

P R O S P E C T U S

P.I.E. INDUSTRIAL BERHAD

(Company No. 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)



PUBLIC ISSUE

of 9,000,000 New Ordinary Shares of RM1.00 Each

AND

OFFER FOR SALE

of 18,090,000 Ordinary Shares of RM1.00 Each

at RM2.80 Per Ordinary
Share Payable In Full on Application

Adviser and Managing Underwriter



Arab-Malaysian Merchant Bank Berhad

(23742-V)(Licensed Merchant Bank)
(A member of the Arab-Malaysian Banking Group)

This Prospectus is dated 26 May 2000

THE APPROVAL OF THE SECURITIES COMMISSION (“SC”) SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE INITIAL PUBLIC OFFERING (“IPO”) OF 27,090,000 ORDINARY SHARES OF RM1.00 EACH IN P.L.E. INDUSTRIAL BERHAD (“PIB”) AT AN IPO PRICE OF RM2.80 PER SHARE IN CONJUNCTION WITH THE ADMISSION TO THE OFFICIAL LIST AND THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PIB ON THE SECOND BOARD OF THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”). INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE IPO.

THE IPO PRICE OF RM2.80 PER SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY PIB, THE OFFERORS AND ARAB-MALAYSIAN MERCHANT BANK BERHAD AS THE ADVISER AND MANAGING UNDERWRITER BASED ON VARIOUS FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

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

THE KLSE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. THE ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF PIB OR ITS ORDINARY SHARES.

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this prospectus:-

AC	Alternating Current
Acquisitions	Acquisitions of PIE and PIW collectively
Acquisition of PIE	Acquisition of the entire issued and paid-up share capital of PIE comprising 7,500,000 Shares for a purchase consideration of RM43,142,667 satisfied by a cash consideration of RM3,254,567 and the issuance of 30,178,709 new Shares in PIB at an issue price of approximately RM1.32 per Share which was completed on 8 May 2000
Acquisition of PIW	Acquisition of the entire issued and paid-up share capital of PIW comprising 1,000,000 ordinary shares of RM10.00 each for a purchase consideration of RM29,765,552 satisfied by a cash consideration of RM2,245,433 and the issuance of 20,821,289 new Shares in PIB at an issue price of approximately RM1.32 per Share which was completed on 8 May 2000
ADA	Authorised Depository Agent
ADA Code	ADA (Broker) Code
Application	Application for the IPO Shares by way of Application Forms or by way of Electronic Share Application
Application Form	A printed application form for the purpose of applying for the IPO shares
Arab-Malaysian	Arab-Malaysian Merchant Bank Berhad
ATM	Automated Teller Machine
Baht	Thai Baht
CDS	Central Depository System
CEM	Contract Electronic Manufacturing
Electronic Share Application	Application for IPO Shares through a Participating Financial Institution's ATM
EPS	Earnings Per Share
Flotation Scheme	The incorporation of Revaluation Surplus, Special Dividends, Acquisitions and IPO collectively leading to the listing of and quotation for the enlarged share capital of PIB on the Second Board of the KLSE
IDE	Integrated Driver Electronic
Initial Public Offering or IPO	Public Issue and Offer for Sale collectively
IPO Shares	Public Issue Shares and Offer Shares collectively
KLSE	Kuala Lumpur Stock Exchange
LAN	Local Area Network

DEFINITIONS... cont'd

Listing	Admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of PIB of RM60,000,000 comprising 60,000,000 Shares on the Second Board of the KLSE								
MCD or Central Depository	Malaysian Central Depository Sdn Bhd, a subsidiary of the KLSE								
MIH or Issuing House	Malaysian Issuing House Sdn Bhd								
MITI	Ministry of International Trade and Industry								
Mitsumi Group	Mitsumi Electronics (M) Sdn Bhd and Mitsumi Technology (M) Sdn Bhd								
NT	New Taiwan Dollar								
NTA	Net Tangible Assets								
OEM	Original Equipment Manufacturing								
Offer for Sale or Offer	Offer for sale of 18,090,000 Shares in PIB at an offer price of RM2.80 per Share by the Offerors to Bumiputra investors allocated by the MITI and eligible Directors of PIB								
Offer Shares	The 18,090,000 Shares in PIB which are the subject of the Offer for Sale								
Offerors	The offerors of the Offer Shares and number of shares offered for sale are as follows:-								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Offerors</th> <th style="text-align: right;">No. of Shares offered for sale</th> </tr> </thead> <tbody> <tr> <td>PGH</td> <td style="text-align: right;">17,894,305</td> </tr> <tr> <td>PIIC</td> <td style="text-align: right;">195,695</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">18,090,000</td> </tr> </tbody> </table>	Offerors	No. of Shares offered for sale	PGH	17,894,305	PIIC	195,695	TOTAL	18,090,000
Offerors	No. of Shares offered for sale								
PGH	17,894,305								
PIIC	195,695								
TOTAL	18,090,000								
Participating Financial Institution(s)	Refers to the Participating Financial Institutions for Electronic Share Application as listed in paragraph (o) of Section 16.9 of this Prospectus								
PAT	Profit After Tax								
PBT	Profit Before Tax								
PCMCIA	PC Modem Connectivity Interface Associate								
PC	Personal Computer								
PCB	Printed Circuit Boards								
PDG	Dong Guan Pan-International Wire & Cable Co., Ltd., a wholly-owned subsidiary of PGH								
PE Multiple	Price Earnings Multiple								
PESB	PIE Enterprise (M) Sdn Bhd, a wholly-owned subsidiary of PIE								
PGH	Pan Global Holding Co. Ltd., a wholly-owned subsidiary of PIIC								
PIB or Company	P.I.E. Industrial Berhad								
PIB Group or Group	PIB and its subsidiary companies, namely PIW and PIE Group								

DEFINITIONS... cont'd

PIS	Pan-International Corporation (S) Pte. Ltd, a wholly-owned subsidiary of PIE
PIE	Pan-International Electronics (Malaysia) Sdn. Bhd, a wholly-owned subsidiary of PIB
PIE Group	PIE and its subsidiary companies, namely PESB and PIS
PIIC	Pan-International Industrial Corporation
PIT	Pan-International Electronics (Thailand) Co., Ltd, a wholly-owned subsidiary company of PGH
PIW	Pan-International Wire & Cable (Malaysia) Sdn. Bhd, a wholly-owned subsidiary of PIB
PSC	PSC Scanning, Inc
Public Issue or Issue	Public Issue of 9,000,000 new Shares in PIB to the eligible employees, customers and suppliers of PIB Group, and the Malaysian Public at an issue price of RM2.80 per Share, payable in full on application subject to the terms and conditions of this Prospectus
Public Issue Shares or Issue Shares	The 9,000,000 new Shares in PIB which are the subject of the Public Issue
Revaluation Surplus	Revaluation surplus amounting to RM3,069,239 and RM11,758,656 to be incorporated in the accounts of PIW and PIE respectively for the financial year ending 31 December 2000 arising from the revaluation of landed properties
Rp	— Indonesian Rupiah
RM and sen	Ringgit Malaysia and sen respectively
ROC	Registrar of Companies
SBS	PT Pan Super Bintang Surya, a 90.3% owned subsidiary of PGH
SC	Securities Commission
SCSI	Small Computer System Interface
Shares	Ordinary shares of RM1.00 each
Special Dividends	Dividends of RM4.0 million and RM6 million paid by PIW and PIE respectively for the financial year ended 31 December 1998 and dividends of RM2 million and RM3.5 million paid by PIW and PIE respectively for the financial year ended 31 December 1999 to the Offerors prior to the Acquisitions
S\$	Singapore Dollar
SMT	Surface Mount Technology
USD	United States Dollar
Xircom	Xircom Operations (M) Sdn Bhd

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P.I.E. INDUSTRIAL BERHAD

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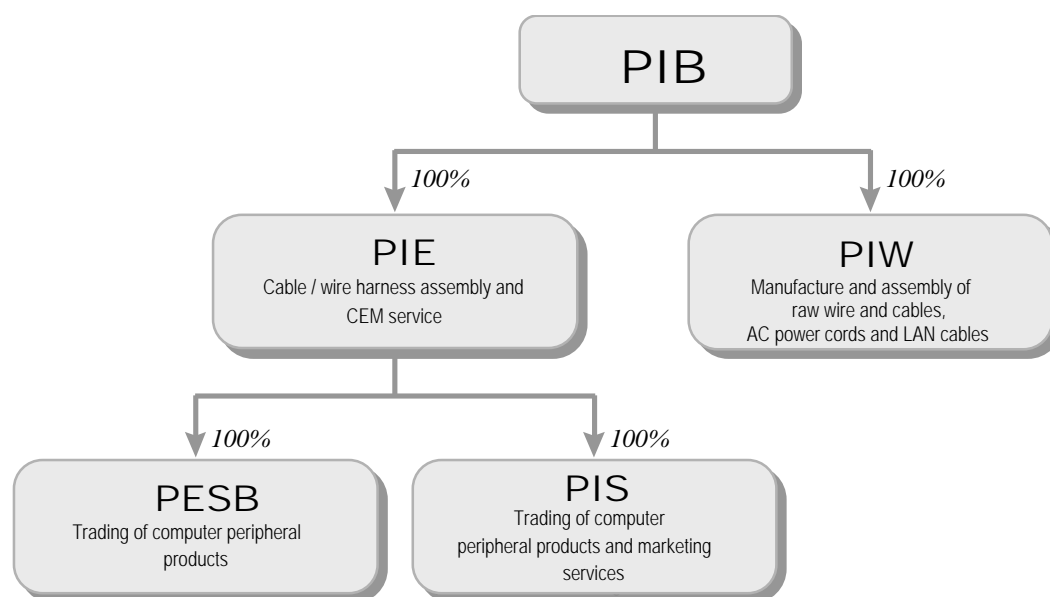
1. SUMMARY

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

1.1 Introduction

PIB was incorporated in Malaysia under the Companies Act, 1965 on 21 March 1997 under the name P.I.E. Industrial Sdn. Bhd. It was subsequently converted to a public limited company on 30 May 1997, thus assuming its present name.

PIB is principally an investment holding company. The PIB Group structure and the principal activities of its wholly-owned subsidiaries are depicted below:-



PIB Group is principally an OEM supplier whereby the Group manufactures its products according to clients' designs and specifications. The Group began in the late 1980s with the manufacture and assembly of cable and wire and has expanded its production capabilities to include "Smart Cable" manufacturing such as PCMCIA network cables, SCSI and IDE cards.

Recently, the Group invested in high technology state-of-the-art new machinery to manufacture the latest and most advanced LAN category 5, 6 and 7 cables which have transmission speeds of 100 MHz, 200 MHz and 600 MHz respectively or capabilities of transmitting up to 1 Gigabyte of data per second.

1. SUMMARY ...cont'd

Having been in business in Malaysia for more than ten(10) years, PIB Group is now capable of offering a complete integrated “one-stop” CEM service, providing services such as fabrication of moulds and dies, plastic injection moulding, PCB assembly using high precision SMT, clean room product assembly and testing of electronic products, to major multinational companies in many electronics, telecommunications and computer peripheral products.

1.2 Financial Records

The following table has been extracted from the Accountants' Report in Section 12 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

A summary of the proforma consolidated profit and loss accounts of the PIB Group for the five(5) financial years ended 31 December 1995 to 1999, as set out below has been prepared for illustrative purposes only and based on the assumption that the current structure of the Group has been in existence since 1 January 1995 are set out below:-

	31.12.1995	31.12.1996	31.12.1997	31.12.1998	31.12.1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	39,510	61,897	99,220	124,638	135,197
PBT	3,510	7,478	14,388	21,015	22,102
Taxation	(743)	(2,133)	(3,657)	(5,513)	149
PAT	2,767	5,345	10,731	15,502	22,251
No. of Shares assumed to be in issue ('000 shares)	51,000	51,000	51,000	51,000	51,000
Gross EPS (RM)	0.07	0.15	0.28	0.41	0.43
Net EPS (RM)	0.05	0.10	0.21	0.30	0.44

Notes:

- a) *Turnover increase by 57% to RM62 million in 1996 from RM39 million in 1995 due mainly to PIE, one of the subsidiaries, secured a new major customer whose orders grew from RM8 million in 1996 to RM69 million in 1999. This, together with the increase of sales to other customers, improved the Group's PBT from RM3.5 million in 1995 to RM22 million in 1999. The addition of two new subsidiaries, namely PESB and PIS had also contributed to the increase in turnover and PBT starting from 1996.*
- b) *The audited accounts of PIE, PIW, PESB and PIS for all the financial years under review are included in the proforma consolidated profit and loss accounts except for PESB and PIS which were acquired in 1996, hence consolidated audited results were only available since then.*
- c) *The above results are arrived at after making adjustments for inter-company transactions.*
- d) *The proforma consolidated profit and loss accounts have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the subsidiary companies.*
- e) *There were no extraordinary or exceptional items during the period under review.*
- f) *The effective tax rates for the financial years ended 31 December 1995 to 1998 were lower than the respective statutory tax rates due mainly to the claim of tax incentives such as reinvestment allowance and investment tax allowance. In 1999, no provision for taxation is required due to waiver of income tax in respect of income earned in 1999. The tax recovery for year ended 31 December 1999 was due to overprovision of taxation and deferred taxation in prior years.*
- g) *The net EPS for the respective financial years under review has been calculated based on the proforma PAT divided by the enlarged issued and paid-up share capital of 51,000,000 Shares following the restructuring scheme but before the public issue of 9,000,000 Shares.*

1. SUMMARY ...cont'd**1.3 Principal Statistics Relating to the IPO**

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text.

