme; or
 - (b) An issue of securities as consideration for an acquisition; or
 - (c) An issue of securities as a private placement; or
 - (d) An issue of securities as a special issue approved by the relevant governmental authorities; or
 - (e) A restricted issue of securities; or

12. BYE-LAWS OF THE ESOS (Cont'd)

- (f) An issue of Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
- (g) An issue of further Options to Eligible Participants under these Bylaws; or
- (h) A purchase by the Company of its own Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply:-
 - (i) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is greater than 15% of the issued capital of the Company after such designation or cancellation, the Option Committee shall not make any further Offers until the total number of Shares issued under the Scheme falls below 15% of the Company's issued and paid up share capital; and
 - (ii) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is less than 15% of the issued capital of the Company after such designation or cancellation, the Option Committee may make further Offers only until the total number of Options granted by the Company is equivalent to 15% of the issued capital of the Company after such designation or cancellation.

15.5 Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Shares in favour of all the Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice, subject to compliance with the Listing Requirements and/or relevant ESOS Guidelines.

16. TAKE-OVERS AND MERGERS

- 16.1 In the event of an offer being made for Shares under the Securities Commission Act, 1993 and the Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-
- (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of Bye-law 10.3. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
 - (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of Bye-law 10.3. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.

12. BYE-LAWS OF THE ESOS (Cont'd)

- 16.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.
- 16.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in Bye-law 10.1 shall not apply in respect of Bye-laws 16.1(a), 16.1(b) and 16.2 above.

17. DIVESTMENT FROM GROUP

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-
- (a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment within a period of one (1) year from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of Bye-law 10.3. In this instance, the limits on the exercise of Options stipulated in Bye-law 10.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
 - (b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.
- 17.2 For the purposes of Bye-law 17.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

18. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

19. DURATION, TERMINATION AND EXTENSION OF SCHEME

- 19.1 The effective date for the implementation and launching ("Effective Date") of the Scheme shall be the date of full compliance with all relevant requirements in the Listing Requirements by the Company including the following:
- a) Submission of final copy of the Bye-Laws pursuant to paragraph 6.30F of the Listing Requirements (together with a letter of compliance pursuant to paragraph 2.11 of the Listing Requirements and checklist showing compliance with Appendix 6F of the Listing Requirements);
 - (b) Receipt of approval-in-principle for the listing of the Shares to be issued under the Scheme from Bursa Securities;
 - (c) The approval from the Company's shareholders' for the Scheme in general meeting and the approvals of any other relevant authorities; and

12. BYE-LAWS OF THE ESOS (Cont'd)

- (d) The fulfilment of all conditions attached to the aforesaid approvals, if any.
- 19.2 The Scheme shall come into force on the Effective Date. The Scheme shall subject to Bye-Law 19.6 be in force for a duration of 5 years from the Effective Date. The date of expiry of the Scheme shall be at the end of the 5 years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended ("**Date of Expiry**").
- 19.3 Offers can only be made during the duration of the Scheme before the Date of Expiry.
- 19.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.
- 19.5 The Scheme may be extended for further periods of up to 5 years, subject to the condition that the total duration of the Scheme shall not exceed ten (10) years, at the discretion of the Board upon the recommendation of the Option Committee. Any extended Scheme under this provision shall be implemented in accordance with the terms of these Bye-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme.
- 19.6 The Scheme may be terminated by the Company prior to the expiry of its duration or tenure stated in this Bye-Law 19 PROVIDED ALWAYS that prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:
- (a) That the consent from the Company's shareholders at a general meeting had been obtained wherein at least a majority of the shareholders present must have voted in favour of the termination.
 - (b) That the written consent from all optionholders who have yet to exercise their Option, either in part or in whole, have been obtained.
- 19.7 The circular sent to the Company's shareholders to obtain the approval under Bye-Law 19.6(a) and the information to the Grantees to obtain the written consent from the Grantees under Bye-Law 19.6(b) must include the information set out in Appendix 8B of the Listing Requirements.

20. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employee share option scheme after the Date of Expiry or after the termination of the Scheme pursuant to Bye-law 19.5 herein.

21. ADMINISTRATION

- 21.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these Bye-laws, administer the Scheme in such manner as it shall think fit.

