
8. INFORMATION ON TWHB (Cont'd)

(vii) Marketing

The Group believes that direct dealings with end consumers are essential to total customer satisfaction. All the Group's products are marketed and distributed directly to end consumers. Presently, the Group has two (2) marketing and sales offices one located at the corporate office in Melaka whilst the other at its wholly-owned subsidiary company, Twin in Hong Kong. The marketing office in Melaka caters for local customers as well as export customers from the Southeast Asian region whilst that in Hong Kong caters for export customers from Hong Kong and China.

(viii) Quality Assurance and Research & Development

Enamelled copper wire is an established product where there are internationally recognised standards being established such as the Verband Deutscher Elektrotechniker ("VDE"), British Standard Institution ("BSI"), International Electro-technical Commission ("IEC"), Japanese Industrial Standard ("JIS"), International Standards Organisation ("ISO"), Japanese Automobile Standards Organisation ("JASO"), Singapore Industrial Standard Institute and Research, SIRIM and UL.

These internationally established standards serve as benchmarks for customers' requirements. Hence, consistent with most of the players in the industry, the Group does not need to actively engage themselves in original product research and development as customers' needs would have been met by complying to these standards.

Even though the Group does not carry out original product research, the company's quality assurance team, led by an experienced factory manager and a quality assurance manager and four supervisors, are engaged in on-going research efforts to improve the Group's products in order to comply with the international standards, as well as to improve efficiency. The company currently employs 20 staff in its Quality Assurance and Quality Control Department and spends approximately RM700,000 on quality assurance and control yearly. The Group's products have gained recognition from internationally recognised standards such as the UL. The Group's commitment towards total quality has enabled it to attain the MS ISO 9002 Quality Systems award from SIRIM in 1996.

The Group is committed towards quality assurance, especially in the areas of process development, with the objective of improving the manufacturing processes, quality and consistency of products and productivity of machinery. To this end, the Group has established technical alliance with Goalwin Industrial Co. Ltd ("Goalwin"), a Taiwanese-based enamelled copper wire manufacturer, where three engineers from Goalwin will visit the factory of Ta Win on a regular basis for the exchange of technical know-how and training of factory workers.

In terms of technology, Ta Win keeps abreast with the latest technology, and has recently introduced Italian technology in addition to its predominantly Taiwanese based technology. The Italian machinery is more versatile and provides the Group with more options in its production process. The Group plans to further introduce European technology through the purchase of new machinery in the near future.

(ix) Certification, Licenses and Patents

Ta Win has successfully attained and maintained the MS ISO 9002 Quality Systems award from SIRIM since 1996.

8. INFORMATION ON TWHB (Cont'd)**(x) Industry Player and Competitors/Market Share**

The cable and wire industry is very diversified encompassing telecommunication cables and wires (copper and fibre optics), power cables and wires, automobile cables, electrical and electronic cables, coaxial cables and wires, and enamelled copper wire. Even though enamelled copper wire is an essential component for electrical and electronic products, it is notably a smaller branch of the cable and wire industry and is a niche component sector to the global electrical and electronics as well as telecommunication products industry. Moreover, this sector is relatively specialised and smaller scale as compared to the cable manufacturers.

The players in the enamelled copper wire sector are relatively fragmented. Some players are engaged solely in the specialised manufacturing of enamelled copper wire while others are wire and cable manufacturers at large with enamelled copper wire being one of their products.

The market base of enamelled copper wire encompasses the global manufacturers of electrical and electronics as well as telecommunication products/components. Some players cater mainly for their home market while others are export-oriented. They are also manufacturers who produce enamelled copper wire for their own consumption and consumption of their counterparts overseas. In view of the above factors, it is fairly difficult to gauge the market share of a particular player.

(xi) Major Investments and Expansion Activities

The Group has invested over RM29 million in plant and machinery since its incorporation. Among the major machineries purchased are a Eurodraw Drawing machine and Dea Tech Vertical coating machine, both from Italy. Thus far, the Group has purchased 77 drawing machines and 34 coating machines.

8.4 Changes In Share Capital

The present authorised share capital of TWHB is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 34,000,000 ordinary shares have been issued and fully paid-up as at the date of this Prospectus.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
7 March 1994	2	1.00	Subscribers' shares	2
5 April 2000	30,081,998	1.00	Issued at approximately RM1.18 per share pursuant to Acquisition of Ta Win	30,082,000
23 June 2000	3,918,000	1.00	Rights Issue of approximately 100 new TWHB shares for every 768 TWHB shares held at RM1.50 per share	34,000,000

8. INFORMATION ON TWHB (Cont'd)

8.5 Information On Subsidiary Companies

The details on the subsidiary companies of TWHB are as follows:-

Name	Date and place of incorporation	Issued and paid-up share capital	Equity interest	Principal activities
Ta Win	12 February 1990 Malaysia	RM8,000,000	100	Manufacturing and sale of enamelled copper wire to overseas markets, Licensed Manufacturing Warehouses and local customers.
Twin	21 July 1989 Hong Kong	HK\$10,000	100	Marketing and sale of enamelled copper wire to overseas markets.

As at the date of this Prospectus, TWHB or its subsidiaries do not have any associated companies.

Further details of the subsidiary companies are set out below:-

8.5.1 Ta Win

(a) History And Business

Ta Win was incorporated in Malaysia on 12 February 1990 as a private limited company under the Companies Act, 1965. It commenced commercial operation on 29 August 1990. The company is principally involved in the manufacturing and sale of enamelled copper wire. Ta Win currently employs 120 employees.

As at the date of this Prospectus, Ta Win does not have any subsidiary or associated company.

(b) Changes In Share Capital

The authorised share capital of Ta Win is RM8,000,000 comprising 8,000,000 ordinary shares of RM1.00 all of which are fully issued and paid-up.