SHARE CAPITAL	RM
<i>Authorised</i>	
— 100,000,000 Shares	<u>100,000,000</u>
<i>Issued and fully paid up</i>	
— 51,000,000 Shares	51,000,000
<i>To be issued pursuant to the Public Issue</i>	
— 9,000,000 new Shares	<u>9,000,000</u>
	<u>60,000,000</u>
 TO BE OFFERED PURSUANT TO THE OFFER FOR SALE	 18,090,000
 IPO PRICE PER SHARE	 RM2.80
 PROFORMA GROUP NTA	
Proforma Group NTA based on the audited accounts as at 31 December 1999 (after adjusting for the Flotation Scheme and deducting estimated listing expenses of RM2.3 million)	RM106,986,000
Proforma Group NTA per Share based on the enlarged issued and paid-up share capital comprising 60,000,000 Shares	RM1.78
 FORECAST EARNINGS	 Year ending 31.12.2000 RM'000
Consolidated PBT	21,320
Taxation	<u>5,970</u>
Consolidated PAT	<u>15,350</u>
*Gross EPS (sen)	35.5
*Net EPS (sen)	25.6
Gross PE based on the IPO price of RM2.80 per Share (times)	7.9
Net PE based on the IPO price of RM2.80 per Share (times)	10.9
* <i>The EPS has been computed based on the enlarged issued and paid-up share capital of 60,000,000 Shares taking into account the Public Issue shares</i>	
 FORECAST DIVIDEND	 Year ending 31.12.2000
Tax exempt Dividend per share (sen)	6.7
Dividend yield based on the IPO price of RM2.80 per Share (%)	2.4
Net Dividend cover based on the issued and paid-up share capital of 60,000,000 Shares (times)	3.8

2. CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa (<i>Chairman</i>)	28 Cangkat Minden Jalan 3, Sungai Gelugor 11700 Penang	Company Director	Malaysian
Mui Chung Meng (<i>Managing Director</i>)	11-6-5 Lorong Batu Lanchang Jelutong 11600 Penang	Company Director	Malaysian
Jou, Yen-Pong (<i>Executive Director</i>)	15 th Floor, No. 16 Tai-Chang 10 th Street, Taoyuan City Taiwan, R.O.C.	Company Director	Taiwanese
Chen, Chih-Wen (<i>Executive Director</i>)	4L Lorong Delima 3 Island Glades 11700 Penang	Company Director	Taiwanese
Chang, Yen-Kuang (<i>Executive Director</i>)	2 Tzu Yu Street Tu-Cheng City, Taipei Hsien 23606 Taiwan, R.O.C.	Company Director	Taiwanese
Cheng, Ken-Yi (<i>Executive Director</i>)	2nd Floor, 1 ROM 20 Lane 142 RO S Fu Road Section 6, Taipei Taiwan, R.O.C.	Company Director	Taiwanese
Cheng Shing Tsung (<i>Executive Director</i>)	54 Genting Lane #03-05 Hiang Kie Complex 2 Singapore 349562	Company Director	British
Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail (<i>Independent Non- Executive Director</i>)	5, Jalan Cemerlang Taman Duta 40850 Kuala Lumpur	Company Director	Malaysian
Ahmad Murad bin Abdul Aziz (<i>Independent Non-Executive Director</i>)	No. 6 Jalan 20/24 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Lawyer	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jawa	Chairman of the Committee	Independent Non-Executive
Ahmad Murad bin Abdul Aziz	Member of the Committee	Independent Non-Executive
Chen, Chih-Wen	Member of the Committee	Executive

2. CORPORATE INFORMATION ...cont'd

COMPANY SECRETARIES	Khoo Lay Tatt (MAICSA : 7029262) H10-4 Rifle Range Flats 11400 Ayer Itam Penang
	Ong Bee Eng (MAICSA : 7020669) 18 Jalan Mas 11600 Penang
REGISTERED OFFICE	3rd Floor, Wisma Wang 251-A Jalan Burma 10350 Penang
REGISTRARS & TRANSFER OFFICE	PFA Registration Services Sdn Bhd Level 13, Uptown 1 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan
ISSUING HOUSE	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur
PRINCIPAL BANKERS	Bumiputra-Commerce Bank Berhad 1271-2, Jalan Baru, Taman Emas 13600 Prai Penang
	Citibank Berhad 42 Jalan Sultan Ahmad Shah 10050 Penang
	RHB Bank Berhad 2784 & 2785, Jalan Chain Ferry Taman Inderawasih 13600 Prai Penang
AUDITORS AND REPORTING ACCOUNTANTS	Kassim Chan & Co. Public Accountants 4th Floor Wisma Wang 251-A Jalan Burma 10350 Penang
SOLICITORS	Ghazi & Lim 19 th Floor Plaza MWE No 8 Lebuhr Farquhar 10200 Penang

2. CORPORATE INFORMATION ...cont'd

VALUERS

Jones Lang Wootton
(Proprietor : Singham Sulaiman Sdn Bhd)
2nd Floor, Standard Chartered Bank Chambers
2 Lebuh Pantai
10300 Penang

**ADVISER AND MANAGING
UNDERWRITER**

Arab-Malaysian Merchant Bank Berhad
22nd Floor, Bangunan Arab-Malaysian
55 Jalan Raja Chulan
50200 Kuala Lumpur

UNDERWRITERS

Arab-Malaysian Merchant Bank Berhad
22nd Floor, Bangunan Arab-Malaysian
55 Jalan Raja Chulan
50200 Kuala Lumpur

Hwang-DBS Securities Berhad
Level 2, 3, 4, 7 & 8
Wisma Sri Pinang
60 Green Hall
10200 Penang

K & N Kenanga Berhad
8th Floor Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur

LISTING SOUGHT

Second Board of the KLSE

3. INVESTMENT CONSIDERATIONS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the following investment considerations:-

■ ***Competition***

PIB Group operates under competitive conditions. A major advantage which PIB Group enjoys is its vertical integration which enables it to enjoy operating economies as well as stable access to supplies of raw materials. With its in-house capabilities in wire and cable assembly, SMT, clean room facilities, die and mould fabrication and plastic injection, PIB Group is able to provide its customers with a “one-stop” service, from raw wire and cable to cable assembly and finally through to system product assembly. Thus, this enhances its competitiveness.

To the best knowledge of its Directors, PIB Group has no direct competition in Malaysia in terms of smart cable production. The Group is one of the players in Asia-Pacific with the capability of providing comprehensive integrated “one-stop” contract manufacturing services for computer, telecommunication and electronic products.

PIB Group on the other hand faces competition from various competitors which include local and foreign companies for its traditional computer wire and cable products. For traditional computer wire and cable (eg. monitor, keyboard, mouse), local producers include Advance Cable (M) Sdn Bhd, Supercomal Technologies Berhad, Ho Wah Genting Wire & Cable Sdn Bhd, Hitachi Cable (Johor) Sdn Bhd and Huan Hsin Co. (M) Sdn Bhd. No assurance is given that the Group will be able to maintain its existing market share in the future. However, the Group’s cost control strategies have placed them in a favourable position to exercise sound pricing strategies to maintain their leadership in the industry.

The Group is also continuing to reduce its reliance on its traditional wire and cables and shifting its focus on the latest technology PC cables, such as LAN cables and higher value added non-PC cables such as telecommunication and elevator cables which will help them in further expanding their market share.

■ ***Dependence on the Computer and Telecommunication Industries***

Most of the products manufactured by the Group are dependent upon the growth of the computer and telecommunication industries. The computer and telecommunication industries are some of the most dynamic industries today but there can be no certainty in respect of the direction and life span of technology. The volatility in the computer and telecommunication industry stems from the fact that improved, innovative and technologically advanced products are consistently being produced and brought to market at shorter intervals and at reduced market prices. Nonetheless, the Group is confident that with its research and development facilities, it will be able to keep abreast with the changing market demand for the wide range of products and services it provides.

PIB Group is dependent to a large extent on three multinational customers namely, Xircom, PSC and Mitsumi Group, for its turnover, for which there can be no assurance that their business relationship will not be disrupted. As at 31 December 1999, these customers contributed to approximately 57.5% of the Group’s turnover. The Directors of PIB Group have no reason to believe that the business relationship between the PIB Group and its customers will be disrupted, in the immediate term or otherwise. Furthermore, PIB Group has recently secured new orders from other large multinational and corporations which will serve to reduce their reliance on a few customers.

3. INVESTMENT CONSIDERATIONS...cont'd

■ *Control by Substantial Shareholders*

PIIC, the ultimate holding company of PIB Group, will control 54.85% of PIB's equity after the IPO. As a result, this substantial shareholder will be able to effectively influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

Please refer to Section 15 (15) of this Prospectus for further information on PIIC.

■ *Substantial Shareholders' Interests in Similar Business*

PIIC, the ultimate holding company of PIB Group, has direct and indirect equity interests in three(3) companies involved in related businesses, namely PIT and SBS which are involved in the cable assembly and PDG which is involved in raw wire and cable manufacture and cable assembly.

As PIB Group, PIT, SBS and PDG are located in Malaysia, Thailand, Indonesia and China respectively, the potential for conflict of interest situations is minimal as each company operates in totally different market segments, with different customers and varying product types. However, to mitigate any potential conflict of interest, all related party transactions will be subject to periodic reviews by the Audit Committee to ensure that they have been transacted on commercial terms which will not be detrimental to the PIB Group and to report the position of such related transactions, if any in the Annual Report of PIB.

Further information on the substantial shareholders' interest in similar businesses can be found in Section 10 of this Prospectus.

■ *Supply and Prices of Raw Materials*

The Group enjoys cordial relationships with its raw material suppliers and has good support from its suppliers. It is not dependent on any single supplier for sourcing its raw material as it is the Group's policy to have multiple sourcing. The major raw materials used for manufacturing of wire and cable are copper and plastics which constitute 70% and 25% of material costs. Approximately 15% of copper and 95% of plastics are imported. The prices of these raw materials fluctuate and can be volatile. As most of the manufacturers buy their raw materials as and when necessary, they are susceptible to the vagaries of commodity markets and have to contend with spot prices of raw materials. However, the Group is able to enhance productivity to maintain reasonable profits as any fluctuations in copper and plastics would similarly affect its competitors. Furthermore, its business operations are not likely to be affected by its present suppliers.

Nonetheless, no assurance can be given that any significant changes to the supply and prices of raw materials will not affect the future profitability of the Group.

3. INVESTMENT CONSIDERATIONS...cont'd

■ Business Risks

PIB Group is principally an OEM supplier which means that the Group manufactures its products according to clients' designs and specifications. As PIB Group experiences competition from other suppliers in the market, its exposure to the risk of price fluctuations and negotiating powers of larger buyers is inevitable. However, PIB Group is enhancing their production capabilities to achieve better quality and service and providing a comprehensive integrated "one-stop" CEM service to remain competitive and to continue to be a leading player in the market.

■ Dependence on Key Personnel

As in any other business, the Board of Directors believes that the continued success of PIB Group will depend on the ability and dedication of its Directors and management team and the availability of skilled workers. The Group is built on the strength of the staff and some of their staff have been with the Group since commencing business. This is attributable to the Group's remuneration scheme which contributes to lower staff turnover.

■ Profit Forecast

This Prospectus contains certain forecasts for PIB Group that are based on assumptions which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecasts that are contained herein.

■ Foreign Exchange Fluctuations

As PIB Group undertakes both import and export, the PIB Group is naturally exposed to currency risks. However, the current currency controls whereby the Ringgit is pegged at RM3.80/USD will be able to mitigate the exposure to exchange risks. Nonetheless, there can be no assurance that future foreign exchange fluctuations will not adversely impact the PIB Group.

■ No Prior Market for the Shares

Prior to this IPO, there has been no public market for PIB's shares. There can be no assurance that an active market for PIB's shares will develop upon its listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The IPO price of RM2.80 for the IPO Shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies involved in businesses similar to that of the Group and prevailing market conditions. There can be no assurance that the IPO price will correspond to the price at which PIB's shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for PIB's shares will develop and continue upon or subsequent to its listing.

3. INVESTMENT CONSIDERATIONS...*cont'd*

■ ***Sensitivity of Political and Economic Factors***

Adverse developments in the political and economic conditions in Malaysia and other countries which PIB Group has business links, directly or indirectly could materially and adversely affect the financial prospects of the Group. Other uncertainties include risks of war, expropriation, nationalisation or nullification of existing contracts, changes in interest and foreign exchange rates and methods of taxation and currency exchange controls.

■ ***The Year 2000 (Y2K) Bug***

The Y2K Bug problem arises from the use of electronic equipment and computerised systems, databases and applications that requires dates in order to operate and store or use those dates as two(2) digits (e.g. "00") rather than four (e.g. "1900" or "2000"). At the rollover into year 2000, the possibility exists of computerised systems interpreting the two-digit representation of the year 2000 (i.e. "00") as the year 1900. This poses the risk of systems failure or serious computational errors and complications.

Prior to the end of 1999, the Group had taken and completed all known and relevant measures to ensure minimal, if any, disruption to the Group's operations and business, which could arise from the Y2K problem. All computer and other hardware and software known to be non-compliant has been replaced or rectified. As at the date of this Prospectus, the Y2K bug had no impact on the business operations and financial performance of the Group.

4. STATUTORY INFORMATION

This Prospectus is dated 26 May 2000.

Approval-in-principle from the KLSE for admission to the Official List and for the listing of and quotation for the entire enlarged issued and fully paid-up share capital of PIB on the Second Board of the KLSE was obtained on 19 May 2000. These Shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

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

An applicant who presently has a CDS Account should state his CDS Account number in the Application. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code.

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

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe or to buy any IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.

5. PARTICULARS OF THE IPO

5.1 Share Capital

<i>Authorised</i>		
— 100,000,000 Shares		<u>RM100,000,000</u>
<i>Issued and fully paid-up</i>		
— 51,000,000 Shares		RM51,000,000
<i>To be issued pursuant to the Public Issue</i>		
— 9,000,000 Shares		<u>RM 9,000,000</u>
		<u>RM60,000,000</u>
<i>To be Offered for Sale</i>		
— 18,090,000 Shares		<u>RM18,090,000</u>

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

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and the whole of any surplus in the event of the liquidation of the Company.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representatives shall have one vote for each Share held.

The 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 Shares	Consideration	Total (RM)
21.3.1997	2	Subscriber's shares	2
8.5.2000	20,821,289	Acquisition of PIW at an issue price of approximately RM1.32 per Share	20,821,291
8.5.2000	30,178,709	Acquisition of PIE at an issue price of approximately RM1.32 per Share	51,000,000

5. PARTICULARS OF THE IPO... cont'd

5.2 Details of the IPO

The Public Issue and Offer for Sale of 27,090,000 Shares at an IPO price of RM2.80 per Share is payable in full on application upon such terms and conditions set out in this Prospectus.

The 27,090,000 Shares arising from the IPO will be allocated and allotted in the following manner:-

- (i) 3,000,000 of the Offer and Public Issue Shares have been reserved for eligible Directors, employees, customers and suppliers of the PIB Group;
- (ii) 18,000,000 of the Offer Shares have been reserved for Bumiputra investors to be approved by MITI; and
- (iii) 6,090,000 of the Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, cooperatives and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, cooperatives and institutions.

The Public Issue Shares and Offer Shares represent 15.0% and 30.15% respectively of the enlarged issued and paid-up share capital of PIB of 60,000,000 Shares.

The Shares in respect of paragraph (i) and (iii) have been fully underwritten. The Offer Shares in respect of paragraph (ii) are not underwritten. Any Shares as stipulated in paragraph (i) above not subscribed by the eligible Directors and employees of the PIB Group will be made available to the Malaysian public. Any underwritten shares not subscribed by the Malaysian public will be taken up by the underwriters.

5.3 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) to provide an opportunity for Malaysian investors and institutions and the eligible employees, Directors, customers and suppliers of the PIB Group to participate in the equity and continuing growth of the PIB Group;
- (ii) to provide PIB Group with flexibility in its choice of financing alternatives for future expansion and enable it to enter into ventures to enhance its profitability in the future and to facilitate PIB Group to achieve its objectives;
- (iii) to obtain a listing of and quotation for PIB's entire issued and paid-up share capital of 60,000,000 Shares on the Second Board of the KLSE; and
- (iv) to enable PIB Group to comply with the National Development Policy requirements with regards to Bumiputra equity participation.