12. BYE-LAWS OF THE ESOS (Cont'd)

- 21.2 Without limiting the generality of Bye-law 21.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

22. AMENDMENT

- 22.1 Subject to Bye-law 22.2, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these Bye-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these Bye-laws upon such recommendation PROVIDED THAT no additions or amendments to or deletions of these Bye-laws shall be made which will:-
- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) Alter to the advantage of any Eligible Employee to whom the Option Committee has made an Offer, any provisions of the Scheme without the prior approval of the Company's shareholders in general meeting; or
 - (c) Increase the number of Shares available under the Scheme beyond the maximum imposed by Bye-law 4.2.
- 22.2 For the purpose of complying with the provisions of Appendix 6F of the Listing Requirements, the provisions of Bye-laws 4, 5, 6, 8, 10, 11, 12 and 19 and this Bye-law 22 shall not be amended or altered in any way whatsoever for the advantage of participants without the prior approval of shareholders in general meeting.

23. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company at 1-10 (1st Floor), Jalan Arab, 84000 Muar, Johor during normal business hours.

24. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment in the Group under which the Eligible Employee is employed nor any rights additional to any compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Employee.

25. NO COMPENSATION FOR TERMINATION

No Employee shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these Bye-laws.

12. BYE-LAWS OF THE ESOS (Cont'd)

26. DISPUTES

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Directors of the Company who are also in the Option Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these Bye-laws.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of Options, shall be borne by the Company.

28. ARTICLES OF ASSOCIATION

In the event of a conflict between any of the provisions of these Bye-laws and the Articles, the Articles shall prevail.

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13. DIRECTORS' REPORT

GUAN CHONG BERHAD (646226-K)

1-10 (1st Floor), Jalan Arab, 84000 Muar, Johor
Tel: 06-9524328 Fax: 06-9527328

16 MAR 2005

Registered Office:

Guan Chong Berhad

1-10 (1st Floor), Jalan Arab

84000 Muar

Johor

The Shareholders of

GUAN CHONG BERHAD ("GCB")

Dear Sir/Madam,

On behalf of the Board of Directors, I wish to report after due enquiry that between the period from 31 October 2004, being the date to which the last audited accounts of the Company and its subsidiaries ("Group") has been made, up to the date hereof, being a date not earlier than 14 days before the issuance of this Prospectus, that: -

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 9.4(iii) of this Prospectus, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiary or associated companies;
- (e) in the opinion of the Directors, they are not aware of since the last audited accounts of the Group where, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited accounts of the Group.

Yours faithfully,

For and on behalf of the Board of Directors of

GUAN CHONG BERHAD



TAY HOE LIAN

Managing Director/Chief Executive Officer

14. OTHER GENERAL INFORMATION**14.1 SHARE CAPITAL**

- (i) No shares will be allocated or sold on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) No shares, debentures, warrants, options, convertible securities or uncalled capital of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years preceding from the date thereof.
- (iii) Save as disclosed in Sections 2.1 and 4.1.2 of this Prospectus, no capital of the Company or its subsidiary companies has been issued or is proposed to be issued for cash within the two (2) years preceding the date of this Prospectus.
- (iv) Save for the IPO Shares reserved and ESOS for the eligible employees of the Group as disclosed in Section 2.5 and Section 4.1.3 of this Prospectus, no person or Director 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 subsidiaries.
- (v) Save for the IPO Shares reserved and ESOS for the eligible employees of the Group as disclosed in Section 2.5 and Section 4.1.3 of this Prospectus, there is currently no other scheme for or involving the Directors or employees of the Company or its subsidiaries.
- (vi) As at this date hereof, the Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

14.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association: -

TRANSFER AND TRANSMISSION OF SHARESArticle 24

The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 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 such securities.

Article 32A

- (1) Where :-
 - (a) the shares or other securities of the Company are listed on an Approved Market Place; and
 - (b) the 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 shares or other securities,

14. OTHER GENERAL INFORMATION (Cont'd)

the Company shall, upon request of a holder of shares or other securities, permit a transmission of securities held by such holder of shares or other securities holder from the register of holders maintained by the registrar of 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 Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions :-

- (i) there shall be no change in the ownership of such shares or other securities; and
 - (ii) the transmission shall be executed by causing such shares or securities to be credited directly into the securities account of such holder of shares or other securities (as may be applicable).
- (2) For the avoidance of doubt, where the Company fulfils the requirements of sub-paragraphs (a) and (b) of Article 32A(1) above, it shall not allow any transmission of shares or other securities from the Malaysian Register into the Foreign Register.