The changes in the issued and paid-up share capital of Ta Win since its incorporation are set out below:-

Date of allotment	No. of ordinary shares allotted	Par Value RM	Consideration	Total issued & paid-up capital RM
12.02.90	2	1.00	Subscribers' shares	2
19.03.91	1,999,998	1.00	Cash	2,000,000
04.04.91	1,000,000	1.00	Cash	3,000,000
21.11.91	2,000,000	1.00	Cash	5,000,000
27.06.93	3,000,000	1.00	Cash	8,000,000

8. INFORMATION ON TWHB (Cont'd)

(c) Profit And Dividend Record

The profit and dividend record of Ta Win based on its audited accounts for the past five (5) years ended 31 December 1999 are set out below:-

	<-----Financial Year Ending 31 December----->				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	36,470	32,257	44,108	52,452	61,775
Profit before taxation	4,640	4,607	5,516	6,618	7,360
Taxation	(7)	(8)	(15)	-	(663)
Profit after taxation	4,633	4,599	5,501	6,618	6,697
Number of shares in issue ('000)	8,000	8,000	8,000	8,000	8,000
Gross EPS (sen)	58.00	57.59	68.95	82.73	92.00
Net EPS (sen)	57.91	57.49	68.76	82.73	83.71

Notes:

1. *There were no exceptional and extraordinary items in respect of the periods and years under review.*
2. *The taxation charge for 1995, 1996 and 1997 related to rental income which was separately assessed. The taxation charge for 1999 related to deferred taxation. There was no taxation charge on business income for all the financial years under review mainly due to the unutilised capital allowances.*
3. *The gross EPS has been calculated based on the profit before taxation divided by the number of shares in issue for the respective years.*
4. *The net EPS has been calculated based on the profit after taxation divided by the number of shares in issue for the respective years.*
5. *Turnover for 1996 decreased due to the global reduction in prices of copper wires (raw materials) based on rates quoted by the London Metal Exchange. The benefit of this reduction was passed on to the customers which resulted in decrease in selling price and turnover. Despite the decrease in selling price, profit before taxation remained comparable to last year due to the following:*
 - (i) *the percentage of reduction in price of raw materials was higher than the percentage of reduction in selling price to customers,*
 - (ii) *during the year, there was an increase in demand for small diameter wires ranging from 0.20mm which have a higher profit margin and would otherwise be more expensive previously if not for the reduction in price of copper wires; and*
 - (iii) *achievement of economies of scale as the machines purchased previously were operating within their economic efficiency levels.*
6. *Turnover for 1997 increased due to the following:*
 - (i) *recovery of the price of copper wires to the previous price levels;*
 - (ii) *increased orders from TWIN with the establishment of an office in Shenzhen, China; and*
 - (iii) *increased demand from existing customers.*

8. INFORMATION ON TWHB (Cont'd)

8.5.2 Twin

(a) History And Business

Twin was incorporated on 21 July 1989 in Hong Kong under the name Capital Wall Limited with an issued and paid-up capital of HK\$2.00 comprising two (2) ordinary shares of HK\$1.00 each. Subsequently, it changed to its present name on 11 September 1990. Twin's current issued and paid-up share capital is HK\$10,000. The principal activities of Twin is trading, marketing and sale of enamelled copper wire. Twin currently employs 12 employees.

As at the date of this Prospectus, Twin does not have any subsidiary or associated company.

(b) Changes In Share Capital

The authorised share capital of Twin is HK\$10,000 comprising 10,000 ordinary shares of HK\$1.00 each of which 10,000 ordinary shares are fully issued and paid-up.

The changes in the issued and paid-up share capital of Twin since its incorporation are set out below:-

Date of allotment	No. of ordinary shares allotted	Par value HKS	Consideration	Total issued and paid-up capital HKS
21.07.89	2	1.00	Cash	2
23.01.90	9,998	1.00	Cash	10,000

(c) Profit And Dividend Record

The profit and dividend record of Twin based on its audited accounts for the two financial years ended 31 March 1997, nine (9)-month period ended 31 December 1997 and the two (2) financial years ended 31 December 1999 are set out below:-

	Financial years ended 31 March		9-month period ended 31.12.97	Financial years ended 31 December	
	1996 RM'000	1997 RM'000	RM'000	1998 RM'000	1999 RM'000
Turnover	16,396	10,961	19,840	20,390	25,104
(Loss)/Profit before taxation	187	(576)	(81)	(79)	(180)
Exceptional Items	(248)	(31)	-	-	-
(Loss) before taxation after exceptional items	(61)	(607)	(81)	(79)	(180)
Taxation	-	-	-	-	-
(Loss) after taxation	(61)	(607)	(81)	(79)	(180)
Number of shares in issue	10	10	10	10	10
Gross (loss) per share (RM)	(6.10)	(60.70)	(8.10)	(7.90)	(18.00)
Net (loss) per share (RM)	(6.10)	(60.70)	(8.10)	(7.90)	(18.00)

8. INFORMATION ON TWHB (Cont'd)

Notes:-

1. *Save for the following, there were no exceptional and extraordinary items in respect of the above periods and years under review. Exceptional items relate to the following:-*

	<i>Financial year ended</i>	
	<i>1996</i>	<i>1997</i>
	<i>RM'000</i>	<i>RM'000</i>
<i>Provision for bad and doubtful debts</i>	-	(491)
<i>Compensation income from a supplier in respect of defective goods</i>	-	460
<i>Bad debts written off</i>	(248)	-
	<u>(248)</u>	<u>(31)</u>

2. *The accounts of Twin are denominated in HK\$. For purposes of this report, the Reporting Accountants have used an exchange rate of RM0.33:HK\$1 for the financial years ended 31 March 1994 to 1997, RM0.46:HK\$1 for the financial period ended 31 December 1997 and RM0.48:HK\$1 for the financial years ended 31 December 1998 and 1999. The exchange differences arising on translation are taken to reserves.*
3. *The decline in turnover for the financial year ended 31 March 1997 was due to a global reduction in prices of copper wire raw materials based on rates quoted by the London Metal Exchange, and Twin had to reduce its selling price in order to remain competitive.*
4. *There was no taxation charge for all the financial period/years under review as Twin was in a tax loss position.*
5. *No dividends were declared in respect of the financial years/periods disclosed above.*
6. *Loss before taxation was higher for the financial year ended 31 March 1997 due to the purchase price charged by the major supplier, Ta Win, not reducing by as much as the reduction in the selling price which Twin charged to its customers.*