5. PARTICULARS OF THE IPO... *cont'd*

5.4 *Basis of Arriving at the IPO Price*

The IPO price of RM2.80 per Share was determined and agreed upon by the Company, the Offerors and Arab-Malaysian as Adviser and Managing Underwriter based on various factors including the following:-

- (i) the forecast net PE multiple of approximately 10.9 times based on the forecast net EPS of approximately 25.6 sen and the IPO price of RM2.80 per Share;
- (ii) the future plans of the PIB Group as outlined in Section 7.6 of this Prospectus; and
- (iii) the proforma consolidated NTA per Share of PIB as at 31 December 1999 of RM1.78 per Share.

5.5 *Proceeds of the Offer for Sale*

The gross proceeds of the Offer for Sale of RM50.7 million shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by the Company. The Offerors shall bear all expenses such as brokerage, underwriting commission, stamp duty (if any) and share transfer fees relating to the Offer Shares.

5.6 *Proceeds of the Public Issue*

The gross proceeds of RM25.20 million accruing to the PIB Group from the Public Issue will be utilised as follows:-

	<i>Notes</i>	RM'000
Working capital		8,729
Purchase of machinery	<i>(a)</i>	6,271
Acquisitions of PIE & PIW	<i>(b)</i>	5,500
Future investment	<i>(c)</i>	2,400
Listing expenses	<i>(d)</i>	2,300
TOTAL		25,200

Notes:-

(a) Purchase of Machinery

PIE and PIW will utilise RM2.8 million and RM3.4 million respectively to purchase machinery as follows:-

Item	Country of Origin	Qty (Unit)	Unit price (RM'000)	Total (RM'000)	Expected date of commissioning
PIW					
Double Spindle Winding Machine	Taiwan	1	150	150	August 2000
1000 mm Single Twist Machine	Taiwan	2	203	406	August 2000
PVC Pelletizing Machine -120mm & 500L	Taiwan	1	356	356	August 2000
Air Compressor	Malaysia	1	82	82	In use
Group Twinner	Canada	1	1,748	1,748	September 2000
Double Twister CLN-630	Taiwan	2	184.5	369	July 2000
Extrusion machine (60mm)	Taiwan	1	325	325	June 2000
			<i>Sub Total</i>	<u>3,436</u>	

5. PARTICULARS OF THE IPO... cont'd

Item	Country of Origin	Qty (Unit)	Unit price (RM'000)	Total (RM'000)	Expected date of commissioning
PIE					
Pad Printing Machine	USA	2	10	20	August 2000
Ultrasonics Machine	USA	4	20	80	August 2000
BGA Tester Machine	USA	1	240	240	August 2000
SMT Chip Mounter Machine	Japan	1	300	300	June 2000
Printer Machine	Germany	2	200	400	August 2000
Free Flow Conveyor	Malaysia	2	100	200	June 2000
Cable Tester	USA	10	19.5	195	August 2000
Mould Temperature Controller	Switzerland	5	20	100	June 2000
Fully Servo Robot Arm	Japan	4	100	400	August 2000
Dehumidifying Dryer	Malaysia	3	30	90	June 2000
Microscope	Malaysia	1	20	20	August 2000
Vacuum System	Malaysia	1	15	15	August 2000
Stage Die	Malaysia	1	30	30	August 2000
Auto Laser Mark Handler Machine	USA	1	200	200	June 2000
Auto Cleaning & Drying Handler Machine	Malaysia	1	100	100	July 2000
Semi Auto Labeling Machine	Malaysia	10	10	100	August 2000
In-Circuit Tester	Taiwan	2	50	100	August 2000
Racking System	Malaysia	1	100	100	August 2000
VMI Machine	USA	5	10	50	July 2000
Profile Projector	USA	1	30	30	June 2000
Colour Chip Checker	Malaysia	1	25	25	August 2000
HP LCR Tester	Malaysia	1	40	40	August 2000
			<i>Sub Total</i>	<u>2,835</u>	
			TOTAL	6,271	

The Group Twinner to be purchased by PIW is one of the additional machines to be purchased to facilitate the production of high technology LAN cables as mentioned in Section 7.6.

The new machinery to be purchased will be able to increase the production capacity of PIW and PIE as follows:-

PIW			
	Annual production output	Annual production capacity	Estimated increase in production capacity
Cable	94,802 km	95,273 km	14,000 km
Hook-up wire	232,898 km	296,945 km	44,500 km

PIE			
	Annual production output	Annual production capacity	Estimated increase in production capacity
Network cable assembly	1,695,000 pcs	2,119,000 pcs	318,000 pcs
Barcode cable assembly	238,000 pcs	298,000 pcs	45,000 pcs
Line cord assembly	1,590,000 pcs	1,988,000 pcs	290,000 pcs
Metal cover	337,000 pcs	674,000 pcs	100,000 pcs

5. PARTICULARS OF THE IPO... cont'd

(b) Acquisitions

PIB will utilise RM5.5 million as part-payment for the acquisitions of PIW and PIE, of which RM2.25 million is for PIW and RM3.25 million is for PIE.

Further details of the Acquisitions can be found in Section 7.2 of this Prospectus.

(c) Future investment

RM2.4 million from the gross proceeds will be set aside for future investment and expansion of the Group. These funds will be deposited in a fixed deposit account of a local financial institution until such time when utilisation can be identified whereby specific approval of the SC will be sought prior to undertaking any investments.

(d) Listing expenses

The expenses and fees incidental to the listing of and quotation for the entire issued and paid-up Shares of PIB on the Second Board of the KLSE including the underwriting commission, brokerage fees, advisers' fees, authorities' fees and other costs associated with the IPO will total approximately RM2.3 million.

5.7 Underwriting Commission and Brokerage

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite 9,090,000 IPO Shares to be offered to the Malaysian Public and Directors, employees, customers and suppliers of the PIB Group. Underwriting commission is payable by the Company and the Offerors at 3.0% of the IPO price of RM2.80 per Share for the Malaysian Public and 1.5% of the IPO price of RM2.80 per Share for Directors, employees, customers and suppliers of the PIB Group.

Brokerage is payable by the Company in respect of the IPO Shares at the rate of 1% of the IPO price of RM2.80 per Share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

6. MORATORIUM ON SHARES

In approving PIB's Flotation Scheme, the SC imposed a condition that the major shareholders of PIB were not allowed to sell, transfer or assign their shares in PIB amounting to 45% of the enlarged share capital of 60,000,000 Shares for a period of one year from the date of admission of the Company to the Official List of the Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign their shares in PIB subject to a maximum of one third per annum (on a straight line basis) of their respective shareholdings in the Company which are under moratorium.

The shareholdings of PGH after the IPO under moratorium are set out below:-

Shareholder	Shareholding after IPO	% of the enlarged issued and paid-up share capital	No. of Shares under moratorium	% of the enlarged issued and paid-up share capital
PGH	32,909,998	54.85	27,000,000	45.0

The restriction which has been fully accepted by the aforesaid shareholder, is specifically endorsed on the share certificate and notices of allotment representing the shareholdings of the aforesaid shareholder which are under moratorium to ensure that PIB's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The endorsement to be incorporated on these share certificates are as follows:-

"The shares comprised are not capable of being sold, transferred or assigned for a period as determined by the SC ("the Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

7. INFORMATION ON THE PIB GROUP

7.1 Incorporation

PIB was incorporated in Malaysia under the Companies Act, 1965 on 21 March 1997 as a private limited company under the name of P.I.E. Industrial Sdn Bhd. The Company was converted to a public limited company on 30 May 1997 and assumed its present name. It was incorporated for the purpose of implementing the Flotation Scheme.

The subsidiary companies of PIB are as follows:-

Name	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Year of commencement of core business	Principal activity
PIW	26.1.1989 Malaysia	RM10,000,000	100.00	1989	Manufacture and assembly of raw wire and cables, AC power cords and LAN cables
PIE	26.1.1989 Malaysia	RM7,500,000	100.00	1989	Cable/ wire harness assembly and CEM service
PESB	24.8.1996 Malaysia	RM100,000	100.00	1996	Trading of computer peripheral products
PIS	11.1.1995 Singapore	S\$100,000	100.00	1996	Trading of computer peripheral products and marketing services

PIB has no associated companies.

7.2 Flotation Scheme

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

(a) Revaluation Surplus

Jones Lang Wootton, an independent firm of professional valuers, carried out a valuation of all properties belonging to the PIB Group on 30 April 1998 based on the comparative and cost methods. The incorporation of revaluation surplus as approved by the SC on 4 October 1999 is as follows:-

- i) incorporation of revaluation surplus amounting to RM3,069,239 in the accounts of PIW for the financial year ending 31 December 2000 arising from the revaluation of its landed properties; and
- ii) incorporation of revaluation surplus amounting to RM11,758,656 in the accounts of PIE for the financial year ending 31 December 2000 arising from the revaluation of its landed properties.

Further details of the properties owned by the PIB Group and the incorporation of revaluation surplus are set out in Section 7.5 of this Prospectus.

7. INFORMATION ON THE PIB GROUP... cont'd

(b) Special Dividends

PIW and PIE paid Special Dividends, as approved by the SC on 4 October 1999 and 26 April 2000, totaling RM15.5 million to the Offerors prior to the Acquisitions out of their retained profits. The dividends were paid in two tranches whereby RM10 million was paid in respect of the financial year ended 31 December 1998 on 18 October 1999 and RM5.5 million in respect of the financial year ended 31 December 1999 on 2 May 2000, as follows:-

Name of shareholders	Financial year ended 31 December 1998		
	PIW (RM)	PIE (RM)	Total (RM)
PGH	3,974,000	5,988,000	9,962,000
PIIC	26,000	12,000	38,000
TOTAL	4,000,000	6,000,000	10,000,000

Name of shareholders	Financial year ended 31 December 1999		
	PIW (RM)	PIE (RM)	Total (RM)
PGH	1,987,000	3,493,000	5,480,000
PIIC	13,000	7,000	20,000
TOTAL	2,000,000	3,500,000	5,500,000

(c) Adjusted NTA

The adjusted NTA values for PIW, PIE and PIB Group after taking into account the effects of the Incorporation of Revaluation Surplus and Special Dividends as set out above are as follows:-

	PIW (RM)	PIE (RM)	PIB Group (RM)
Audited NTA as at 31.12.1998	30,696,313	37,384,011	68,080,324
Add: Revaluation Surplus	3,069,239	11,758,656	14,827,895
Less: Dividends *	(4,000,000)	(6,000,000)	(10,000,000)
Adjusted NTA	29,765,552	43,142,667	72,908,219
Adjusted NTA per share	29.77	5.75	

* Not including dividends paid out in respect of financial year ended 31 December 1999 as the adjusted NTA is calculated for the purpose of arriving at the purchase consideration of the Acquisitions.

7. INFORMATION ON THE PIB GROUP... cont'd

(d) Acquisitions

- **Acquisition of PIW**

Acquisition of the entire issued and paid-up share capital of PIW comprising 1,000,000 ordinary shares of RM10.00 each from PGH and PIIC for a purchase consideration of RM29,765,552 based on the adjusted NTA of PIW as at 31 December 1998 satisfied by a cash consideration of RM2,245,433 and by the issuance of 20,821,289 Shares in PIB at an issue price of approximately RM1.32 per Share arrived at on a willing buyer, willing seller basis. Details of the acquisition of PIW are as follows:-

Shareholders	No. of shares held in PIW	(%)	Share of adjusted NTA (RM)	Cash portion (RM)	No. of PIB Shares to be issued
PGH	993,500	99.35	29,572,076	2,230,838	20,685,951
PIIC	6,500	0.65	193,476	14,595	135,338
TOTAL	1,000,000	100.00	29,765,552	2,245,433	20,821,289

- **Acquisition of PIE**

Acquisition of the entire issued and paid-up share capital of PIE comprising 7,500,000 Shares from PGH and PIIC for a purchase consideration of RM43,142,667 based on the adjusted NTA of PIE as at 31 December 1998 satisfied by a cash consideration of RM3,254,567 and by the issuance of 30,178,709 Shares in PIB at an issue price of approximately RM1.32 per Share arrived at on a willing buyer, willing seller basis. Details of the acquisition of PIE are as follows:-

Shareholders	No. of shares held in PIE	(%)	Share of adjusted NTA (RM)	Cash portion (RM)	No. of PIB Shares to be issued
PGH	7,485,000	99.80	43,056,382	3,248,058	30,118,352
PIIC	15,000	0.20	86,285	6,509	60,357
TOTAL	7,500,000	100.00	43,142,667	3,254,567	30,178,709

(e) IPO

PIB will issue 9,000,000 new Shares or 15% of its enlarged issued and paid-up share capital at an issue price of RM2.80 per Share pursuant to the Public Issue. In order to satisfy the National Development Policy requirements, the existing shareholders of PIB will also offer 18,090,000 Shares representing 30.15% of the enlarged issued and paid-up share capital of PIB at an offer price of RM2.80 per Share.

7. INFORMATION ON THE PIB GROUP... cont'd

7.3 History and Business Overview

The PIB Group started off with the manufacturing and assembly of cable and wire and has since added on fabrication of moulds and dies, PCB assembly using precision SMT, plastic injection moulding and Class 10K and 100K clean room product assembly and testing of electronic products.

Coupled with its flagship raw wire and cable manufacturing, cable assembly and wire harness operations, PIB Group is now capable of offering a complete integrated "one-stop" CEM service to major multinational companies for various electronics, telecommunications and computer peripheral products.

As at 31 December 1999, the Group has invested approximately RM29.7 million in machinery. The current annual production capacity, production output and number of production lines for the Group's product categories are shown in the table below:-

Product category	Annual Production Capacity	Annual Production Output	No. of Production Lines
Raw wire and cable			
Cable	95,273 km	94,802 km	*
Hook-up wire	296,945 km	232,898 km	*
Cable assembly			
Network cable assembly	2,119,000 pcs	1,695,000 pcs	6
Barcode cable assembly	298,000 pcs	238,000 pcs	3
Line cord assembly	1,988,000 pcs	1,590,000 pcs	1
PC cable assembly	1,339,000 pcs	1,071,000 pcs	1
Metal cover	674,000 pcs	337,000 pcs	3

* *Raw wire and cable can be manufactured by the same group of machinery and as such it is not possible to quantify the number of production lines.*

The contribution to the PIB Group's turnover and PBT by product category is shown in the following tables:-

	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnover										
Raw wire and cable - PIW	18,798	47.6	23,791	38.4	28,678	28.9	34,760	27.9	33,253	24.6
Cable assembly & peripheral products - PIE	20,712	52.4	38,106	61.6	70,542	71.1	89,878	72.1	101,944	75.4
PBT										
Raw wire and cable - PIW	3,506	99.9	5,436	72.7	5,487	38.1	5,378	25.6	4,938	22.3
Cable assembly & peripheral products -PIE	4	0.1	2,042	27.3	8,901	61.9	15,637	74.4	17,164	77.7

(i) Principal Markets

PIB Group's customers are mostly subsidiaries of multinational companies involved in the production of computer, telecommunication and electronic products. Almost 100% of PIB Group's products are exported directly or indirectly through these multinational companies mainly to USA and Europe.