REMUNERATION OF DIRECTORSArticles 90

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine (or failing agreement, equally). PROVIDED ALWAYS that:-

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

VOTING AND BORROWING POWERS OF DIRECTORSArticle 95

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related corporation as may be thought fit.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

14. OTHER GENERAL INFORMATION (Cont'd)

Article 96

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Article 97

The Directors may exercise all the powers of the Company conferred by the Act in relation to any official seal for use outside Malaysia and in relation to branch registers.

Article 112

A Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 131 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 an interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 113

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

Article 114

A Director may vote in respect of: -

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (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 for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

14. OTHER GENERAL INFORMATION (Cont'd)

SHARE CAPITAL AND VARIATION OF RIGHTSArticle 7

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 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 the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third 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, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 8

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of 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.

Article 9

The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Article 10

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much share capital as is for the time being paid-up for the period and subject to the conditions and restrictions mentioned in Section 69 of the Act and may charge the same to capital as part of the cost of the plant construction of the works or buildings or the provision of the plant.

Article 11

Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even with notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or (except only as by these Articles or by law otherwise provided) any other right in respect of any shares, except an absolute right to the entirety thereof in the registered holder.

14. OTHER GENERAL INFORMATION (Cont'd)

14.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of the Directors of GCB are set out in the Corporate Information Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.

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14. OTHER GENERAL INFORMATION (Cont'd)

- (iii) The substantial shareholders of GCB and their respective direct interests based on the Register of Substantial Shareholders of GCB as at 1 March 2005, being the latest practicable date prior to the printing of this Prospectus, and their respective indirect interests before and after the IPO are as follows: -

Substantial shareholders	No. of Ordinary Shares Held in GCB before the IPO			No. of Ordinary Shares Held in GCB after the IPO			No. of Ordinary Shares Held in GCB After the Full Exercise of ESOS		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of shares	(%)		No. of shares	(%)		No. of shares	(%)	
GCR	124,350,596	57.57	-	123,840,000	51.60	-	123,840,000	44.87	-
Dato Dr. Mohamad Musa Bin Md. Jamil	-	-	-	50,000	0.02	(1) 25,200,000	50,000	0.02	(1) 25,200,000
MGSB	-	-	-	25,200,000	10.50	-	25,200,000	9.13	-
Tay Hoe Lian	17,302,832	8.01	(1) 124,350,596	5,159,846 [#]	2.15	(2) 123,840,000	8,159,846 [@]	2.96	(2) 123,840,000

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in MGSB.
(2) Deemed interested by virtue of his substantial shareholdings in GCR.

Including his entitlement for the pink form share allocation pursuant to the IPO.
^ Except for Tay Hoe Lian, the direct shareholdings of the other substantial shareholders of GCB are based entirely on their respective entitlements for the pink form share allocation pursuant to IPO.

@ The Options under the ESOS will be offered to the eligible directors and employees of the Group prior to the Company's listing on the Main Board of Bursa Securities. The shareholding shown here are based on the assumption that the number of Options to be granted under the ESOS is in respect of the Initial Grant of 20,360,000 Issue Shares made available for application by the eligible directors and employees of the Group.

14. OTHER GENERAL INFORMATION (Cont'd)

- (iv) The Directors of GCB and their respective direct interests based on the Register of Directors' Shareholdings as at 1 March 2005 (being the latest practicable date prior to the printing of this Prospectus) and their respective indirect interests before and after the Public Issue are as follows: -