8. INFORMATION ON TWHB (Cont'd)

8.6 Summary of Properties

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

Registered owner/ location	Tenure / Expiry date	Existing use	Age of Building (Year)	Land area (m ²)	Built-up area (m ²)	NBV as at 31/12/98 RM	NBV as at 31/12/99 RM	Open Market Valuation approved by the SC RM	SC's approved revaluation surplus based on NBV as at 31/12/98 RM
Ta Win Lot PT 1287 to 1289 and Lot PT 1234 to 1236, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 25/06/2089 for Lot PT1287 to 1288 99 years leasehold expiring on 26/06/2089 for Lot PT1236 to 1238	Industrial land, factory & office building	1, 4 and 7 (3 factories)	25,099	10,811	4,207,972	4,232,307	8,890,000 (as at 25/6/99)	4,682,028
Lot 101, Town area XXXIX (39), Melaka Tengah, Melaka	99 years leasehold, expiring 19/08/2075 on	Building	19	148	375	248,163	241,522	440,000 (as at 20/8/1999)	191,837
P.T. 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold, expiring 24/09/2091 on	Apartments	1	n/a	728	424,199	415,715	456,000 (as at 9/7/1999)	31,801
Total						4,880,334	4,889,544	9,786,000	4,905,666

The open market values of the above properties were based on the valuation reports dated 25 June 1999, 9 July 1999 and 20 August 1999 prepared by Messrs Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd using the cost and investment methods and comparison methods of valuation and are approved by the SC. The valuation certificate from Messrs Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd on the above properties is set out in Section 13 of this Prospectus.

The surplus arising from the revaluation of the above properties which amounted to RM4,905,666 will be incorporated into the accounts of Ta Win for the financial year ending 31 December 2000.

8. INFORMATION ON TWHB (Cont'd)

8.7 Directors, Management Team and Employees**8.7.1 Profiles of Directors**

Chen Hsi Tao, aged 61, was appointed as the Chairman and Managing Director of TWHB on 5 April 2000. Mr. Chen graduated with a Bachelor of Business Administration from University of China Culture, Taiwan in 1972. He has been in the enamelled copper wire business for over 30 years and is the founder and the leading force behind the success of the TWHB Group. Mr. Chen was first introduced to Malaysia in 1989 through a trade delegation to attract foreign investment into Malaysia. Since then, Mr. Chen has been a dedicated and prominent investor in various business activities in Malaysia. His investment in Malaysia includes the manufacturing of enamelled copper wire, manufacturing of plastic bobbins and property development, the latter via his equity interests in Jabat Makmur Sdn Bhd. Mr. Chen is committed to continue expanding the operations of the TWHB Group. Besides the Group's core business in enamelled copper wire, his vision is to lead the Group's expansion activities into upstream copper rod production.

Chen-Yu Kwei Feng, aged 54, was appointed as an Executive Director of TWHB on 21 April 2000. Madam Yu is the wife of Mr. Chen Hsi Tao. She has had over 30 years of experience in the enamelled copper wire business. Madam Yu is one of the founding members of the Group.

Aliyah binti Baharuddin Marji, aged 39, was appointed to the Board of TWHB on 5 April 2000. She obtained a Masters Degree in Linguistics from Southern Illinois University, USA, and a Bachelor of Science degree in English Studies from Southern Illinois University, USA in 1984 and 1983 respectively. She worked as an executive trainer in United Malayan Banking Corporation Berhad (*now known as RHB Bank Berhad*) during the period from 1984 to 1991. In 1991, she set up ABM Training Management Sdn Bhd, a firm which provides training and consultancy services on management related seminars where she is the Managing Director. In addition, she owns two other private companies, namely AA Déli Sdn Bhd and Agenda Sports Management Sdn Bhd. These two companies are involved in providing corporate gifts and souvenirs, sports and social event management and advisory services respectively.

Yeoh Chin Kiang, aged 47, was appointed as an Executive Director of TWHB on 5 April 2000. Mr. Yeoh joined Ta Win in July 1997 as the General Manager of Ta Win and is responsible for the overall operation and financial functions of Ta Win. He graduated with a Bachelor of Business Administration in 1975 from the National Taiwan University, Taiwan. Mr. Yeoh has had over 18 years of experience in the copper cable and wire industry. He served in Leader Cable Sdn Bhd as the Sales Manager for five years prior to joining Central Cable Bhd in August 1984 as the General Manager and was appointed as a Director on 21 January 1985. Both companies are cable and wire manufacturers. He was then promoted to the position of Managing Director on 18 December 1992. In 1997, he left Central Cable Bhd to join Ta Win.

Datuk Ng Peng Hong @ Ng Peng Hay, aged 47, was appointed as an Independent Non-Executive Director of TWHB on 5 April 2000. He was the State Assemblyman of Tengkeru Constituency of the Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. Due to his excellent working relationship with both the Federal and State Authorities and his in-depth understanding of the needs of foreign investors from Taiwan, China and Singapore, he has been appointed the State Investment Co-ordinator by the Malacca, State Development Corporation, handling all direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the state of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by the Governor of Melaka in 1992. Recently, he was awarded the Economics Medal by the Taiwanese Government on 17.7.1999. He was the Vice President of Malacca Chinese Chamber from 1997 to 27 January 2000.