Most of the Group's products are associated with peripheral products for use in PCs and notebooks such as computer keyboards, monitors, mice and PCMCIA network cables and computer cards. The Group also trades in CD/DVD-ROM drives, monitors, motherboards and scanners which are key peripheral products in computer systems.

7. INFORMATION ON THE PIB GROUP... cont'd

(ii) Research and Development

PIB Group operates on an OEM basis which means the Group manufactures products based on designs and specifications given to them by their customers. The research and development team which has eight(8) engineers focuses mainly on improving existing production processes. Their objective is to reduce manufacturing time, increase product output, enhance quality, smoothen production flow and to keep themselves updated on the requirements of the market with the ultimate aim of raising customer satisfaction.

(iii) Product Quality

As an affirmation of the high standards of its operations, the PIB Group obtained the ISO 9002 certification from Standards and Industrial Research Institute of Malaysia (“**SIRIM**”) in 1994 for PIE and 1996 for PIW. Another proof of product quality is the Production Quality Assurance Approval given by the British Approval Board for Telecommunication Product (“**BABT**”) in 1997. This accreditation permits PIE to export its products to the European Community as it has been found to meet the European Community Council standards in its quality system for production, final product inspection and testing of telecommunications terminal equipment.

In addition, PIE and PIW were granted recognition by the Underwriter Laboratory of the United States of America (“**UL**”) in 1989 and 1990 respectively. PIW has also obtained the product approval standard, the ‘F’ Mark of Japanese Quality Assurance (“**JQA**”) from Japan in 1996 and the Canadian Standard of Association (“**CSA**”) from Canada in 1989.

(iv) Quality Control Team

PIB Group has sophisticated testing machines to ensure that all products meet the stringent requirements of quality assurance. Its PCMCIA network cables and PC cards/peripheral products are tested on a 100% basis. Any electrical or electronic components which are vital to the functioning of the product will be 100% tested. Furthermore, the products are tested in stages and as such, the end product would have gone through a series of tests. Other than the crucial 100% testing required on the products as mentioned, all other products are also tested on a random basis to ensure that a high level of quality control is maintained.

7.4 Information on Subsidiary Companies**PIW**

PIW was incorporated on 26 January 1989 under its present name in Malaysia as a private limited company under the Companies Act, 1965.

PIW’s principal activities are manufacturing of wires and cables for PC and electronic devices and cable moulding compounds. PIW commenced operations in 1989 manufacturing a wide range of wires and cables for the computer and electronics industries in Malaysia such as keyboard cables, monitor cables, mouse cables, coaxial cables and hook up wires. During the last few years, PIW has diversified into higher value added, non-PC related wires and cables such as multi pair telecommunication cables, elevator cables and multimedia cables. Most of the sales are either directly or indirectly exported to the overseas market, mainly to the Asia Pacific region (99.6%) and Europe (0.4%).

7. INFORMATION ON THE PIB GROUP... cont'd

The operations of PIW are strategically located on Plot 6 in Seberang Jaya Industrial Estate with a land area of approximately 5 acres and a built-up area of 12,257 square metres. The factory is currently running three(3) shifts. Raw wire and cable can be manufactured by the same group of machines and as such it is not possible to quantify the number of production lines.

In July 1999, the company invested in a Group Twinner machine costing in excess of RM2 million. This is an advanced cable manufacturing machine allowing PIW to venture into the LAN cable market producing the latest high technology LAN cables, namely CAT 5, CAT 6 and CAT 7 LAN cables which have transmission speeds of 100 MHz, 200 MHz and 600 MHz respectively or up to 1 Gigabyte of data per second. Production for the LAN cables commenced in the 4th quarter of 1999.

Some of the products manufactured by PIW are as follows:-

Category of products	Products applied in
Cables	LAN cable Mouse Cable Monitor Cable Keyboard Cable Coaxial Cable Multi-core Cable Multi pair telecommunication cable Elevator cable Multimedia cable
Wire	PC Power Supply Office Automation Machines Telecommunication Systems Audio and Visual Consumer Electronics

The present authorised share capital of PIW is RM10,000,000 divided into 1,000,000 ordinary shares of RM10.00 each, of which 1,000,000 shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of shares	Par Value (RM)	Consideration	Total (RM)
26.1.1989	2	10.00	Cash	20
23.06.1989	499,998	10.00	Cash	5,000,000
30.12.1989	150,000	10.00	Cash	6,500,000
17.12.1996	643,500	10.00	Cash	12,935,000
23.12.1996	(643,500)	10.00	Redemption of preference shares	6,500,000
24.12.1996	350,000	10.00	Cash	10,000,000

The financial records of PIW based on its audited accounts for the five(5) financial years ended 31 December 1995 to 1999 are set out below:-

	31.12.1995	31.12.1996	31.12.1997	31.12.1998	31.12.1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	24,794	30,633	31,410	36,806	35,530
PBT	3,560	5,408	5,400	5,409	4,965
Taxation	(801)	(1,477)	(1,410)	(1,242)	99
PAT	2,759	3,931	3,990	4,167	5,064
Weighted average no. of shares in issue ('000)	650	657	1,000	1,000	1,000
Gross EPS (RM)	5.48	8.23	5.40	5.41	4.97
Net EPS (RM)	4.24	5.98	3.99	4.17	5.06
Gross dividend rate (%)	-	75.00	-	43.11	20.00

7. INFORMATION ON THE PIB GROUP... cont'd

Notes:

- a) *In 1996, the turnover increased by 24% as compared to 1995. This was due to the increase in demand from related companies. As a result, PBT also increased. However, turnover in 1999 decreased by 3% as there was a decrease in demand from related companies. Consequently, PBT also decreased.*
- b) *The effective tax rates for the financial years ended 31 December 1995 to 1998 were lower than the respective statutory tax rates due mainly to the availability of tax incentives such as investment tax allowance and reinvestment allowance. In 1999, no provision for taxation is required due to waiver of income tax in respect of income earned in 1999. The tax recovery for year ended 31 December 1999 was due to overprovision of deferred taxation in prior years.*
- c) *There were no extraordinary or exceptional items in respect of all the financial years under review.*
- d) *The net EPS for the respective years under review has been calculated based on the PAT divided by the weighted average number of shares in issue during the respective financial years.*

PIW was acquired by PIB on 8 May 2000 and currently has 168 employees. It has no subsidiary or associated companies.

PIE

PIE was incorporated on 26 January 1989 under its present name in Malaysia as a private limited company under the Companies Act, 1965.

PIE is principally involved in manufacture and assembly of network cables. It further provides integrated "one-stop" CEM service for the computer, electronics and telecommunication industries. PIE commenced business in 1989 and started off with general PC products such as keyboard cable assembly and serial mouse cable assembly. Subsequently, it has expanded and moved on to network PC products such as high precision network cable assembly, PC card assembly and GSM cable assembly. Recently, the company ventured into contract manufacturing for hand-held laser bar-code scanner devices. Most of the sales are either directly or indirectly exported to the overseas market, mainly to the Asia Pacific region (96.2%) and the United States (3.8%).

The operations of PIE are strategically located on Plot 4 in Seberang Jaya Industrial Estate with a land area of approximately 7 acres and a built-up area of 10,448 square metres. The factory currently has fourteen(14) production lines and is running one(1) shift.

In summary, the products assembled by PIE can be categorised as follows:-

Category of Products	Products applied in
Network Cables	Modem and other PCMCIA adaptor kits LAN and other Network application
Other Cables	Mouse, Joysticks and Games Pads Keyboard Monitor Printers and Scanners USB Cable Switch I/O Cable DC Cord for Notebook Hand-held laser bar code scanner devices Audio and Visual Consumer Electronics Medical Equipment Telecommunication Cable
CEM	Turnkey contract manufacturing and testing of various electronic and PC peripheral products e.g. SCSI cards, IDE cards

7. INFORMATION ON THE PIB GROUP... cont'd

The authorised share capital of PIE is RM10,000,000 comprising 10,000,000 Shares, of which 7,500,000 Shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of Shares	Consideration	Total (RM)
26.1.1989	2	Cash	2
30.12.1989	1,499,998	Cash	1,500,000
24.12.1996	1,485,000	Cash	2,985,000
26.12.1996	(1,485,000)	Redemption of preference shares	1,500,000
27.12.1996	6,000,000	Cash	7,500,000

The financial records of PIE Group based on its audited accounts for the past five(5) financial years ended 31 December 1995 to 1999 are as follows:-

	31.12.1995 RM'000	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	20,712	38,106	70,542	89,878	101,944
PBT	4	2,042	8,901	15,637	17,165
Taxation	59	(655)	(2,246)	(4,273)	50
PAT	63	1,387	6,655	11,364	17,215
Weighted average no. of shares in issue ('000)	1,500	1,582	7,500	7,500	7,500
Gross EPS (RM)	-	1.29	1.19	2.08	2.29
Net EPS (RM)	0.04	0.88	0.89	1.52	2.30
Gross dividend rate (%)	-	135.24	-	103.86	64.81

Notes:

- In 1996, the turnover increased by 49% as compared to 1995. This is due to the company securing a new major customer. The Company managed to achieve from merely breaking even in 1995 into a PBT of RM1.7 million in 1996. There was a strong growth in the demand from the new customer where sales from that customer increased from RM8 million in 1996 to RM44 million in 1997, RM59 million in 1998 and RM69 million in 1999. As a result, PBT also increased proportionately.
- The effective tax rates for the financial years ended 31 December 1997 and 1998 were lower than the statutory tax rates due mainly to the availability of investment tax allowance and reinvestment allowance claimed. Included in 1996 is taxation of RM75,845 relating to under provision of taxation for the financial year 1990. Should this amount be reclassified to the financial year 1990, the effective tax rate for the financial year ended 31 December 1996 will be lower than the statutory tax rate due mainly to the claim of reinvestment allowance. The effective tax rate for 1995 is higher due to income tax charged on rental income and interest income. In 1999, no provision for taxation was required due to waiver of income tax in respect of income earned in 1999. The tax recovery for the year ended 31 December 1999 was due to overprovision of taxation and deferred taxation in prior years.
- There were no extraordinary or exceptional items in respect of all the financial years under review.
- The net EPS for the respective years under review has been calculated based on the PAT divided by the weighted average number of shares in issue during the respective financial years.

PIE was acquired by PIB on 8 May 2000 and currently has 460 employees. It has two wholly-owned subsidiary companies namely PESB and PIS with shareholdings of 100,000 Shares and 100,000 shares of S\$1 each respectively. PIE has no associated companies.

7. INFORMATION ON THE PIB GROUP... cont'd

PESB

PESB was incorporated on 24 August 1996 under its present name in Malaysia as a private limited company under the Companies Act, 1965. It commenced business in August 1996 and was set up as the marketing arm for the Asean region covering primarily Thailand, Indonesia and Malaysia, to concentrate in trading cables and PC-related components manufactured by PIW, PIE and PIIC.

The computer peripheral products which are traded by PESB include scanners, CD-ROM, CD-RW, DVD, under the brand name of "Cyber Drive" which are manufactured by PIIC. PESB usually markets its product by participating in computer exhibitions held in the Asean region market. It then appointed two(2) local agents to promote its products.

The authorised share capital of PESB is RM100,000 comprising 100,000 Shares, of which 100,000 Shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of Shares	Consideration	Total (RM)
24.8.1996	2	Cash	2
15.11.1996	99,998	Cash	100,000

The financial records of PESB based on its audited accounts for the period from 24 August 1996 to 31 December 1996 and for the three(3) financial years ended 31 December 1997 to 1999 are as follows:-

	24.08.1996 to 31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	782	3,483	7,267	19,150
PBT	77	123	213	903
Taxation	(23)	(37)	(59)	(1)
PAT	54	86	154	902
Weighted average no. of shares in issue ('000)	100	100	100	100
Gross EPS (RM)	*2.31	1.23	2.13	9.03
Net EPS (RM)	*1.62	0.86	1.54	9.02
Gross Dividend rate (%)	-	-	-	-

* Annualised

Notes:

- PESB was incorporated on 24 August, 1996 and the accounts of PESB was prepared for the first time for the financial period ended 31 December 1996.
- The strong demand for CD-ROM had contributed to the tremendous growth in turnover and PBT in 1997, 1998 and 1999. Sales for CD-ROM increased from RM1 million in 1997 to RM18 million in 1999. As a result, the PBT for 1999 increased almost twelve times since 1996.
- There were no extraordinary or exceptional items in respect of all the financial years under review.
- In 1999, no provision for taxation was required due to waiver of income tax in respect of income earned in 1999. The taxation for 1999 was taken up in respect of underprovision in prior year.
- The net EPS for the respective years under review has been calculated based on the PAT divided by the weighted average number of shares in issue during the respective financial years.

PESB shares the office and marketing personnel with PIE to maximise productivity and performance. It has no subsidiary or associated companies.

7. INFORMATION ON THE PIB GROUP... cont'd

PIS

PIS was incorporated on 11 January 1995 under its present name in Singapore as a private limited company under the Companies Act, Chapter 50. The company commenced business in 1996 and is principally involved in the marketing and trading of cable assembly and PC related components for Singapore and Peninsular Malaysia. PIS has a marketing team which directly approaches potential customers to market its products.