Directors	No. of Ordinary Shares Held in GCB before the IPO				No. of Ordinary Shares Held in GCB after the IPO				No. of Ordinary Shares Held in GCB After the Full Exercise of ESOS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)	[^] No. of shares	(%)	No. of shares	(%)	[^] No. of shares	(%)	No. of shares	(%)
Dato Dr. Mohamad Musa Bin Md. Jamil	-	-	-	-	50,000	0.02	⁽¹⁾ 25,200,000	10.50	50,000	0.02	⁽¹⁾ 25,200,000	9.13
Tay Hoe Lian	17,302,832	8.01	⁽²⁾ 124,350,596	57.57	5,159,846 [*]	2.15	⁽²⁾ 123,840,000	51.60	8,159,846 [*]	2.96	⁽²⁾ 123,840,000	44.87
Tay How Sik @ Tay How Sick	8,651,420	4.01	-	-	2,729,925 [#]	1.14	-	-	5,729,925 [#]	2.08	-	-
Hia Cheng	4,553,460	2.11	-	-	1,578,990 [*]	0.66	-	-	4,578,990 [*]	1.66	-	-
Tey Chi @ Tay Chin Chuan	6,490,077	3.00	-	-	2,122,865 [#]	0.88	-	-	5,122,865 [#]	1.86	-	-
Tay How Yeh	8,651,416	4.01	-	-	2,729,923 [#]	1.14	-	-	5,729,923 [#]	2.08	-	-
Dato' Dr. Omar @ S Omar Bin Abdul Rahman	-	-	-	-	30,000	0.01	-	-	30,000	0.01	-	-
Tay Puay Chuan	-	-	-	-	20,000	0.01	-	-	20,000	0.01	-	-

Notes: -

(1) Deemed interested by virtue of his substantial shareholdings in MGSSB

(2) Deemed interested by virtue of his substantial shareholdings in GCR.

^ Except for Tay Hoe Lian, Tay How Sik @ Tay How Sick, Hia Cheng, Tay Chi @ Tay Chin Chuan and Tay How Yeh, the direct shareholdings of the other directors of GCB are based entirely on their respective entitlements for the pink form share allocation pursuant to IPO.

Including his entitlement for the pink form share allocation pursuant to the IPO.

@ The Options under the ESOS will be offered to the eligible directors and employees of the Group prior to the Company's listing on the Main Board of Bursa Securities. The shareholding shown here are based on the assumption that the number of Options to be granted under the ESOS is in respect of the Initial Grant of 20,360,000 Issue Shares made available for application by the eligible directors and employees of the Group.

14. OTHER GENERAL INFORMATION (Cont'd)

- (v) Save as disclosed in Section 2.9, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by the Company or its subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries or in connection with the issue or sale of any capital of the Company or any of its subsidiaries and no Directors, proposed Directors, Promoters or experts of the Company is or are entitled to receive any such payment.

- (vi) Other than salary and employment related benefits as disclosed in Section 5.3.3 of this Prospectus, no amount or benefit has been paid or given within the two (2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any Directors of GCB.

Save and except for the dividends payable to the Promoters as shareholders of the Company and the remuneration payable to the Promoters as Directors of the Company and as detailed in Sections 5.3.3. and 9.8 (all of which is disclosed in this Prospectus), no other amounts or benefits are paid or intended to be paid or given to any Promoter within two (2) years preceding the date of this Prospectus.

- (vii) Save as disclosed in Section 7.6 of this Prospectus, none of the other Directors and/or substantial shareholders of GCB has interest in any subsisting contract or arrangement, which is significant to the business of the Company or the Group taken as a whole.
- (viii) Save as disclosed in Section 3(o) of this Prospectus, the Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over the Company and its subsidiaries.

14.4 MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by GCB and its subsidiary or associated companies within two (2) years preceding the date of this Prospectus: -

- (a) On 17 April 2003, GCC has entered into an agreement to sub-lease with Johor Port Berhad ("JPB") as the sub-lessor to sub-lease a portion of the land held under H.S.(D) 238642, PTD 119841, Mukim of Plentong, District of Johor Bahru measuring 3.977 acres or approximately 173,238 square feet together with a warehouse erected thereon on the following terms and conditions:-

Total rental:	RM3,398,570.00 (RM2,598,570.00 for the land and RM800,000.00 for the warehouse)
Period for the sub-lease:	21 years from 1 January 2002 till 31 December 2022
1 st annual rental:	RM123,810.00 (paid)
Subsequent rental:	RM123,738.00 payable on or before 7 January of each calendar year

14. OTHER GENERAL INFORMATION (Cont'd)

- (b) On 28 January 2004, GCC has entered into an agreement to sub-lease with Johor Port Berhad ("JPB") as the sub-lessor to sub-lease a portion of the land held under H.S.(D) 238642, PTD 119841, Mukim of Plentong, District of Johor Bahru measuring 2.98 acres or approximately 129,809 square feet on the following terms and conditions:-