He is the Chairman of MCA, 7th Branch Melaka since 1982. He is also the Independent Director of Bonia Corporation Berhad since 1994 and Komarkcorp Berhad since 1997, and Executive Director of Sinmah Resources Berhad since 1995. Bonia Corporation Berhad is the holding company of companies which principal activities are manufacturing of leather products, men's wear and fragrance and

8. INFORMATION ON TWHB (Cont'd)

Komarkcorp Berhad's group of companies are manufacturer and trade of self-adhesive labels and related products whereas the principal activities of Sinmah Resources Berhad are investment holding and provision of management services to its subsidiaries which are involved in manufacturing and wholesale of animal feeds, poultry breeding and processing. All these companies are listed on the Kuala Lumpur Stock Exchange.

Yahya bin Abbas, aged 52, was appointed to the Board of TWHB on 5 April 2000. He is a registered member of the Malaysian Institute of Accountants. He obtained his Bachelor of Economics degree in 1976 and Diploma in Accounting in 1977 from the University of Malaya. He had served under the Accountant General's Department from 1977 until 1993 during which he was posted to various government departments including the Foreign Investment Committee in the Economic Planning Unit. He left the government service in 1993 to join Arab-Malaysian Merchant Bank Berhad as Senior Manager in the Corporate Finance Department. He then left AMMB in 1995 to join TA Securities Berhad as Senior Manager until 1996. Presently, he sits on the Board as Independent Director and member of Audit Committee of Komarkcorp Berhad since 1997 and TH Group Berhad since 1999. TH Group Berhad's principal activities are cultivation of oil palm and cocoa, operation of a palm oil mill, provision of contracting services in timber extraction, plantation development and civil and infrastructure works. Komarkcorp Berhad and TH Group Berhad are listed companies of the Kuala Lumpur Stock Exchange.

Chen Hung Lin, aged 25, was appointed to the Board of TWHB on 21 April 2000. He graduated with an Advanced Diploma in Hospitality Management from University of Portsmouth, United Kingdom in 1999. Mr Chen joined Ta Win in November 1999 as Management Executive. Mr Chen Hung Lin is the son of Mr Chen Hsi Tao and Mdm Chen-Yu Kuei Feng and he is currently under the personal tutelage of Mr Chen Hsi Tao to acquire the necessary skills and experience for the overall management of the TWHB Group.

8.7.2 Senior Management

Chang Pai Fa, aged 49, is the Production and Technical Manager of Ta Win, responsible for the overall production planning and product development. Mr. Chang completed his education in Taiwan in 1974. Mr. Chang has had over 20 years of experience in the manufacturing of copper cables and wires. He joined Tai Tong Cable Taiwan in 1975 as a technician, in which he served the company for over 10 years and received various technical training in the manufacturing of copper cables and wires. In 1985, he joined Kok Fung Cable Co (Taiwan), which produces enamelled copper wire and enamelled copper wire machine, as a senior production supervisor. In 1993, he joined Goalwin Industrial Co Ltd, a manufacturer of enamelled copper wire, as technical leader. He joined Ta Win in 1995 as the head of production.

Gan Eng Joo, aged 30, is the Finance Manager of Ta Win. He graduated with a Bachelor of Business degree, majoring in Accounting, from the University of Technology, Sydney, Australia in 1994. He is the member of both the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants. He was an Audit Senior in Arthur Andersen & Co and served the company for 5 years before he joined Ta Win in May 2000.

Sey Giok Choo, aged 57, is the Administrative Manager of Ta Win, responsible for the administration, personnel and purchasing departments. Mr. Sey graduated with a Bachelor of Commerce (Economics) from Nanyang University, Singapore in 1969. He has over 15 years of experience in management and administration functions. Prior to joining Ta Win in 1996, Mr. Sey was the Administrative Manager with Eastern Feed Mill Sdn Bhd, an animal feed processing company, for 16 years.

Ong Eng Seng, aged 28, is the Sales Manager of Ta Win. Mr. Ong graduated with a Bachelor of Arts in International Trade from Tunghai University, Taiwan in 1993. He started his career in Novvean Tech (M) Sdn Bhd, a manufacturer of electronics products, as purchasing officer. In 1995, he joined Ta Win as a sales officer. With his dedication and hard work, Mr. Ong was promoted to the post of Sales Manager in Ta Win, responsible for the overall sales and marketing function of the company.

8. INFORMATION ON TWHB (Cont'd)

Au Kok Ming, aged 34, is the Production Planner and Supervisor of Ta Win. He completed his Sijil Pelajaran Malaysia in 1985. Mr. Au joined Perusahaan Otomobil Nasional Sdn Bhd as technician in 1986. In 1991, he joined Ta Win as production supervisor. Mr. Au has been with Ta Win since its inception. During his career with Ta Win, he has been sent to Goalwin Industrial Co. Ltd, Taiwan for various technical training. In 1998, he is promoted as Production Planner of Ta Win.

Leong Wooi Ming, aged 33, is the Production Supervisor of Ta Win. Mr. Leong completed his Sijil Tinggi Pelajaran Malaysia (STPM) in 1985. He joined Ta Win since the commencement of operation in 1991. He has been sent to Goalwin Industrial Co. Ltd, Taiwan for various technical training.

8.7.3 Family Relationship

Mr. Chen Hsi Tao and Mdm Chen-Yu Kuei Feng are husband and wife while Mr Chen Hung Lin is the son of Mr Chen Hsi Tao and Mdm Chen-Yu Kuei Feng.

Save as disclosed above, there are no family relationships among the Directors and senior management team of the TWHB Group.

8.7.4 Employees

Presently, the Group has a total of 132 employees. The employees do not belong to any union and the relationship between management and employees is good.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

9.1 Introduction

The principal activity of the TWHB Group is the manufacturing of enamelled copper wires. Products of the Group are sold to both local and overseas customers involved mainly in the manufacturing of electrical and electronic appliances and equipment. As such, the prospects of the enamelled copper wire sector is closely correlated to the local and global demand for electrical and electronic products. As a result, the induced demand for input components such as enamelled copper wire is expected to grow parallel to the growth in electrical and electronic appliances and equipment industry. As the local manufacturing sector of the electronic and electrical products is relatively small compared to the world-wide market, the local output of enamelled copper wire is very much targeted for the export market. This is especially applicable to TWHB as most of its products are exported to the overseas market.