The authorised share capital of PIS is S\$100,000 comprising 100,000 ordinary shares of S\$1.00 each, of which 100,000 shares are issued and fully paid-up. The changes in issued and paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of shares	Par Value (\$)	Consideration	Total (\$)
11.1.1995	2	1.00	Cash	2
30.12.1996	99,998	1.00	Cash	100,000

The financial records of PIS based on its audited accounts for the period from 11 January 1995 to 31 December 1995 and for the four(4) financial years ended 31 December 1996 to 1999 expressed in Singapore Dollars are as follows:-

	11.1.1995 to				
	31.12.1995	31.12.1996	31.12.1997	31.12.1998	31.12.1999
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Turnover	-	3,627	6,867	8,158	4,891
PBT	-	192	630	432	119
Taxation	-	(57)	(125)	(136)	(34)
PAT	-	135	505	296	85
Weighted average no. of shares in issue ('000)	0.002	100	100	100	100
Gross EPS (\$)	-	1.92	6.30	4.32	1.19
Net EPS (\$)	-	1.35	5.05	2.96	0.85
Gross dividend rate (%)	-	-	-	-	-

The financial records of PIS based on its audited accounts for the period from 11 January 1995 to 31 December 1995 and for the four(4) financial years ended 31 December 1996 to 1999 expressed in Ringgit Malaysia are as follows:-

	11.1.1995 to				
	31.12.1995	31.12.1996	31.12.1997	31.12.1998	31.12.1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	6,383	13,101	19,163	11,248
PBT	-	346	1,193	1,016	274
Taxation	-	(100)	(238)	(320)	(78)
PAT	-	246	955	696	196
Weighted average no. of shares in issue ('000)	0.002	100	100	100	100
Gross EPS (RM)	-	3.46	11.93	10.16	2.74
Net EPS (RM)	-	2.46	9.55	6.96	1.96
Gross dividend rate (%)	-	-	-	-	-
Exchange rate (average rate for the financial year)	-	1.76	1.91	2.35	2.30

7. INFORMATION ON THE PIB GROUP... cont'd

Notes:

- a) *PIS was incorporated on 11 January 1995 and became a wholly owned subsidiary of PIE in 1996.*
- b) *The continued growth in demand from customers has caused the sales to increase in 1997 and 1998. As a result, there was a significant increase in PBT in 1997. Despite the increase in turnover in 1998, the PBT decreased slightly due to a reversal of commission income overstated in 1997 and the absence of foreign exchange gains in 1998 as compared to 1997. However, turnover took a dive in 1999 as compared to 1998 as one of the major customers reduced its order from the company. As a result, PBT was also reduced by 72%.*
- c) *There were no extraordinary or exceptional items in respect of all the financial years under review.*
- d) *The net EPS for the respective years under review has been calculated based on the PAT divided by the weighted average number of shares in issue during the respective financial years.*

Currently, PIS has 3 employees. It has no subsidiary or associated companies.

7. INFORMATION ON THE PIB GROUP... cont'd

7.5 Properties

The landed properties owned by the PIB Group are set out below:-

Registered/ Beneficial owner	Title/Location	Tenure/Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.1998 (RM)	Market value (RM)	Value approved by SC (RM)	Approved revaluation surplus (RM)
PIE	H.S. (D) 4633 P.T. No. 3210, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 year leasehold expiring 3.12.2050	* Industrial complex - 2 storey office - 1 storey factory (6 years)	5.0 acres/ 12,257 sq. meters	8,251,157	14,400,000	14,400,000	6,148,843
PIE	H.S.(D) 4628 P.T. No. 3205, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 year leasehold expiring 11.11.2050	Industrial complex - 2 storey office - 1 storey factory - 1 storey warehouse - 2 storey training centre (8 years)	7.0 acres/ 10,448 sq. meters	6,694,530	14,600,000	14,600,000	7,905,470
PIE	Parent Title H.S.(D) HBM2 P.T. No. 3410, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	99 years leasehold expiring 13.4.2091	Staff housing - 24 units of medium- cost apartments (6 years)	1,801 sq. meters	1,396,418	2,170,000	2,170,000	773,582
TOTAL					16,342,105	31,170,000	31,170,000	14,827,895

* The land is owned by PIE whilst the industrial building on the land is owned by PIW

The Valuers' Letter on the properties is set out in Section 14 of this Prospectus.

7. INFORMATION ON THE PIB GROUP... cont'd

7.6 Future Plans of the Group

The Group is planning to build on its current product development in the area of network cable sets and has geared itself towards total “one-stop” CEM center involving the manufacturing of high technology and high value-added electronic and telecommunication and PC peripheral products which will be greatly dependent on their expertise in wire and cable, cable assembly, mould and die fabrication, SMT, plastic injection moulding, product assembly and final testing.

The Group’s venture into producing high technology LAN cables is expected to be met by good response for the new LAN cables. As such the Group is planning to purchase an additional three(3) to five(5) machines within the next three(3) years.

With the clean room in addition to the facilities provided by the Group mentioned above, PIB Group plans to engage in further down stream activities to move towards the production of more sophisticated and higher value system products.

The business strategies of the Group is to maintain a strong dominance in traditional computer cables and at the same time diversify into higher value added non-PC cables and shift from labour intensive, low value conventional PC related cable assembly to high-tech, high value-added PC card network cable assembly. The Group is moving towards all round specialisation in multiple manufacturing disciplines to provide the most advanced and comprehensive one-stop integrated CEM services.

PIB Group will continue to give priority to improve the quality of its products through increased automation and research and development.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE

8.1 Board of Directors

Y.T.M. TUNKU DATO' DR. ISMAIL IBNI ALMARHUM TUNKU MOHD JEWA, aged 62, was appointed to the Board of PIB on 2 June 1997. He is a leading academician with an array of working experiences. Among others, he was the Principal of Sekolah Abdullah Munshi in Penang from 1969 to 1973, Professor of Educational Administration in University Sains Malaysia from 1987 to 1995 and Dean of Education also in University Sains Malaysia from 1979 to 1992. Y.T.M. Tunku Dato' Dr. Ismail had his professional training as a teacher at Brinsford Lodge, Wolverhampton, England in 1960. He obtained his B.A. degree from the University of Malaya in 1967, his M.Ed. from the Pennsylvania State University in the United States of America in 1972 and his Ph. D in Educational Administration from the University of Malaya in 1979.

Y.T.M. Tunku Dato' Dr Ismail was appointed the Chairman of Adorna-RMIT Sdn. Bhd., the joint-venture vehicle between the Adorna Group of Companies and RMIT University, Melbourne, Australia to operate an engineering college at Jawi, Penang, in March 1995 and has been holding the post since then. He is also an active member of the Commonwealth Council for Educational Administration, Malaysian Council of Educational Management and member of the Malaysian Institute of Management when he became a member since 1979, 1996 and 1986 respectively. He is also the Chairman of the Penang Bureau of Information and Education and Penang State Consumer Council since 1992 and President of the State of Penang Family Planning Association since 1979.

MUI CHUNG MENG, aged 48, was appointed as Managing Director of PIB on 10 May 2000. He graduated from the University of Singapore majoring in Electronics in 1974 and was an Associate Member of the Institute of Electrical Engineers in 1977. He also obtained a Diploma in Plastic and Rubber Technology (UK) in 1988 under the guidance of Universiti Sains Malaysia and the Rubber Research Institute of Malaysia. Mr Mui joined PIT in 1993 and was subsequently promoted to General Manager of the South East Asian Division of PIIC. From 1974 to 1980, he was attached to Siemens and Intel, which are involved in semiconductor electronic manufacturing, as Production Engineer in-charge of transistors and opto electronic products manufacturing and QA Engineer in-charge of the entire assembly plant's quality control activities respectively. From 1981 to 1992, he was the operation manager of Kayel Rubber Products and Polynic Industry to handle the overall operation of rubber and plastic products manufacturing. Through these experiences, Mr Mui gained extensive knowledge in the electronics, plastics and rubber field. Mr Mui was appointed as a director of PIW and PIE on 29 December 1995, director of PESB on 24 August 1996 and a director of PIS on 11 January 1995.

JOU, YEN-PONG, aged 40, was appointed as a Director of PIB on 10 May 2000. He obtained his LLB degree from School of Law, Catholic Fu Jen University, Taiwan in 1984. He started his career as a legal counsel under self-employment specifically focusing on general corporate law and high technology intellectual property rights until 1995. With a wide experience in the law profession, he has been a partner of Jou & Associates, a law firm in Taoyuan since March 1995 and a director of Hyield Venture Capital Corp., a Taiwan-based investment institution since September 1996. Meanwhile he was appointed in April 1996 as a General Counsel of Hon Hai Precision Industry Co. Ltd. group of companies, which is principally involved in fabrication of connectors for PC-related, telecommunication and consumer electronic products. In PIB, he is mainly responsible for the review and undertake to ensure that all company activities are being properly operated within the legal rules and regulations.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd

CHEN, CHIH-WEN, aged 43, was appointed as a Director of PIB on 10 May 2000. He is responsible for the financial matters of the PIB Group. He graduated with a Bachelor of Science Degree in Accounting from Feng-Chia University, Taiwan in 1980. Prior to joining PIB Group in 1991, Mr Chen spent five(5) years in the electronics industry with listed companies in Taiwan and four(4) years in the cement industry.

CHANG, YEN-KUANG, aged 48, was appointed as a Director of PIB on 10 May 2000. He graduated with a Bachelor of Science Degree on Industrial Engineering from Chung Yuan University in 1978. Mr Chang spent six(6) years in the electronics industry prior to joining Hon Hai Precision Ind. Co. Ltd., a company involved in fabrication of connectors for PC-related, telecommunication and consumer electronic products in 1984. He was firstly employed as an IE section chief and subsequently promoted to assistant manager of assembly department and manager of manufacturing department. In 1992 he was promoted to the Vice-President of Input/Output connector division. In April 1999, Mr Chang was appointed as the Executive Director of PIIC to guide the company mainly in marketing and product development and corporate future plan. Mr Chang was appointed on the Board of PIE, PIW and PESB on 10 November 1999 and PIS on 3 November 1999.

CHENG, KEN-YI, aged 41, was appointed as a Director of PIB on 10 May 2000. He graduated with a Bachelor of Science Degree in Accounting from Feng-Chia University, Taiwan in 1982. He started his career as an auditor with several established accounting firms in Taiwan in 1984. After five(5) years, he joined the Corporate Finance department of Taiwan Securities Co., which is principally a financial adviser for public listing companies and dealer/broker for securities transaction till March 1995. Subsequently he joined Hyield Venture Capital Co., a venture capital fund and was appointed as the Vice-President since October 1996. Mr Cheng will be responsible for the corporate planning and design of PIB Group. Meanwhile, he was appointed on the Board of PIE, PIW and PESB on 10 November 1999 and a director of PIS on 19 October 1999.

CHENG SHING TSUNG, aged 62, was appointed as a Director of PIB on 10 May 2000. He obtained a diploma from Radio Communication College, Hong Kong in 1960. Mr Cheng started his career in Sony Corporation Hong Kong Ltd. at the end of 1960 as an Assistant Engineer. Then in 1965, he joined Atlas Electronic Corp. as Material Chief. Two years later, he was transferred to Electronic Industrial Ltd. in Hong Kong, which was the subsidiary of General Electric USA Audio Division, as Purchasing Leader for all materials required for production; and in early 1974, was promoted to General Electric Television & Appliance Pte. Ltd. Singapore as Procurement Manager controlling all purchasing activities. In 1984, he set up his own business for 14 years. Since 1998, he has been with Foxconn Singapore Pte. Ltd, the subsidiary company of Hon Hai Precision Industry Co. Ltd. as General Manager. With a wide practical experience in procurement and administration, he is mainly responsible for monitoring the procedural and policy matters to improve logistic and administrative efficiency in the Group.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd

Y.A.M. TENGKU SYARIF TEMENGGUNG PERLIS DATO' SERI DI RAJA SYED AMIR ABIDIN PUTRA JAMALULLAIL, aged 50, was appointed the Non-Executive Director of PIB on 10 May 2000. Y.A.M. Tengku Syed Amir Abidin is a member of the Perlis Royal family. He graduated from the Exeter College of Further Education, Exeter, England in 1969 and obtained a Diploma in Automobile Engineering given in conjunction with the Institute of Motor Industry and Institute of Road Transport Engineers.

Y.A.M. Tengku Syed Amir Abidin worked with Cycle & Carriage Sdn Bhd between 1970 and 1979, starting as an Assistant Engineer and worked his way up to Fleet Sales Manager. By the age of 27 he was responsible for advising the company's major Mercedes Benz commercial fleet operators, including the Ministry of Defence, for the running and maintenance of their vehicles.

Y.A.M. Tengku Syed Amir Abidin was previously Chairman of Maju Ria Sdn Bhd from 1979 to 1987 and Metropolitan College from 1986 to 1987. Now he acts as Chairman of Guidelines Academy Sdn Bhd, a position he has held since 1986.

Besides his involvement in business, he was also active in equine social activities. He was the president of the Equestrian Association of Malaysia and Riding for Disabled between 1989 and 1995. He is now one of the directors on the board of Majlis Ekuin Malaysia where he has served since 1989.

AHMAD MURAD BIN ABDUL AZIZ, aged 41, was appointed to the Board of PIB on 2 June 1997. He graduated with a law degree from University of Malaya in 1982. He is a lawyer by profession and has more than sixteen(16) years of working experience in the legal practice. He has been a Senior Partner of Murad & Foo from 1990 to 1999. Prior to that, he was a legal assistant with Kadir, Tan & Rahim from 1983 to 1985 and a partner with Murad and Leong from 1985 to 1989. He also sits on the board of several private limited companies. He was an Independent Director and Member of the Audit Committee for Penas Corporation Berhad which is a public listed company principally involved in building construction until December 1999. Since January 2000 he has been a partner in the firm of K.M. Chye & Murad in Kuala Lumpur.

8.2 *Senior Management*

WANG, PU-HUI, aged 48, is currently the Assistant General Manager of PIE. He studied Marine Engineering in the National Taiwan Ocean University in 1971 and successfully obtained his "A" Class First Engineer and "B" Class First Engineer licenses in 1972. Prior to joining PIIC, he was employed as an Electrical and Hot Energy Manager in Taipei. In 1984, he joined PIIC and was subsequently transferred to PIE as an Assistant General Manager. He is presently the Director of PIE and PESB.

CHEN, MING-LUNG, aged 44, is currently the Assistant General Manager of PIW. Mr Chen completed his secondary education in 1974. He served PIIC for five (5) years in the engineering department before being transferred to Malaysia as an Engineering Manager in 1989. He was promoted to Factory Manager in 1994 and to the present position in 1997. At present, he is responsible for PIW's sales, marketing and profitability and sits on the Board of Directors of PIW.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd

CHEN HSIN CHANG, aged 36, is the Production Manager of PIE. Mr Chen completed his secondary education in 1981. He began his career with PIIC in 1987 in Taiwan as an Assembly Line Supervisor. Subsequently after two (2) years, Mr Chen was transferred to PIE as a Production Section Head in charge of the soldering section of the assembly line operation. In August 1993 he was promoted to Production Manager and was supervising the production flow process in the subcontractor factory in 1998.

CHOONG YEE HUA, aged 39, is the Marketing Manager of PIE. Mr Choong graduated with a degree in International Trade from Tunghai University, Taiwan in 1986. He started his career in September 1986 with Global Enterprise Co. Ltd., Taipei as an export supervisor for 8 months and then joined Febtex International Ltd. as an export supervisor till November 1987. Subsequently he moved to be a senior consultant in Queter International Co. Ltd. till June 1990 and a senior marketing manager of Fortune 2000 Corporation till January 1992. Mr Choong joined PIE in 1992 as a Marketing Executive/Specialist and was promoted to Assistant Sales & Marketing Manager after three(3) years. He was promoted to Marketing Manager in July 1996 and is in charge of PIE's local and overseas business. Presently, Mr Choong is heading a team of four Sales Executives and one Sales Coordinator.

NYIA KEE HUAT, aged 36, is the Assistant Manager of Engineering Department. He graduated from Chung Hsin University, Taiwan with a degree in Mechanical Engineering and in 1987. He began his career in 1988 as an Engineer in the Design Section with a related company named Congreat Co. Ltd. which is involved in manufacturing connectors. Subsequently in 1994, Mr Nyia was transferred to PIE as an Engineering Section Head and was further promoted to Assistant Manager in 1996. He is presently in charge of the design and development of PIE's new OEM products.