Total rental:	RM1,947,135.00
Period for the sub-lease:	19 years 5 months and 15 days from 15 July 2003 till 31 December 2022
1 st annual rental:	RM194,713.50 (paid)
Subsequent rental:	Payable over a period of 48 months on or before 7 th of each month from August 2003 to July 2007
	RM36,508.84 for the month of August 2003
	RM36,508.78 payable from September 2003 to July 2007

- (c) Two Collateral Management Agreement (CMA) dated 28 May 2003 and 4 February 2004 respectively were entered into by GCT, GCC, Standard Chartered Bank Malaysia Berhad (SCB) and Cornelder Asia Pte Ltd (CAPL) whereby GCT, GCC and SCB appointed CAPL to provide Collateral Management Services for any and all of the goods delivered to and accepted by CAPL for storage in the warehouses. The appointment was for an initial term of one year effective from the date of the Agreements and after the expiry of the initial term, the appointment may be terminated by CAPL or SCB upon 60 days' written notice to the other. GCT shall pay CAPL monthly management fee of USD3500.00 per month per location and monthly staff accommodation allowance of RM500.00 and other fees and costs. CAPL then appointed CMM Logistics Sdn Bhd as its agent for the provision of Collateral Management Services.

- (d) On 21 May 2003, GCC entered into a Tenancy Agreement with CMM Logistics Sdn. Bhd. (as tenant) for the premises described as Open Sided Shed 3B measuring 16,095.838 square metre (3.977 acres) on part of the land held under H.S.(D) 238642, PTD 119841, Mukim of Plentong, District of Johor Bahru on the following terms and conditions:-

- | | | |
|------|--------------------|---|
| (i) | Period of tenancy: | 3 years commencing from 20 May 2003 (with an option to renew for a further 3 years if required) |
| (ii) | Rental: | RM10.00 per annum |

- (e) On 1 December 2003, GCC entered into a Tenancy Agreement with CMM Logistics Sdn. Bhd. (as tenant) for the premises described as Open Yard 3A measuring 4.1013 acres or approximately 16,597.312 square metre on part of the land held under H.S.(D) 238642, PTD 119841, Mukim of Plentong, District of Johor Bahru on the following terms and conditions:-

- | | | |
|------|--------------------|---|
| (i) | Period of tenancy: | 3 years commencing from 28 January 2004 (with an option to renew for a further 3 years if required) |
| (ii) | Rental: | RM10.00 per annum |

14. OTHER GENERAL INFORMATION (Cont'd)

- (f) GCC entered into a Tenancy Agreement dated 15 July 2003 with JB Cocoa Sdn Bhd (as tenant) for part of the premises described as Open Sided Shed 3B and measuring 13,500.00 sq ft on part of the land held under H.S.(D) 238642, PTD 119841, Mukim of Plentong, District of Johor Bahru on the following terms and conditions:-

- (i) Period of tenancy: 1 year commencing from 1 July 2003 (with an option to renew for a further 1 year if required)
- (ii) Rental: RM0.50 per sq ft or RM6,750.00 per month

By letter dated 2 Jan 2004, GCC required and JB Cocoa Sdn Bhd agreed to move to warehouse 3A-4 measuring 23,250 sq ft on part of the land held under H.S.(D) 238642, PTD 119841, Mukim of Plentong, District of Johor Bahru with the rental of RM0.50 per sq ft or RM11,625.00 per month with effect from 1 December 2003. All other terms of the tenancy agreement remain unchanged.

- (g) GCC entered into a Tenancy Agreement dated 15 July 2004 with EM (as tenant) for factory premises at warehouse 3B measuring 27,000 sq ft on the following terms and conditions:-

- Period of the tenancy: 1 year commencing from 1 March 2004 (with an option to renew for a further 1 year if required)
- Rental: RM13,500 per month. GCC will review the rental based on current market value every year. The increase will not be more than 10% of the current rental