9.2 Overview Of The Malaysian Economy

In 1999, economic activity in Malaysia rebounded from a contraction of 7.5% in 1998 to record a strong positive growth of 5.4%, higher than the earlier forecast of 4.3% in 1999. The value of GDP has returned to almost the same level as in 1997.

The better than expected performance in 1999 was due to both external developments and the prompt policy response to reduce the severity of the impact of the crisis on the Malaysian economy. On the external front, world growth picked up to 3% in 1999 (1998: 2.5%), reflecting higher growth in the industrial countries and stronger-than-expected recovery in Asia. In line with increased economic activity and a strong recovery in global demand, growth of world trade was sustained at 3.7% (1998: 3.6%). Growth in the major industrial countries increased by 2.7% in 1999 (1998: 2.4%). This together with the revival of domestic demand in other regional countries contributed to significant strengthening of demand for exports from Malaysia.

Overall, the downside risks envisaged in early 1999 did not occur. The improvements in the Asian economies and robust growth in the US economy have raised external demand which in turn spurred production increases in the export sector. This was underpinned by the upswing in the global electronics cycle, and the nation's policy towards a more broad-based export growth in the latter part of 1999. The favourable external environment, more stable domestic financial markets facilitated by the selective exchange controls and the fixed exchange rate, as well as expansionary fiscal and monetary policies contributed to significant improvement in business and consumer confidence. Consequently, domestic demand continued to improve as the private sector responded positively to generate a stronger-than-expected recovery for Malaysia.

(Source: Bank Negara Malaysia, Annual Report 1999)

9.3 The Electronic and Electrical Manufacturing Sector

In the export-oriented sector, growth was spearheaded by the electronics, electrical products and off-estate processing industries. The electronics industry remained the leading industry with a strong output expansion of 21.2% in 1999 (1998: -4.2%).

Production in the electrical, electronics and machinery industry recorded a strong growth of 8.1% during the first eight months of 1999 (January-August 1998: -4.8%). Output of the electrical products industry rebounded to increase marginally by 2.7% following two consecutive years of decline. This was mainly on account of improved demand for office computing equipment, consumer durable and air-conditioners from the United States, Japan and the Asia-Pacific region in the latter part of the year. As a group, the electronics and electrical products industry registered a substantial increase of 15.6% in output during the year (1998: -7.7%).

(Source: Bank Negara Malaysia, Annual Report 1999)

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS (Cont'd)

According to the Statistics Department, Malaysia's Industrial Production Index ("IPI") for August 1999 increased by 12.9% to 160.5 points from 142.2 points recorded in the same month of 1998. The increase was mainly induced by the growth in the indices of the manufacturing and electricity sectors by 17.4% (from 144.6 to 169.7) and 6.4% (from 174.3 to 185.4) respectively. On the whole, the first eight (8) months of 1999 saw the IPI expanding by 4.3% to 151.6 from 145.4 recorded in the same period of 1998. Electrical machinery, apparatus, appliances and supplies increased 10.0% to 195.8 from 178.0.

(Source: Business Times, 13 October 1999)

9.4 Export Sector

Exports of electronic goods expanded strongly by 30.4% in 1999 (1998: 1.9%), reflecting the upturn in the global electronics cycle. During the year, exports of both the semiconductors and electronic equipment sub-sectors recorded a strong expansion of 23.7% and 36.5% respectively (1998: -4.2% and 8.2% respectively), attributable largely to the more widespread usage of Internet, e-commerce and cellular phones. In addition, intensified efforts to deal with the Y2K problem also boosted demand for computers world-wide. During the year, the United States maintained its position as the largest market for Malaysia's electronic goods, followed by Singapore, Europe, the Asia-Pacific region and Japan.

Exports of the electrical products industry rebounded to increase by 8.8% in 1999 (1998: -11.4%), after declining since 1996. The reversal in trend was supported by higher exports to the United States and strengthened demand for consumer durable, air-conditioners and telecommunication products following the economic recovery of major markets in Asia, in particular Japan, Singapore and Hong Kong, S.A.R. As a group, exports of the electronics and electrical products industries increased significantly by 24.1% in 1999 (1998: -2.4%), accounting for a higher share of 71.8% of total manufactured exports (1998: 68.1%).

(Source: Bank Negara Malaysia, Annual Report 1999)

Exports of electrical and electronic goods, which expanded by 15% year-on-year in February 2000, is expected to continue to drive Malaysia's exports growth. This augurs well for Malaysia as nearly 60% of its exports comprise electrical and electronic products. In 1999, the electrical and electronic product recorded a surplus of RM47 billion or 65% of total trade surplus, up from RM33 billion or 55% in 1998. Propelled by a strong exports growth of 24.8% year-on-year in February 2000, Malaysia's manufacturing output rose a whopping 30.7% year-on-year in the same month.

(Source: Business Times, 18 April 2000)

9.5 Future Plans Of The TWHB Group

The TWHB Group has principally been engaged in the manufacturing of enamelled copper wire for 10 years under the stewardship of its founder, Mr. Chen Hsi Tao. Back in 1990, the Group's manufacturing facilities located at its present factory site in Alor Gajah Industrial Estate had an annual production capacity of 1,200 metric tonnes. Over a span of 10 years, the Group's manufacturing facilities expanded to its present factory site comprising three (3) factories measuring a total of 9,000 square metres with 68 drawing lines and 26 coating lines and an annual production capacity of over 8,000 metric tonnes as at 31 December 1999.

The Group has traditionally sourced its primary material, i.e. 2.6mm bare copper wire, from both local and overseas suppliers. The Group has currently commenced production of the 2.6mm copper wire instead of outsourcing and this is expected to generate an estimated 5% cost saving on gross profit margin. To achieve the cost savings, a new Italian drawing machine was purchased to draw 8.0mm copper rod into 2.6mm copper wire. The production of 2.6mm bare copper wire has commenced since January 1999.

9. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS *(Cont'd)*

In the near future, the Group plans to venture upstream into production of copper rod. Currently, there are two (2) large scale manufacturers of copper rod, namely Metrod (OFHC) Bhd and Alpha Industries Bhd. Copper rod is the basic input material for the production of all types of copper wires and cables. According to the Chairman and Managing Director, Mr Chen Hsi Tao, the demand for copper rods exceeds the supply in Malaysia since Malaysia will still remain a net importer of copper rod in the foreseeable future. The Company therefore plans to seize the opportunity to diversify upstream to tap into the potentially lucrative copper rod market.

9.6 Prospects Of The TWHB Group

The prospects of the Group will very much depend on its ability to enhance its manufacturing and marketing capabilities. With the following competitive advantages, it is expected that the prospects of the Group would remain bright in the future:-

Integrated Operations

The Group currently manufactures copper wire ranging from 0.03mm to 4.00mm in diameter in four specifications, namely UEW, PEW, EIW and AIW, resulting in a wide range of products. Pursuant to the Public Issue, the Group will also invest in an upstream 8.00mm copper rod line, reducing its reliance on its current copper rod suppliers. The new 8.00mm copper rod manufacturing line is anticipated to contribute approximately 2-3% to the gross profit margin for year 2001. Further details are set in Section 6.5 of this Prospectus.

Diversified Export Base

The Group exports its products to various countries, such as China, Hong Kong, Taiwan, India, Singapore and other South-East Asian countries. This will reduce its dependence on the demand from any single country.

ISO 9002

Ta Win has achieved the ISO 9002 quality accreditation since 1996.

10. FINANCIAL INFORMATION

10.1 Profit And Dividend Records

The following table sets out a summary of the proforma consolidated financial results of the TWHB Group for the five (5) financial years ended 31 December 1995 to 1999, prepared based on their audited accounts and on the assumption that the current structure of the Group had been in existence throughout the periods under review. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out under Section 12 of this Prospectus.

	←————Financial years ended 31 December————→				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	40,048	33,605	44,600	53,868	63,744
Profit before taxation	4,739	4,081	5,298	6,376	7,339
Exceptional items ("EI")	(248)	(31)	-	-	-
Profit before taxation after EI	4,491	4,050	5,298	6,376	7,339
Taxation	(7)	(8)	(15)	-	(663)
Profit after taxation	4,484	4,042	5,283	6,376	6,676
Number of ordinary shares assumed to be in issue ('000)	34,000	34,000	34,000	34,000	34,000
Gross EPS (sen)	13.21	11.91	15.58	18.75	21.59
Net EPS (sen)	13.19	11.89	15.54	18.75	19.64
Gross dividend (%)	-	-	-	-	-

Notes:-

1. TWHB's results are not included in the proforma consolidated results as it was incorporated on 7 March 1994 and is currently dormant.
2. Save for the following, there were no exceptional and extraordinary items in respect of the above periods and years under review. Exceptional items relate to the following:-

	Financial year ended	
	1995 RM'000	1996 RM'000
Provision for bad and doubtful debts	-	(491)
Compensation income from a supplier in respect of defective goods	-	460
Bad debts written off	(248)	-
	(248)	(31)

3. Twin's financial years ended on 31 March 1994 to 1997. In order to reflect the proforma account of the proposed group, the results of Twin for the financial years ended 31 March 1994 to 1997 have been time-apportioned in order to be coterminous with the financial year end of the group.
4. The accounts of Twin are denominated in HK\$. For purposes of this report, the Reporting Accountants have used an exchange rate of RM0.33:HK\$1 for the financial years ended 31 March 1994 to 1997, RM0.46:HK\$1 for the financial period ended 31 December 1997 and RM0.48:HK\$1 for the financial years ended 31 December 1998 and 1999. Changes in the basis of the exchange rate were due to fluctuation in the currency. The exchange differences arising on translation are taken to reserves.
5. Due to a global reduction in prices of copper wires (raw materials) based on rates quoted by the London Metal Exchange, the benefit of this reduction had been passed on to customers which resulted in a decrease in turnover in 1996. The price of copper wires had recovered gradually to the previous price levels causing a parallel increase in turnover in 1997.
6. The gross EPS has been calculated based on the profit before taxation divided by the issued and paid-up share capital of 34,000,000 ordinary shares prior to the Public Issue.
7. The net EPS has been calculated based on the profit after taxation divided by the issued and paid-up share capital of 34,000,000 ordinary shares prior to the Public Issue.
8. TWHB has not paid or declared any dividends since the date of incorporation prior to the Public Issue.

10. FINANCIAL INFORMATION (Cont'd)

10.2 Working Capital, Borrowings And Contingent Liabilities**10.2.1 Working Capital**

The Directors of TWHB are of the opinion that after taking into account the consolidated cashflow forecast and projections and the banking facilities available, the Group will have adequate working capital for its present and foreseeable requirements.

10.2.2 Borrowings

As at 15 June 2000 (*being the last practicable date prior to the printing of this Prospectus*), the total borrowings of the Group comprising term loans, overdrafts, trust receipts, bankers acceptance, hire purchase and export credit refinancing amounted to RM18.9 million.

10.2.3 Contingent Liabilities

As at 15 June 2000 (*being the last practicable date prior to the printing of this Prospectus*), the TWHB Group did not have any contingent liabilities, loan capital or convertible debt securities outstanding or created but unissued nor any mortgages or charges outstanding, save as disclosed in Section 12 of this Prospectus.