SAW SIEW HONG, aged 37, is the Administration Manager of PIE. She graduated with a diploma from Cyma College in 1982 and is a member of the Association of International Accountants. Ms Saw started her career as an administration/accounts officer with San Yong Enterprise Sdn Bhd, a leading manufacturer of all types of expandable polystyrene products for insulation, packaging and sound proof partition till 1989. Subsequently, she joined PIE in June 1989 as an Accounts Officer and was subsequently promoted to Assistant Finance Manager in January 1992. Ms Saw was involved in the company's ISO 9002 program in 1993 and successfully obtained the Lead Assessor Certificate which was awarded by SIRIM and Quality Management International Limited ("QMI") Quest. Ms Saw was promoted to Administration Manager in 1996 and is in charge of the overall human resource and finance functions.

RICHARD LEE KWEE GIAM, aged 45, was appointed to the Board of Directors PIS in 1996. Mr Lee completed his secondary education in Singapore in 1972. Before joining PIS he was employed by Rubycon Singapore Pte Ltd, a company involved in the manufacturing of electrolytic capacitors, as Export Sales Executive for five(5) years. Mr Lee was employed by TDK Singapore Pte Ltd, a company that manufactures ferrites, from 1980 to 1988 as a Sales Executive in charge of the Malaysian and Indian markets. Subsequently, he joined Foster Electronics Singapore Pte Ltd for three (3) years to promote "speakers" for the audio and video segments. From 1990 to 1993 he was attached to Kuming Electronics and later to Amphenol Electronics as a Sales Executive for connectors. In 1993 he joined CVI Electronics (S) Pte Ltd to promote connectors/ wire harness/ hardware used specifically for telecommunications products at the Thailand factory. Later, Mr Lee joined PIS in 1994 as a Sales Engineer and was then promoted to take full charge of the Singapore and Southern part of Peninsular Malaysia markets.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd

CHEW KEAN GHEE, aged 34, is the Assistant Quality Control Manager of PIE. He graduated from Tunku Abdul Rahman College with a Diploma in Commerce (Business Management) in 1989 and obtained a professional degree from The Institute of Chartered Secretaries and Administrators (“**ICSA**”), United Kingdom in 1990. Mr Chew was a member of the Malaysian Association of Institute of Chartered Secretaries and Administration (“**MAICSA**”) in 1990. He joined PIE as a Production Supervisor in 1989 and was promoted to Production Superintendent in 1994 and having served in the production department for five(5) years, he was then promoted to Assistant Quality Control Manager in 1997 to be overall responsible for total quality management of this company. In 1993, he was actively involved in the implementation of procedures towards the accreditation of the ISO 9002 and have been appointed as a Quality Management Representative in 1994 to be fully responsible for the company quality issues and the internal quality auditing as well as taking care of the Quality Compliance Plan to meet the British Approval Board for Telecommunications (“**BABT**”) requirement.

LOO CHU KIONG, aged 32, is the Assistant Production Manager. He completed his secondary education in S.M.J.K. Chung Hwa, Penang in 1985. He began his career in 1985 where he joined Lam Kim Trading as a salesman and later on as a Sales Executive in Grand Sports Sdn Bhd which is principally involved in sales and marketing of sports ware. In mid 1989, he joined PIE as a Production Supervisor and having served for five(5) years, he was then promoted to Production Superintendent and in 1997, he was then promoted to Assistant Production Manager to be overall responsible for the production operations.

SHARON LIM SOO IMM, aged 33, is the Assistant Manager in Procurement / Production Control Department. She completed her secondary education in 1983. She began her career in March 1989 as a Sales Officer in Polynic (M) Sdn Bhd, a plastic injection molding company. She was promoted in 1991 as a Production Planning cum Sales Executive, in charge of the Production Planning and Sales Division. Her main task was planning the production schedule and ensuring timely delivery of goods to customer.

In April 1995, she joined PIE as a Procurement/Production Controller. Her responsibilities covered production planning and procurement/logistics activities. In July 1999, she was promoted to Assistant Manager for Procurement/Production Control Department. Under her supervision and guidance, she now leads a team of twenty(20) staff in Production control, Procurement, Warehouse and Shipping sections. She is also in the management team in decision making and supporting the top management decisions.

CHEAH HENG LYE, aged 34, is the MIS Assistant Manager of PIE. He graduated with a Bachelor Degree of Economics from Taiwan Chung Hsin University in 1989. In June 1989, he joined PIIC in Taiwan as a System Analyst and was assigned to implement the MRP-II systems and develop PC base office automation program. In June 1994, he was transferred to PIE to form and organize the Computer Department. Based on his experience and proposal, a few computerized projects have been carried out to improve and upgrade the efficiency of the company daily transaction jobs. The company is currently fully integrated with MRP-II systems.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd

LEE SHU LIN, aged 39, is the Assistant Tooling Manager of PIE. He received and completed the “Tooling & Molding Group 29” course organised by the First Youth Vocational Central in Taiwan in March 1986. In December 1987, he further joined and completed an intensive course on “Micro Computer, Technical Drawing & CAD in Automotive Production Skill & Technical Training” from Institute Technology Tung-Nam (Private). He then obtained a Diploma in Senior Arts and Polytechnics from Private Chiao Jen Senior Technical & Commercial School, Taiwan in July 1991. He began his career with PIIC in March 1987 in Taiwan as a Junior Engineer and was later promoted to Senior Engineer in Engineering Department. Subsequently after 5 years, Mr Lee was transferred to PIE as a Tooling Section Head and was promoted to Assistant Tooling Manager in July 1999 to be overall responsible for repairing, fabricating and design of new molds and dies based on its customers specifications to meet customers and in-house requirements.

LIAO YUEH CHEN, aged 37, is the Factory Manager of PIW. She completed her secondary education in Taiwan in 1978. Prior to her transfer to PIW as a Production Supervisor in 1989, she served in PIIC for eleven(11) years from 1978 to 1989. Subsequently, she was promoted to Production Manager and Factory Manager in 1993 and 1997 respectively. She is currently in charge of production, quality control and engineering functions.

NG KENG POO, aged 41, is the Finance Manager of PIW. Mr Ng joined PIW in 1996 and obtained a Diploma in Commerce from Tunku Abdul Rahman College in 1982. He has twelve(12) years of working experience in finance and administration serving in wire harness, oil refinery, and electronic industries. Prior to joining PIW, he worked with Eagle Exima Computer Products Sdn Bhd, a company involved in the manufacturing of computer peripheral products where he served as Finance Manager from 1994 to 1995. Mr Ng is currently in charge of PIW’s financial and shipping operations.

H’NG SOK KHENG, aged 35, is the Administration Manager. She graduated with a Bachelor of Arts degree from National Cheng-Chi University Taiwan in 1988. She joined PIIC in 1988 as a Secretary before being transferred to PIW, Malaysia in 1989 as a Secretary to the Assistant General Manager. She was subsequently promoted to Administration Manager in 1995. Presently, she is in charge of personnel, general affairs and purchasing functions.

8.3 Employees

Currently, the PIB Group employs a total workforce of 631 employees. The employees enjoy a cordial relationship with the management. None of the employees of the Group are members of any unions.

8. DIRECTORS, SENIOR MANAGEMENT, EMPLOYEES AND AUDIT COMMITTEE...cont'd

8.4 Audit Committee

PIB has set up an Audit Committee on 20 May 2000 which comprises the following Board members:-

Name	Responsibility	Directorship
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jawa	Chairman of the Committee	Independent Non-Executive
Ahmad Murad bin Abdul Aziz	Member of the Committee	Independent Non-Executive
Chen, Chih-Wen	Member of the Committee	Executive

The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal accounting controls, review of the scope of internal audit procedures, review of balance sheets and profit and loss accounts and nomination of Auditors.

8.5 Family Relationship

None of the directors or senior management are related to each other.

9. INDUSTRY OVERVIEW

▪ Overall Malaysian Economy

The Malaysian economy, which contracted by 7.5% in 1998, is expected to turn around with a 4.3% growth in real Gross Domestic Product (“GDP”) in 1999, rising marginally to 5% in 2000. The recovery was largely the result of a series of measures including the adoption of an expansionary fiscal policy, an easing of monetary policy as well as the adoption of selective exchange controls since 1 September 1998 to insulate the Malaysian economy from externally generated risks and vulnerability in order to restore stability, revive economic activities and strengthen the resilience of the economy.

The turnaround in real GDP growth has been accompanied by a further strengthening of the balance of payments and the lower rate of inflation. The benchmark index of the Kuala Lumpur Stock Exchange and market capitalisation have more than doubled since 1 September 1998, resulting in a positive wealth effect for the economy. This coupled with higher disposable income and a prevailing regime of low interest rates has led to a recovery in private consumption, lending further support to the impact of the fiscal stimulus already underway in reviving the growth of the economy.

All these positive developments have broadened the base of the economic recovery and provided a stronger foundation for the economy to return to the path of strong and sustainable growth in the next millennium.

(Source: Economic Report 1999/2000)

▪ Manufacturing Sector

After contracting by 13.7% in 1998, the manufacturing sector is expected to experience a strong turnaround and record a growth of 8.9% in 1999. The recovery has been generally broad-based, both in the domestic and export-oriented industries. The performance of export-oriented industries was boosted by substantially stronger external demand. For domestic-oriented industries, the government’s fiscal stimulus package and low interest rate regime has helped.

The favourable turnaround in manufacturing was clearly reflected by the upward trend in the Manufacturing Production Index as of February 1999. The index is expected to strengthen further during the second half of 1999. The first eight months of 1999 recorded a growth of 6.4% against a decline of 7.8% for the corresponding period in 1998.

(Source: Economic Report 1999/2000)

A major group of products that is being encouraged for manufacture is computers and related peripheral products. With the intensive efforts by the Government and private sector to computerise their operations and coupled with the Government's commitment towards the construction of the Multimedia Super Corridor in developing Malaysia into a regional information technology hub, the prospects of computers and related peripheral products including networking products will be very promising.

Furthermore, as the use of multimedia gains momentum, ownership of computers are expected to increase significantly. Many people are heading down the information superhighway with widespread use of the internet. This will certainly boost the growth of the computer related sectors.

The future of wire and cable for IT application is anticipated to be bright in view of the favourable increasing demand for internet as well from the rapid development and upgrading of the infrastructure facilities in wide band telecommunications. With these developments, the future prospects of PIB Group remains promising.

10. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SIMILAR BUSINESS

PIIC, the ultimate holding company of the PIB Group, was incorporated on 19 May 1971 in Taiwan, R.O.C. and was listed on the Taiwan Stock Exchange on 9 November 1993. PIIC's substantial shareholder is Hon Hai Precision Industry Co. Ltd., a company involved in fabrication of connectors for PC-related, telecommunication and consumer electronic products.

PIIC has subsidiaries in Asia, the United States of America and Europe. Its business can be segregated into two(2) broad divisions - the manufacturing and marketing of optical electronic devices and cable manufacturing and assembly. Its optical electronic division is located in China, Japan, the United States of America and Europe while its cable business is located in South-East Asia and China.

PIIC has five(5) subsidiaries involved in cable manufacturing and assembly as shown in the table below:-

Name	Date and country of incorporation	Issued and paid-up capital	Principal Activity
PIW	26.1.1989 Malaysia	RM10,000,000	Manufacture and assembly of raw wire and cables, AC power cords and LAN cables
PIE	26.1.1989 Malaysia	RM7,500,000	Cable/wire harness assembly and CEM service
PIT	10.8.1990 Thailand	Baht152,000,000	Assembly of PC related cable and wire harness
SBS	5.3.1991 Indonesia	Rp6,000,000,000	Assembly of low-end PC related cable
PDG	19.12.1995 China	USD12,466,000	Manufacture and sale of PC related raw wire and cable and cable assembly

PIIC has four(4) subsidiaries involved in the optical electronic division as shown in the table below:-

Name	Date and country of incorporation	Issued and paid-up capital	Principal Activity
Cyberdrive Inc.	08.08.1996 United States of America	USD100,000	Sales and marketing of CD-ROM related products
USD Drive Technology Corporation	19.02.1997 United States of America	USD1,000,000	Sales and marketing of CD-ROM related products
Cyberdrive Technology Europe GMBH	20.05.1997 Germany	DM1,000,000	Sales and marketing of CD-ROM related products
Cybertek Corporation	21.03.1997 Japan	Yen43,000,000	Sales and marketing of CD-ROM related products

There should not be any current or potential conflict of business due to the following:-

(i) PIIC Group Strategy

PIIC Group strategy is to establish subsidiaries in different countries to take advantage of the unique characteristics of their respective operating environments including customer profile and requirements, labour cost, availability of skilled labour and market conditions. As such, the products manufactured by the above companies are effectively not decided by PIIC but instead driven by suitability and market conditions.

10. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SIMILAR BUSINESS ...cont'd

This strategy has continued to be implemented by PIIC Group subsidiaries whereby their business focus has evolved with changes in their operating environments. This can be seen in the PIB Group which began by manufacturing low value conventional PC-related cable assembly and wire harness and has now shifted its focus to high technology network cable assembly and turnkey CEM. The lower end, labour intensive cable assembly is primarily carried out by PIT and SBS.

The PIIC Group employs the profit centre system whereby each company and their respective management are responsible for their own profit generating activities. The probability of PIIC Group's subsidiaries competing in the same market is remote as the cost involved for transportation, timing, technical communication, etc would make them less competitive. Thus it is their opinion that all transactions will be conducted on an arm length basis and will not weigh in favour of a single company.

(ii) Autonomous Management

Mui Chung Meng oversees the South East Asian division comprising Malaysia, Indonesia and Singapore while Chen Chih Wen oversees the financial aspects of the South East Asia division. Their involvement in SBS and PIT is for technical support only whereby day to day operations of PIT and SBS are managed by their own heads who are responsible for their own entity's profit contribution in their respective companies. Mui Chung Meng and Chen Chih Wen do not own any shares in any of the companies mentioned above.

(iii) Different Markets

PDG, which is located in Guangdong, China caters for China, Taiwan, Northeast Asia, America and Europe whereas the PIB Group caters for the ASEAN region. Thus, the potential for conflict of interest situations is minimised as these companies operate in totally different market segments and have different customers with different products.

PDG is a wholly-owned subsidiary of PGH. The present total share capital of PDG is USD12,466,000. The directors of PDG and their direct and indirect shareholdings are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lu, Song Fa	-	-	-	-
Lin, Lian Ming	-	-	-	-
Hou, Song Der	-	-	-	-

PIT, which is located in Bangkok, Thailand assembles cable sets and wire harnesses for computer peripheral products solely for the Thailand market whereas PIB Group caters for mainly for the multinational companies in Malaysia.