- (h) On 22 July 2004, GCB entered into a conditional Sale & Purchase Agreement with GCR for the acquisition of 100% of the issued and paid-up share capital of GCC comprising 12,000,000 shares of RM1.00 each for total purchase consideration of RM30,909,962 to be satisfied by the issuance of 123,639,848 new GCB Shares at an issue price of approximately RM0.25 per GCB Share.
- (i) On 22 July 2004, GCB entered into a conditional Sale & Purchase Agreement with GCR and other minority shareholders for the acquisition of 100% of the issued and paid-up share capital of GCT, a subsidiary of GCR comprising 250,500 shares of RM1.00 each for a total consideration of RM178,041 to be satisfied by the issuance of 712,164 new GCB Shares in at an issue price of approximately RM0.25 per GCB Share.
- (j) On 4 January 2005, GCB entered into a conditional Sale & Purchase Agreement with GCC for the acquisition of 51% of the issued and paid-up share capital of EM, a subsidiary of GCC comprising 510,000 shares of RM1.00 each for a total cash consideration of RM556,662.
- (k) the Underwriting Agreement dated 18 February 2005 between the Company and the Managing Underwriter and Underwriter for the underwriting of 16,200,000 Shares comprising 16,200,000 IPO Shares for an underwriting commission of 2.0% of the IPO price of RM0.65 per Share.

14. OTHER GENERAL INFORMATION (Cont'd)**14.5 MATERIAL AGREEMENTS**

Save as disclosed below, there are no other material agreements (including informal arrangements or understandings), as at 1 March 2005, being the latest practicable date to the printing of the Prospectus, which have been entered into by GCB and its subsidiary companies that are in subsistence: -

- (i) On 23 June 1995, GCC entered into a Licensing Agreement of Trade Secrets with Consolidated Flavor Corporation, U.S.A. (CFC). Under the agreement, GCC was granted the licence for the use of trade secret with respect to alkalised cocoa process for the production of cocoa cake and/or powder processed with alkali in consideration of royalty payment by GCC to be made from the date of the agreement to 31 December 2015.

GCC has discussed with Givaudan Flavors Corporation ("Givaudan") (formerly known as Tastemaker, Inc and before that as CFC) and by letter dated 30 August 2004 signed by both parties, both parties mutually agreed to terminate the agreement with effect from 30 August 2004. GCC has to pay Givaudan the sum of USD98,850.00 (RM375,630.00) being arrears of royalty up to 2004 and royalty for the years from 2005 to 2015. GCC will be entitled to continue using the trade secret with respect to alkalised cocoa process. GCC has paid the said sum to Givaudan by issuing a credit note on 30 August 2004 and setting off the said sum against price of goods sold and delivered to Givaudan.

- (ii) GCC has purchased the following insurance policies from Aviva Insurance Berhad as follows: -
 - a) Fire Commercial insurance policy No. MC-05079510-FC1 with Aviva Insurance Berhad (company No. 134170-H) for premises at PLO 273, Jalan Timah 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor for the period from 1 January 2005 to 31 December 2005. Sum insured is RM76,000,000.00.
 - b) Fire Commercial insurance policy No. MC-05095411-FC1 with Aviva Insurance Berhad for premises at PLO 42, Jalan Timah, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor for the period from 14 February 2005 to 13 February 2006. Sum insured is RM5,500,000.00.
 - c) Fire Commercial insurance policy No. MC-05201800-FC1 with Aviva Insurance Berhad for premises at warehouse 3A, Jalan Gudang, Pasir Gudang, 81700 Johor for the period from 1 December 2004 to 30 November 2005. Sum insured is RM3,200,000.00.
 - d) Fire Consequential Loss insurance policy No. MC-05079556-LOP with Aviva Insurance Berhad for premises at PLO 273, Jalan Timah 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor, for the period from 1 January 2005 to 31 December 2005. Sum insured is RM39,030,000.00.
 - e) Boiler/Pressure Vessel insurance policy No. MC-05079540-BP with Aviva Insurance Berhad for premises at PLO 273, Jalan Timah 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor for the period from 1 January 2005 to 31 December 2005. Sum insured is RM800,000.00.