10.3 Consolidated Profit Forecast Together With The Assumptions Thereto

The Directors of TWHB forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation for the year ending 31 December 2000 will be approximately as follows :

Consolidated profit after taxation (RM'000)	<u>8,112</u>
Number of ordinary shares in issue ('000)	<u>40,000</u>
Net earnings per share (sen)	<u>20.28</u>

The principal assumptions upon which the above consolidated profit forecast have been made are as follows:

1. There will be no significant changes in the present principal activities and the group structure of the Group.
2. There will be no significant changes to the prevailing Malaysian and world economic environment and political conditions which may directly or indirectly have an adverse effect on the activities or performance of the Group.
3. There will be no significant changes in the present legislations and government regulations adversely affecting the activities of the Group or the market in which it operates.
4. There will be no significant fluctuation in inflation rates and foreign currency exchange rates.
5. There will be no material increase in prices of raw materials, wages, costs of production and other related costs which will adversely affect the performance of the Group.
6. There will be no major industrial disputes, breakdown or disruptions in the production facilities, or other abnormal factors, both domestic and overseas, which will adversely affect the activities and performance of the Group.
7. Existing financing facilities will remain available and the level of interest rates will not change materially from those prevailing. The Group will also be able to obtain additional financing facilities at interest rates approximate to those currently available to the Group.

10. FINANCIAL INFORMATION (Cont'd)

8. Capital expenditure programmes are expected to take place according to schedule with no material changes in the costs or prices from the forecast levels.
9. There will be no significant changes in the present income tax rate. It is also assumed that the Group will continue to enjoy reinvestment allowance incentive during the period covered by the forecast.
10. There will be no significant changes in management structure and accounting policies normally adopted by the companies within the Group.
11. The proceeds from the rights and public issue will be received by June and July 2000 respectively.

10. FINANCIAL INFORMATION (Cont'd)

10.4 Reporting Accountants' Letter On The Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)



ARTHUR ANDERSEN

Date: 23 JUNE, 2000

The Board of Directors
TA WIN HOLDINGS BERHAD
103B, Taman Melaka Raya
75000 Melaka

Arthur Andersen & Co
Public Accountants

Graha Maju Bangunan PKNM
Tingkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia

Tel 606 2831399
Fax 606 2841799

Gentlemen

CONSOLIDATED PROFIT FORECAST

We have reviewed the accounting policies and calculations for the consolidated profit forecast of **TA WIN HOLDINGS BERHAD** ("TWHB") and its subsidiaries ("the Group") for which the Directors are solely responsible, for the year ending 31 December, 2000 as set out in the Prospectus in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each in TWHB at an issue price of RM1.50 per share and the listing and quotation of the entire enlarged issued and paid-up share capital of TWHB comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the companies within the Group.

Yours faithfully,

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

BALA KRISHNAN A/L PONNIAH
No. 1394/7/01(J)
Partner of the Firm

10. FINANCIAL INFORMATION (Cont'd)

TA WIN HOLDINGS BERHAD**CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS**

The Directors of **TA WIN HOLDINGS BERHAD** forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation for the year ending 31 December, 2000 will be approximately as follows :

Consolidated profit after taxation (RM'000)	<u>8,112</u>
Number of ordinary shares in issue ('000)	<u>40,000</u>
Net earnings per share (sen)	<u>20.28</u>

The principal assumptions upon which the above consolidated profit forecast have been made are as follows:

1. There will be no significant changes in the present principal activities and the group structure of the Group.
2. There will be no significant changes to the prevailing Malaysian and world economic environment and political conditions which may directly or indirectly have an adverse effect on the activities or performance of the Group.
3. There will be no significant changes in the present legislations and government regulations adversely affecting the activities of the Group or the market in which it operates.
4. There will be no significant fluctuation in inflation rates and foreign currency exchange rates.
5. There will be no material increase in prices of raw materials, wages, costs of production and other related costs which will adversely affect the performance of the Group.
6. There will be no major industrial disputes, breakdown or disruptions in the production facilities, or other abnormal factors, both domestic and overseas, which will adversely affect the activities and performance of the Group.
7. Existing financing facilities will remain available and the level of interest rates will not change materially from those prevailing. The Group will also be able to obtain additional financing facilities at interest rates approximate to those currently available to the Group.
8. Capital expenditure programmes are expected to take place according to schedule with no material changes in the costs or prices from the forecast levels.



10. FINANCIAL INFORMATION (Cont'd)

9. There will be no significant changes in the present income tax rate. It is also assumed that the Group will continue to enjoy reinvestment allowance incentive during the period covered by the forecast.
10. There will be no significant changes in management structure and accounting policies normally adopted by the companies within the Group.
11. The proceeds from the rights and public issue will be received by June and July, 2000 respectively.



10. FINANCIAL INFORMATION (Cont'd)

10.5 Dividend Forecast

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

Based on the forecast consolidated profit after taxation, the Directors of TWHB anticipate that in the absence of unforeseen circumstances, the Company will be in a position to propose a tax-exempt dividend of 2.5% for the financial year ending 31 December 2000 based on the enlarged issued and paid-up capital.

The intended appropriation of the consolidated profit forecast for the financial year ending 31 December 2000 would be as follows:-

	Forecast 2000 RM'000
Consolidated profit before taxation	8,468
Less: Taxation	(356)
Consolidated profit after taxation	<u>8,112</u>
Less: Proposed dividend of 2.5%	1,000
Retained profit	<u><u>7,112</u></u>
Gross dividend per TWHB share (sen)	2.50
Net dividend per TWHB share (tax exempt) (sen)	2.50
Gross dividend yield based on the issue price of RM1.50 per share (%)	1.67
Net dividend yield based on the issue price of RM1.50 per share (%)	1.67
Net dividend cover (times)	8.11

10. FINANCIAL INFORMATION (Cont'd)

10.6 Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

TA WIN HOLDINGS BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER, 1999

The Proforma Consolidated Balance Sheets of TA WIN HOLDINGS BERHAD ("TWHB") as at 31 December, 1999 as set out below are provided for illustrative purposes only :