PIT is a wholly-owned subsidiary of PIIC. The present authorised share capital of PIT is Baht152,000,000 divided into 15,200,000 ordinary shares of Baht10 each, of which 15,200,000 shares are issued and fully paid-up. The Directors of PIT and their direct and indirect shareholdings are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Cheng, Ken Yi	-	-	-	-
Chang, Yen Kuang	-	-	-	-
Kannika Saekow	-	-	-	-

10. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SIMILAR BUSINESS ...cont'd

SBS, which is located in Medan, Indonesia is also involved in the assembly of cable sets for computer peripheral products similar with that of PIB Group. SBS acts as a subcontractor for both PIB Group and PIT mainly due to the availability of cheaper labour in Indonesia. However, the subcontract work performed is primarily for the labour-intensive low end cable assembly.

SBS is substantially held by PGH with 90.3% equity interest. The present authorised share capital of SBS is Rp6,000,000,000 divided into 6,000 ordinary shares of Rp1,000,000 each, of which 6,000 shares are issued and fully paid-up. The directors of SBS and their direct and indirect shareholdings are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Cheng, Ken Yi	-	-	-	-
Chang, Yen-Kuang	-	-	-	-
Eddy Chandra	582	9.7	-	-

To mitigate any potential conflict of interest, all related party transactions will be subject to periodic reviews by the Audit Committee to ensure that they have been transacted on arms length basis and on commercial terms which will not be detrimental to the PIB Group and to report the position of such related transactions, if any in the Annual Report of PIB. In addition, PIIC has provided its written undertaking not to establish any new companies engaged in competing businesses as the PIB Group and the existing companies in the PIIC Group will not engage in competing businesses with the PIB Group for a period of three(3) years from the date of listing of PIB.

11. FINANCIAL INFORMATION

11.1 Profit Record

A summary of the proforma consolidated profit and loss accounts of the PIB Group for the five(5) financial years ended 31 December 1995 to 1999, as set out below has been prepared for illustrative purposes only and based on the assumption that the current structure of the Group has been in existence since 1 January 1995 are set out below:-

	31.12.1995 RM'000	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	39,510	61,897	99,220	124,638	135,197
PBT	3,510	7,478	14,388	21,015	22,102
Taxation	(743)	(2,133)	(3,657)	(5,513)	149
PAT	2,767	5,345	10,731	15,502	22,251
No. of Shares assumed to be in issue ('000 shares)	51,000	51,000	51,000	51,000	51,000
Gross EPS (RM)	0.07	0.15	0.28	0.41	0.43
Net EPS (RM)	0.05	0.10	0.21	0.30	0.44

Notes:

- Turnover increased by 57% to RM62 million in 1996 from RM39 million in 1995 due mainly to PIE, one of the subsidiaries, secured a new major customer whose orders grew from RM8 million in 1996 to RM69 million in 1999. This, together with the increase of sales to other customers, improved the Group's PBT from RM3.5 million in 1995 to RM22 million in 1999. The addition of two new subsidiaries, namely PESB and PIS had also contributed to the increase in turnover and PBT starting from 1996.*
- The audited accounts of PIE, PIW, PESB and PIS for all the financial years under review are included in the proforma consolidated profit and loss accounts except for PESB and PIS which were acquired in 1996, hence consolidated audited results were only available since then.*
- The above results are arrived at after making adjustments for inter-company transactions.*
- The proforma consolidated profit and loss accounts have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the subsidiary companies.*
- There were no extraordinary or exceptional items during the period under review.*
- The effective tax rates for the financial years ended 31 December 1995 to 1998 were lower than the respective statutory tax rates due mainly to the claim of tax incentives such as reinvestment allowance and investment tax allowance. In 1999, no provision for taxation is required due to waiver of income tax in respect of income earned in 1999. The tax recovery for year ended 31 December 1999 was due to overprovision of taxation and deferred taxation in prior years.*
- The net EPS for the respective financial years under review has been calculated based on the proforma PAT divided by the enlarged issued and paid-up share capital of 51,000,000 Shares following the restructuring scheme but before the public issue of 9,000,000 Shares.*

11. FINANCIAL INFORMATION...cont'd

11.2 Working Capital, Borrowings and Contingent Liabilities(i) Working Capital

The Directors of PIB are of the opinion that, after taking into account the cashflow forecast, banking facilities available and gross proceeds from the Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

(ii) Borrowings

Other than bills payable of RM2.9 million, the Group does not have any overdrafts or term loans as at 19 May 2000 (being the last practicable date prior to the printing of this Prospectus).

As at 19 May 2000, the Group does not have any loan capital outstanding, or created but unissued nor any mortgages or charges or contingent liabilities.

(iii) Contingent Liabilities and Capital Commitments

As at 19 May 2000 (being the last practicable date prior to the printing of this Prospectus),

- a) the Group does not have any contingent liabilities; and
- b) the Group has capital commitments of approximately RM900,000 for the purchase of fixed assets.

11.3 Consolidated Profit Forecast

The Directors of PIB forecast that, barring any unforeseen circumstances, the consolidated PBT and PAT of PIB Group for the year ending 31 December 2000 will be as follows :

	Forecast for the year ending 31.12.2000 RM'000
Consolidated PBT	21,320
Taxation	5,970
Consolidated PAT	<u>15,350</u>
*Gross EPS (sen)	35.5
*Net EPS (sen)	25.6
Gross PE ratio (times)	7.9
Net PE ratio (times)	10.9

* Based on the enlarged issued and paid-up share capital of 60,000,000 Shares taking into account the Public Issue shares.

11. FINANCIAL INFORMATION...cont'd

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

- a) There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the Group and the business of the Group's major customers and suppliers.
- b) There will be no significant changes in the present legislation or government regulations, rates and bases of duties, levies and taxes which will affect the activities of the Group or the market in which the Group operates.
- c) There will be no significant fluctuations in foreign currency exchange and inflation rates from their present levels.
- d) There will be no significant changes in the prices of raw materials, labour and overheads.
- e) There will be no major breakdown or disruption of manufacturing facilities, major industrial disputes or any abnormal factors or changes, both domestic and overseas, which will adversely affect the Group's operations.
- f) There will be no significant changes in the present management structure, operating and accounting policies adopted by the Group.
- g) Existing financial facilities will remain available and that the level of interest rates will not change materially from those presently prevailing.
- h) There will be no material acquisitions or disposals of fixed assets or investments other than those that have been budgeted for.
- i) There will be no material changes in the principal activities and structure of the Group.
- j) The current trend of increasing demand of the Group's products will be maintained.
- k) The Group will continue to maintain the current profit margins on its products.
- l) The Company's subsidiaries, PIW and PIE will be eligible to claim for reinvestment allowances under the Promotion of Investments Act, 1986 and the amount approved by the tax authorities will not vary significantly from the forecast.
- m) The proposed public issue of 9,000,000 new ordinary shares of RM1.00 each at an issue price of RM2.80 per share will be completed in June 2000.
- n) The Company will propose a dividend of 6.7% tax-exempt for the year ending 31 December 2000. Dividend will be paid in the year in which it is proposed.
- o) Income tax on profit of the Group's operations for the financial year ending 31 December 2000 is computed based on statutory income tax rate of 28%.

11. FINANCIAL INFORMATION...cont'd

11.4 Auditors' Letter on the Consolidated Profit Forecast of the PIB Group for the Financial Year Ending 31 December 2000

(Prepared for inclusion in this Prospectus)

Kassim Chan & Co
4th Floor Wisma Wang
251-A Jalan Burma
10350 Penang

23 May 2000

The Board of Directors
P.I.E. Industrial Berhad
3rd Floor Wisma Wang
251-A Jalan Burma
10350 Penang

Dear Sirs,

CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2000

We have reviewed the accounting policies and calculations for the consolidated profit forecast of P.I.E. Industrial Berhad ("**the Company**") and its subsidiary companies ("**the Group**"), for which the Directors are solely responsible, for the year ending December 31, 2000 set out in the Prospectus to be dated 26 May 2000, in connection with the offer for sale of 18,090,000 ordinary shares of RM1.00 each and public issue of 9,000,000 ordinary shares of RM1.00 each at an offer/issue price of RM2.80 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company 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 Group.

Yours faithfully,

KASSIM CHAN & CO.
AF 0080
Public Accountants

OUI HOAY SENG
297/3/02(J/PH)
Partner

11. FINANCIAL INFORMATION...cont'd

11.5 Dividend Forecast

On the basis of the consolidated profit forecast and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of the PIB Group anticipate that they will be in a position to propose, based on the enlarged issued share capital of RM60,000,000, a tax exempt dividend of approximately 6.7% for the financial year ending 31 December 2000.

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group while leaving adequate reserves for the future growth of the PIB Group.

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

	Forecast for the year ending 31.12.2000 RM'000
Consolidated PBT	21,320
Less : Taxation	5,970
Consolidated PAT	15,350
Less : Proposed dividend	4,000
Consolidated retained profit for the year	11,350
Tax exempt dividend per share (sen)	6.7
Tax exempt dividend yield (%)	2.4
Net dividend cover (times)	3.8

11. FINANCIAL INFORMATION...cont'd**11.6 Proforma Consolidated Balance Sheets of the PIB Group**
(Prepared for inclusion in this Prospectus)

The Proforma Consolidated Balance Sheets of PIB as set out below have been prepared for illustrative purposes only to show the effect on the combined audited balance sheets of PIB and its subsidiary companies as at 31 December 1999 on the assumptions that the following events had been completed on that date.

	Per Audited Balance Sheet of PIB at 31.12.99 RM'000	Proforma I After Revaluation of Properties and After Acquisition by PIB RM'000	Proforma II After Proforma I and Public Issue RM'000
FIXED ASSETS	-	43,833	43,833
CURRENT ASSETS			
Stocks	-	17,326	17,326
Trade debtors	-	24,817	24,817
Other debtors, deposits and prepayments	-	1,387	1,387
Due by holding company	-	73	73
Due by related company	-	5,093	5,093
Cash and bank balances	-	3,094	25,994
Fixed deposits with licensed banks	-	10,050	10,050
Total Current Assets	-	61,840	84,740
CURRENT LIABILITIES			
Trade creditors	-	6,542	6,542
Other creditors and accruals	15	5,265	5,265
Due to directors	-	16	16
Due to holding company	-	2,417	2,417
Due to related company	-	1,324	1,324
Taxation	-	123	123
Proposed dividend	-	5,500	5,500
Total Current Liabilities	15	21,187	21,187
NET CURRENT (LIABILITIES)/ ASSETS	(15)	40,653	63,553
DEFERRED TAXATION	-	(400)	(400)
NET ASSETS EMPLOYED	(15)	84,086	106,986
SHARE CAPITAL	#	51,000	60,000
SHARE PREMIUM	-	-	13,900
RETAINED PROFITS	(15)	33,086	33,086
REVALUATION RESERVE	-	-	-
EXCHANGE RESERVE	-	-	-
NET CAPITAL EMPLOYED	(15)	84,086	106,986
NET TANGIBLE ASSETS	(15)	84,086	106,986
NET TANGIBLE ASSETS PER SHARE (RM)	(7.5)	1.65	1.78

Note:

= RM2

11. FINANCIAL INFORMATION...cont'd

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
1. Basis of Preparation

- (i) The Proforma Consolidated Balance Sheets together with the notes thereon have been prepared based on accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements of P.I.E. Industrial Berhad ("PIB") and its subsidiaries. They have been prepared based on the combined audited balance sheets of PIB and its subsidiary companies as at 31 December 1999 and on the assumption that the following transactions have been effected on 31 December 1999:

Proforma I

Proforma I incorporates the followings effects:

1. Special dividends of RM6,000,000 and RM4,000,000 in respect of the financial year ended 31 December 1998 which had been paid out from PIE and PIW respectively on 18 October 1999.
2. Special dividends of RM3,500,000 and RM2,000,000 in respect of the financial year ended 31 December 1999 which had been paid out from PIE and PIW respectively on 2 May 2000.
3. Revaluation of landed properties held as fixed assets by Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIE") and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. ("PIW") and the incorporation of the revaluation surpluses of RM11,758,656 and RM3,069,239 into the accounts of PIE and PIW respectively. The revaluation surpluses were then fully offset with merger deficit arising from the merging of results of the Company and its subsidiaries.
4. Acquisition of the following subsidiaries by PIB:
 - i. An acquisition of 7,500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIE") by PIB for a total purchase consideration of RM43,142,667 to be satisfied by the issuance of 30,178,709 new ordinary shares of RM1.00 each in PIB at an issue price of approximately RM1.32 per new ordinary share and partly satisfied by a cash consideration of RM3,254,567. The acquisition was completed on 8 May 2000;
 - ii. An acquisition of 1,000,000 ordinary shares of RM10.00 each representing the entire issued and paid-up share capital of Pan-International Wire & Cable (Malaysia) Sdn. Bhd. ("PIW") by PIB for a total purchase consideration of RM29,765,552 to be satisfied by the issuance of 20,821,289 new ordinary shares of RM1.00 each in PIB at an issue price of approximately RM1.32 per new ordinary share and partly satisfied by a cash consideration of RM2,245,433. The acquisition was completed on 8 May 2000;

11. FINANCIAL INFORMATION...cont'd**Proforma II**

Proforma II incorporates the effects of Proforma I and a public issue of 9,000,000 new ordinary shares of RM1.00 each issued at an issue price of RM2.80 per ordinary share ("Public issue").

The estimated listing expenses of RM2,300,000 have been written off against the share premium account.

2. The movements of the issued and paid-up share capital, share premium, cash and bank balances, fixed assets revaluation reserve and retained profits of PIB after taking into account the above transactions are as follows:-

	Share capital RM'000	Share premium RM'000	Cash and bank balances RM'000	Fixed assets RM'000	Retained profits RM'000
Per audited balance sheet of PIB at 31 December 1999	#	-	-	-	(15)
Revaluation of landed properties	-	-	-	14,828	-
Acquisition of subsidiaries	-	-	8,594	29,005	33,101
New share issue in exchange for shares of subsidiary companies	51,000	-	(5,500)	-	-
Proforma I	51,000	-	3,094	43,833	33,086
Public issue	9,000	16,200	25,200	-	-
Listing expenses	-	(2,300)	(2,300)	-	-
	<u>60,000</u>	<u>13,900</u>	<u>25,994</u>	<u>43,833</u>	<u>33,086</u>

Note:

= RM2

11. FINANCIAL INFORMATION...cont'd

11.7 Auditors' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

Kassim Chan & Co
4th Floor Wisma Wang
251-A Jalan Burma
10350 Penang

23 May 2000

The Board of Directors
P.I.E. Industrial Berhad
3rd Floor Wisma Wang
251-A Jalan Burma
10350 Penang

Dear Sirs,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 1999

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of P.I.E. Industrial Berhad as at December 31, 1999, together with the notes and assumptions thereto, for which the Directors are solely responsible as set out in the Prospectus to be dated 26 May 2000 in connection with the Offer for Sale of 18,090,000 ordinary shares of RM1.00 each at an offer price of RM2.80 per ordinary share as well as the Public Issue of 9,000,000 new ordinary shares of RM1.00 each at an issue price of RM2.80 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of P.I.E. Industrial Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets, which are provided for illustrative purposes, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully,

KASSIM CHAN & CO.
AF 0080
Public Accountants

OUI HOAY SENG
297/3/02(J/PH)
Partner

12. ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)

Kassim Chan & Co
4th Floor Wisma Wang
251-A Jalan Burma
10350 Penang

23 May 2000

The Board of Directors
P.I.E. Industrial Berhad
3rd Floor Wisma Wang
251-A Jalan Burma
10350 Penang

Dear Sirs,

A. INTRODUCTION

This report has been prepared for inclusion in the Prospectus of P.I.E. Industrial Berhad (hereinafter referred to as "PIB" or "the Company") to be dated 26 May 2000 in connection with the offer for sale of 18,090,000 ordinary shares of RM1.00 each at an offer price of RM2.80 as well as the public issue of 9,000,000 new ordinary shares of RM1.00 each in PIB at an offer price of RM2.80 per ordinary share and the listing and quotation of its entire enlarged issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

B. GENERAL INFORMATION

1 Incorporation

The Company was incorporated on March 21, 1997 under the name of P.I.E. Industrial Sdn. Bhd. On May 30, 1997, the Company changed its status from a private limited to a public limited company and assumed its present name of P.I.E. Industrial Berhad.