14. OTHER GENERAL INFORMATION (Cont'd)

- f) Burglary insurance policy No. MC-05079490-BG with Aviva Insurance Berhad for premises at PLO 273, Jalan Timah 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor for the period from 1 January 2005 to 31 December 2005. Sum insured is RM100,000.00.
 - g) (Together with GCT), Public Liability insurance policy No. MC-05048009-PL with Aviva Insurance Berhad for premises at PLO 273, Jalan Timah 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor, Lot 42, PLO 100, Jalan Timah, Pasir Gudang, 81700 Pasir Gudang, Johor and warehouse 3A & 3B, Jalan Gudang, Pasir Gudang, 81700 Johor for the period from 1 January 2005 to 31 December 2005. Limit of liability A – RM1,000,000.00 and limit of liability B – unlimited.
 - h) Fidelity Guarantee insurance policy No. MC-05079505-FGR with Aviva Insurance Berhad on 15 store keeper/salesman/cashier for the period from 1 January 2005 to 31 December 2005. Limit of guarantee – any one employee and in the aggregate – RM100,000.00.
 - i) Money insurance policy No. MC-05079482-MIT with Aviva Insurance Berhad for premises at PLO 273, Jalan Timah 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor for the period from 1 January 2005 to 31 December 2005. Limit of liability – RM35,000.00.
 - j) Group Personal Accident insurance policy No. MC-05091711-NGA with Aviva Insurance Berhad for the period from 1 January 2005 to 31 December 2005.
- (iii) GCT has purchased the following insurance policies from Aviva Insurance Berhad as follows: -
- a) Fire Commercial insurance policy No. MC-05123347-FC1 with Aviva Insurance Berhad for premises at warehouse 3A and 3B, Jalan Gudang, Pasir Gudang, 81700 Johor for the period from 1 May 2004 to 30 April 2005. Sum insured is RM52,000,000.00.
 - b) Fidelity Guarantee insurance policy No. MC-05120783-FGR with Aviva Insurance Berhad for the period from 1 May 2004 to 30 April 2005. Sum Insured is RM3,800,000.00.
 - c) Burglary insurance policy No. MC-05121255-BG with Aviva Insurance Berhad for premises at Warehouse 3A & 3B, Jalan Gudang, Pasir Gudang for the period from 1 May 2004 to 30 April 2005. Sum insured is RM500,000.00.
- (iv) EM has purchased the following insurance policies from Aviva Insurance Berhad as follows: -
- Fire Commercial insurance policy No. MC-05281513-FC1 with Aviva Insurance Berhad for premises at warehouse 3B, Jalan Gudang, Pasir Gudang, 81700 Johor for the period from 1 June 2004 to 31 May 2005. Sum insured is RM3,400,000.00.

14. OTHER GENERAL INFORMATION (Cont'd)**14.6 MATERIAL LITIGATION**

Save as disclosed below, as at 1 March 2005, being the latest practicable date prior to the printing of the Prospectus, neither GCB nor any of its subsidiary companies are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of GCB or its subsidiary and associated companies and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of GCB or its subsidiary and associated companies: -

High Court of Malaya at Johor Bahru**Application for Judicial Review No. 25-21-2003 (1)****Applicant: GCC****Respondent: The Minister of Human Resources ("The Minister")****Facts:**

- (a) Vide a letter dated 19 March 2001, the National Food Industry Union (the Union) claimed recognition from GCC.
- (b) GCC applied to the Director General for Industrial Relations for a membership check. It was found that the Union had the requisite majority membership as at the date of claim for recognition.
- (c) GCC requested for a membership check via secret ballot but the request was ignored and declined.
- (d) Vide a letter dated 10 May 2003, the Minister decided that GCC shall accord recognition to the Union.

Nature of claim: GCC is seeking a court order of Certiorari to quash the Minister's decision asking GCC to accord recognition to the National Food Industry Union in its factory in Pasir Gudang. The grounds are that the Minister acted without any or sufficient or reasonable grounds and/or by taking irrelevant considerations into account and/or failing to take relevant considerations into account and/or has reached his decision in a manner that is irrational and/or has acted unreasonably and/or acted in breach of the legitimate expectation of GCC.

- Status:**
1. GCC obtained leave of court to apply for judicial review on 3 November 2003. The decision of the Minister was ordered to be postponed until disposal of the application.
 2. Hearing of the application is fixed on 24 August 2004 pending the filing of the affidavit in reply by the Defendant.
 3. The hearing on 24 August 2004 was postponed on the application of the Defendant.
 4. On 28 October 2004, GCC received the affidavit in reply affirmed on 26 October 2004 filed by the Defendant.
 5. The matter came up for hearing on 1 November 2004 but was postponed on the application of GCC to enable GCC to file affidavit in reply.
 6. The matter is now fixed for hearing on 3 May 2005.