	Audited balance sheet of TWHB as at 31.12.1999 RM'000	Proforma I After incorporation of the Acquisitions RM'000	Proforma II After I and Rights Issue RM'000	Proforma III After II And Public Issue RM'000
CURRENT ASSETS				
Cash and bank balances	-	2,398	8,275	15,775
Debtors	-	15,093	15,093	15,093
Stocks	-	11,717	11,717	11,717
	-	29,208	35,085	42,585
CURRENT LIABILITIES				
Short term borrowings	-	9,663	9,663	9,663
Creditors	53	4,498	4,498	4,498
Due to directors	-	1,944	1,944	1,944
Taxation	-	8	8	8
	53	16,113	16,113	16,113
NET CURRENT (LIABILITIES)/ASSETS	(53)	13,095	18,972	26,472
FIXED ASSETS	-	28,948	28,948	28,948
OTHER INVESTMENT	-	48	48	48
GOODWILL ARISING FROM CONSOLIDATION	-	1,431	1,431	1,431
INTANGIBLE ASSETS	53	53	53	53
HIRE PURCHASE CREDITORS	-	(855)	(855)	(855)
TERM LOANS	-	(252)	(252)	(252)
DEFERRED TAXATION	-	(663)	(663)	(663)
	-	41,805	47,682	55,182
SHAREHOLDERS' FUNDS				
Share capital	*	30,082	34,000	40,000
Reserves	-	11,723	13,682	15,182
	-	41,805	47,682	55,182
NTA per share (RM)	(26,268.50)	1.34	1.36	1.34

* This represents issued and paid-up share capital of RM2.



10. FINANCIAL INFORMATION (Cont'd)

TA WIN HOLDINGS BERHAD
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER, 1999

1. The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes based on the audited accounts of TWHB, Ta Win Industries (M) Sdn. Bhd. ("TA WIN") and Twin Industrial (HK) Company Limited ("TWIN") as at 31 December, 1999 and on the assumption that the following transactions had been effected as of 31 December, 1999.

(i) Proforma I incorporates the following:

(a) acquisition of the entire issued and paid-up share capital of TA WIN comprising 8,000,000 ordinary shares of RM1.00 each at a purchase consideration of RM35,623,092 to be satisfied by an issue of 30,081,998 new ordinary shares of RM1.00 each in TWHB at an issue price of approximately RM1.18 per share credited as fully paid-up;

The purchase consideration was arrived at based on the audited Net Tangible Assets (NTA) of TA WIN as at 31 December, 1998 of RM30,717,426, and adjusting for the revaluation surplus of RM4,905,666;

(b) acquisition of the entire issued and paid-up share capital of TWIN comprising 10,000 ordinary shares of HK\$1.00 each for a cash consideration of RM1.00 which is a nominal amount after taking into consideration the audited negative NTA of TWIN as at 31 December, 1998;

(c) all inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets.

(ii) Proforma II incorporates Proforma I and the rights issue of 3,918,000 new ordinary shares of RM1.00 each by TWHB at an issue price of RM1.50 per share on the basis of approximately 100 new ordinary shares of RM1.00 each for every existing 768 ordinary shares held upon completion of the acquisitions of TA WIN and TWIN.

(iii) Proforma III incorporates Proforma II and the following:

(a) public issue of 6,000,000 new ordinary shares of RM1.00 each by TWHB at an issue price of RM1.50 per share;

(b) estimated listing expenses of RM1,500,000 is written off against the share premium reserve.

(iv) The Proforma Consolidated Balance Sheets have been prepared based on accounting policies and bases consistent with those previously adopted by TWHB and its subsidiaries.



10. FINANCIAL INFORMATION (Cont'd)

- (v) The Proforma Consolidated Balance Sheets are prepared using the merger method of accounting as set out in Malaysian Accounting Standard No. 2. Where the conditions for merger accounting are not met, the subsidiaries are consolidated on the acquisition method of accounting.

2. The movement of the issued and paid-up share capital and reserves of TWHB after taking into account the Proposed Acquisitions, Rights Issue and Public Issue are as follows :

(i) Share Capital

	RM
As at date of incorporation	2
Shares issued pursuant to the acquisition of the proposed subsidiary	30,081,998
Rights issue	3,918,000
Public issue	6,000,000
Per Proforma Consolidated Balance Sheet	<u>40,000,000</u>

(ii) Reserves

	Revaluation <u>Reserve</u> RM'000	Retained <u>Profits</u> RM'000	Share <u>Premium</u> <u>Account</u> RM'000	<u>Total</u> RM'000
Balance after acquisition	4,906	28,899	-	33,805
Less : Merger reserve set off	<u>(4,906)</u>	<u>(17,176)</u>	-	<u>(22,082)*</u>
Per Proforma I	-	11,723	-	11,723
Add : Share premium on rights issue	-	-	1,959	1,959
Per Proforma II	-	11,723	1,959	13,682
Add : Share premium on public issue	-	-	3,000	3,000
Less : Estimated listing expenses	-	-	(1,500)	(1,500)
Per Proforma III	<u>-</u>	<u>11,723</u>	<u>3,459</u>	<u>15,182</u>

* The merger reserve arising from the acquisition of TA WIN is as follows :

	RM'000
Par value of shares issued	30,082
Par value of shares acquired	(8,000)
	<u>22,082</u>



10. FINANCIAL INFORMATION (Cont'd)

10.7 Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)



ARTHUR ANDERSEN

Date: 23 JUNE, 2000

The Board of Directors
TA WIN HOLDINGS BERHAD
103B, Taman Melaka Raya
75000 Melaka

Arthur Andersen & Co
Public Accountants

Graha Maju Bangunan PKNM
Tingkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia

Tel 606 2831399
Fax 606 2841799

Gentlemen

PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER, 1999

We have reviewed the Proforma Consolidated Balance Sheets of **TA WIN HOLDINGS BERHAD** ("TWHB") and its subsidiaries ("the Group") as at 31 December, 1999, together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each in TWHB at an issue price of RM1.50 per share and the listing and quotation of the entire enlarged issued and paid-up share capital of TWHB comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon, which are provided for illustrative purposes only, have been prepared on a basis consistent with the accounting policies normally adopted by the Group and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully,

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

BALA KRISHNAN A/L PONNIAH
No. 1394/7/01(J)
Partner of the Firm