The solicitors of GCC are of the opinion that chances of success are fair.

Note:

1. On 31 May 2003, the Union sent a draft collective agreement (which stated that it would take effect from 1 April 2001 and valid for 3 years) to GCC and invited GCC to negotiate the terms.
2. In the event GCC is required to make retrospective wages adjustment (pursuant to the collective agreement) arising from the court decision against GCC, as a prudent measure, GCC has provided for the increase in salary of the workers amounting to RM170,222 in the accounts for the financial year ended 31 December 2003.

14. OTHER GENERAL INFORMATION (Cont'd)**High Court of Malaya at Kuala Lumpur****Suit No.: D4-22-538-2002****Plaintiff: GCC**

Defendants:

- 1. Malaysian Assurance Alliance Berhad**
- 2. Allianz General Insurance Bhd (formerly known as Malaysia British Assurance Berhad)**

Nature of claim:

- GCC claims for damages suffered on a shipment of bagged cocoa shipped on the vessel "Pratiwi" from Pantoloan, Palu Indonesia to Pasir Gudang, Johore sometime in July 2001. The vessel "Pratiwi" caught fire en route and a substantial portion of the cargo was damaged.
- The amount claimed is RM1,948,253.08 (market value) less settlement from the owners of "Pratiwi" of SGD350,000.00.

Status:

- GCC filed the writ of summons on 4 April 2003.
- Defence was filed on 2 June 2003.
- The matter is now at the stage of case management and the learned Judge had given directions to the parties.
- The matter came out for case management on 9 March 2005 and is now fixed for further case management on 14 April 2005.

Merits:

- The Defendants were the co-insurers of the cargo. The Defendants refused to pay on the ground that there is a classification clause which applied entailing the vessel to have been classed by one of the listed Classification Societies. According to the Defendants the clause must be strictly observed.
- GCC's contention is that the clause had not been imposed previously since the inception of the Marine Open Cover Policy in November 1998. The requirements are not strict warranties but merely set out the additional premiums to be charged. In any event the requirement had been waived by the Defendants as there was no imposition of the terms in the previous shipments.

GCC's solicitors rate the chances of the claim at trial to be good/fair.

14.7 GENERAL INFORMATION

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

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

14.8 CONSENTS

The written consent of the Adviser and Managing Underwriter, Underwriters, Auditors and Reporting Accountants, Company Secretary, Principal Bankers, Solicitors, Registrars 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.

14. OTHER GENERAL INFORMATION (Cont'd)

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letters relating to the Consolidated Profit Estimate and Forecast and the Proforma Consolidated Balance Sheets in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of their names and letters in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

14.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of twelve (12) months from the date of this Prospectus: -

- (a) The Memorandum and Articles of Association of the Company;
- (b) The material contracts and material agreements referred to in Sections 14.4 and 14.5 of this Prospectus respectively;
- (c) The Directors' Report and Accountants' Report as included herein;
- (d) The Reporting Accountants' letters relating to the Consolidated Profit Estimate and Forecast for financial year ended 31 December 2004 and ending 31 December 2005 and Proforma Consolidated Balance Sheets as at 31 October 2004 as included herein;
- (e) The audited financial statements of GCB and its subsidiaries for the past five (5) financial years ended 31 December 2003;
- (f) The writ and cause papers in respect of the material litigation and arbitration referred to in Section 14.6 of this Prospectus;
- (g) The latest audited financial statements of GCB and its subsidiaries for the 10-month financial period ended 31 October 2004;
- (h) The letters of consent referred to in Section 14.8 of this Prospectus; and
- (i) Independent market research report on GCB prepared by Infocredit D&B (Malaysia) Sdn Bhd dated 2 August 2004 – extracts were updated to 4 March 2005.

14. OTHER GENERAL INFORMATION (Cont'd)

14.10 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been seen and approved by the Directors and Promoters of the Company and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries and to the best of their knowledge and belief, there are no false and misleading statements, or other facts the omission of which would make any statements herein false and misleading.
- (ii) AmMerchant Bank 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 IPO, and is satisfied that the consolidated profit estimate and forecast for the financial year ended 31 December 2004 and ending 31 December 2005 (for which the Directors of the Company are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors of the Company after due and careful inquiry and has been duly reviewed by the Reporting Accountants.

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