2 Flotation Scheme

The flotation scheme involves the followings:

- a) A revaluation of landed properties held by Pan-International Electronics (Malaysia) Sdn. Bhd. (PIE) and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (PIW) and the incorporation of the revaluation surpluses of RM11,758,656 and RM3,069,239 into the accounts of PIE and PIW respectively.
- b) An issue of 30,178,709 new ordinary shares of RM1.00 each at an issue price of RM1.32 per ordinary share in the Company and cash consideration of RM3,254,567 to acquire the entire issued and fully paid-up share capital of PIE consisting of 7,500,000 ordinary shares of RM1.00 each from its existing shareholders;
- c) An issue of 20,821,289 new ordinary shares of RM1.00 each at an issue price of RM1.32 per ordinary share in the Company and cash consideration of RM2,245,433 to acquire the entire issued and fully paid-up share capital of PIW consisting of 1,000,000 ordinary shares of RM10.00 each from its existing shareholders;

12. ACCOUNTANTS' REPORT...cont'd

- d) An offer for sale by PIB's shareholders of 18,090,000 ordinary shares of RM1.00 each in the Company at an offer price of RM2.80 each;
- e) A public issue of 9,000,000 new ordinary shares of RM1.00 each in the Company at an offer price of RM2.80 each; and
- f) A listing and quotation of PIB's entire enlarged issued and fully paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

3. Share Capital

The authorised share capital of the Company at the date of its incorporation is RM100,000 comprising 100,000 shares of RM1.00 each.

The authorised share capital was increased from RM100,000 to RM100,000,000 by the creation of 99,900,000 new shares of RM1.00 each on February 25, 2000.

The present issued and paid-up share capital of the Company is 51,000,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares of RM1.00 each issued	Consideration	Total issued and paid-up share capital RM
21 March 1997	2	Subscribers' shares	2
8 May 2000	20,821,289	Consideration for the acquisition of the entire issued and fully paid-up share capital of PIW at RM1.32 per share	20,821,291
8 May 2000	30,178,709	Consideration for the acquisition of the entire issued and fully paid-up share capital of PIE at RM1.32 per share	51,000,000

Subsequent to the public issue, the issued and paid-up share capital of the Company would be increased to 60,000,000 ordinary shares of RM1.00 each.

4. Principal Activities

The Company was dormant from the date of its incorporation until it became an investment holding company pursuant to the implementation of the restructuring scheme referred to in paragraph B2 of this report.

The principal activities of the subsidiary companies are described in paragraph B5 of this report.

12. ACCOUNTANTS' REPORT...cont'd**5. Subsidiary Companies**

Pursuant to the implementation of the restructuring scheme referred to in paragraph B2 of this report, the subsidiary companies are as follows:-

Name	Date and place of incorporation	Issued and paid up share capital RM	Effective equity interest	Principal activities
<i>Direct subsidiary</i>				
Pan-International Electronics (Malaysia) Sdn. Bhd. (PIE)	26.1.1989 Malaysia	7,500,000	100%	Cable / wire harness assembly and CEM service
Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (PIW)	26.1.1989 Malaysia	10,000,000	100%	Manufacture and assembly of raw wire and cables, AC power cords and LAN cables
<i>Indirect subsidiary - held through PIE</i>				
PIE Enterprise (M) Sdn. Bhd. (PESB)	24.8.1996 Malaysia	100,000	100%	Trading of computer peripheral products
Pan-International Corporation (S) Pte. Ltd. (PIS)	11.1.1995 Singapore	175,000	100%	Trading of computer peripheral products and marketing services

PIE Group as indicated in this report contains the consolidated results of PIE, PESB and PIS.

C. AUDITORS' REPORT

We were appointed to act as statutory auditors of PIB, PIE, PIW and PESB since their incorporation and have reported on their accounts without any qualification.

The accounts of PIS were audited by other firm of auditors and were reported on by the auditors without any qualification.

D. DIVIDENDS

No dividends have been paid by the Company since its incorporation.

Details of dividends paid by PIE and PIW for the five financial years ended December 31, 1999 are as follows:

Year ended	Issued and paid-up capital RM	PIE		Net Dividend RM	Year in which net dividend paid
		Dividend rate			
		Tax exempt	Less tax		
31.12.1995	1,500,000	-	-	-	-
31.12.1996	7,500,000	106.67%	28.57%	9,500,000	1996
31.12.1997	7,500,000	-	-	-	-
31.12.1998	7,500,000	18.67%	85.19%	6,000,000	1999
31.12.1999	7,500,000	-	64.81%	3,500,000	-

12. ACCOUNTANTS' REPORT...cont'd

Year ended	Issued and paid-up capital RM	PIW		Net Dividend RM	Year in which net dividend paid
		Dividend rate			
		Tax exempt	Less tax		
31.12.1995	6,500,000	-	-	-	-
31.12.1996	10,000,000	75%	-	7,500,000	1996
31.12.1997	10,000,000	-	-	-	-
31.12.1998	10,000,000	32%	11.11%	4,000,000	1999
31.12.1999	10,000,000	20%	-	2,000,000	-

No dividends have been declared by other subsidiary companies in the Group for the years under review.

E. SUMMARISED PROFIT AND LOSS ACCOUNTS**1. The Proforma Group**

The summarised proforma consolidated profit and loss accounts of the Group for the five (5) financial years ended December 31, 1999 as set out below, for illustrative purposes only, have been prepared on the assumption that the acquisitions of the subsidiary companies under the restructuring scheme mentioned in paragraph B2 of this report had been effected throughout the period under review.

Year ended December 31	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	39,510	61,897	99,220	124,638	135,197
Profit before charging depreciation and interest	6,323	10,445	17,540	23,398	24,730
Depreciation	(2,550)	(2,679)	(2,813)	(3,094)	(3,428)
Net interest income/ (expense)	(263)	(288)	(339)	711	800
Profit before taxation	3,510	7,478	14,388	21,015	22,102
Taxation	(743)	(2,133)	(3,657)	(5,513)	149
Net profit	2,767	5,345	10,731	15,502	22,251
No. of ordinary shares of RM1.00 each ('000)	51,000	51,000	51,000	51,000	51,000
Net earnings per share (RM)	0.05	0.10	0.21	0.30	0.44

Notes:

- Turnover increased by 57% to RM62 million in 1996 from RM39 million in 1995 due mainly to PIE, one of the subsidiaries, secured a new major customer whose orders grew from RM8 million in 1996 to RM69 million in 1999. This, together with the increase of sales to other customers, improved the group profit before tax from RM3.5 million in 1995 to RM22 million in 1999. The addition of two new subsidiaries, namely PESB and PIS had also contributed to the increase in turnover and profit before taxation starting from 1996.*
- The audited accounts of PIE, PIW, PESB and PIS for all the financial years under review are included in the proforma consolidated profit and loss accounts except for PESB and PIS which were acquired in 1996, hence consolidated audited results were only available since then.*
- The above results are arrived at after making adjustments for inter-company transactions.*
- The proforma consolidated profit and loss accounts have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the subsidiary companies.*

12. ACCOUNTANTS' REPORT...cont'd

- e) *There were no extraordinary or exceptional items during the period under review.*
- f) *The effective tax rates for the financial years ended December 31, 1995 to 1998 were lower than the respective statutory tax rates due mainly to the claim of tax incentives such as reinvestment allowance and investment tax allowance. In 1999, no provision for taxation is required due to waiver of income tax in respect of income earned in 1999. The tax recovery for year ended December 31, 1999 was due to overprovision of taxation and deferred taxation in prior years.*
- g) *The net earnings per ordinary share for the respective financial years under review has been calculated based on the proforma profit after taxation divided by the enlarged issued and paid-up share capital of 51,000,000 ordinary shares of RM1.00 each following the restructuring scheme mentioned under paragraph B2 of this report but before the public issues of 9,000,000 ordinary shares.*

2. The Company and its Subsidiary Companies

	PIB		
	10 months ended 31.12.1997 RM'000	Year ended 31.12.1998 RM'000	Year ended 31.12.1999 RM'000
Turnover	-	-	-
Loss before charging depreciation and interest	(8)	(4)	(4)
Depreciation	-	-	-
Net interest expenses	-	-	-
Loss before taxation	(8)	(4)	(4)
Taxation	-	-	-
Net loss	(8)	(4)	(4)
Weighted average no. of ordinary shares in issue	*	*	*
Net loss per share	**(5)	(2)	(2)
Gross dividend rate (%)	-	-	-

* *RM2.00 only*** *Annualised***Notes:-**

- a) *PIB was incorporated on March 21, 1997 and the first set of accounts drawn up was for the period from March 21, 1997 to December 31, 1997.*
- b) *The net loss per ordinary share has been calculated based on the loss after taxation divided by the weighted average number of shares in issue during the financial period.*

Year ended December 31	PIE Group				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	20,712	38,106	70,542	89,878	101,944
Profit before charging depreciation and interest	1,098	3,250	10,485	16,373	18,443
Depreciation	(1,024)	(1,028)	(1,105)	(1,185)	(1,819)
Net interest income/ (expense)	(70)	(180)	(479)	449	541
Profit before taxation	4	2,042	8,901	15,637	17,165
Taxation	59	(655)	(2,246)	(4,273)	50
Net profit	63	1,387	6,655	11,364	17,215
Weighted average no. of ordinary shares in issue ('000)	1,500	1,582	7,500	7,500	7,500
Net earnings per share (RM)	0.04	0.88	0.89	1.52	2.30
Gross dividend rate (%)	-	135.24	-	103.86	64.81

12. ACCOUNTANTS' REPORT...cont'd

Year ended December 31	PIE				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	20,712	30,943	54,373	72,407	78,612
Profit before charging depreciation and interest	1,098	2,861	9,021	15,175	17,304
Depreciation	(1,024)	(989)	(1,059)	(1,124)	(1,820)
Net interest income/ (expense)	(70)	(182)	(487)	411	494
Profit before taxation	4	1,690	7,475	14,462	15,978
Taxation	59	(532)	(1,971)	(3,894)	129
Net profit	63	1,158	5,504	10,568	16,107
Weighted average no. of ordinary shares in issue ('000)	1,500	1,582	7,500	7,500	7,500
Net earnings per share (RM)	0.04	0.73	0.73	1.41	2.15
Gross dividend rate (%)	-	135.24	-	103.86	64.81

Notes:

- a) In 1996, the turnover increased by 49% as compared to 1995. This is due to the Company secured a new major customer. The Company managed to achieve from merely breaking even in 1995 into a pre-tax profit of RM1.7 million in 1996. There was a strong growth in the demand from the new customer where sales increased from RM8 million in 1996 to RM44 million in 1997, RM59 million in 1998 and RM69 million in 1999. As a result, profit before tax also increased proportionately.
- b) The effective tax rates for the financial years ended December 31, 1997 and 1998 were lower than the statutory tax rates due mainly to the availability of investment tax allowance and reinvestment allowance claimed. Included in 1996 is taxation of RM75,845 relating to underprovision of taxation for the financial year 1990. Should this amount be reclassified to the financial year 1990, the effective tax rate for the financial year ended December 31, 1996 will be lower than the statutory tax rate due mainly to the claim of reinvestment allowance. The effective tax rate for 1995 is higher due to income tax charged on rental income and interest income. In 1999, no provision for taxation was required due to waiver of income tax in respect of income earned in 1999. The tax recovery for the year ended December 31, 1999 was due to overprovision of taxation and deferred taxation in prior years.
- c) There were no extraordinary or exceptional items in respect of all the financial years under review.
- d) The net earnings per ordinary share for the respective years under review has been calculated based on the profit after taxation divided by the weighted average number of shares in issue during the respective financial years.

	PESB			
	4 months ended 31.12.1996 RM'000	Year ended December 31		
		1997 RM'000	1998 RM'000	1999 RM'000
Turnover	782	3,483	7,267	19,150
Profit before charging depreciation and interest	77	123	213	903
Depreciation	-	-	-	-
Net interest income/ (expense)	-	-	-	-
Profit before taxation	77	123	213	903
Taxation	(23)	(37)	(59)	(1)
Net profit	54	86	154	902
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100
Net earnings per share (RM)	*1.62	0.86	1.54	9.02
Gross dividend rate (%)	-	-	-	-

* Annualised

12. ACCOUNTANTS' REPORT...cont'd**Notes:**

- a) *PIE Enterprise (M) Sdn. Bhd. (PESB) was incorporated on August 24, 1996 and the accounts of PESB were prepared for the first time for the financial period ended December 31, 1996.*
- b) *The strong demand for CD Rom had contributed to the tremendous growth in turnover and profit before tax in 1997, 1998 and 1999. Sales for CD Rom increased from RM1 million in 1997 to RM18 million in 1999. As a result, the profit before taxation for 1999 increased almost twelve times since 1996.*
- c) *There were no extraordinary or exceptional items in respect of all the financial years under review.*
- d) *In 1999, no provision for taxation was required due to waiver of income tax in respect of income earned in 1999. The taxation for 1999 was taken up in respect of underprovision in prior year.*
- e) *The net earnings per ordinary share for the respective years under review has been calculated based on the profit after taxation divided by the weighted average number of shares in issue during the respective financial years.*

PIS (Expressed in Singapore Dollars)				
Year ended December 31	1996	1997	1998	1999
	S\$'000	S\$'000	S\$'000	S\$'000
Turnover	3,627	6,867	8,158	4,891
Profit before charging depreciation and interest	225	661	451	101
Depreciation	(34)	(35)	(35)	(3)
Net interest income/ (expense)	1	4	16	21
Profit before taxation	192	630	432	119
Taxation	(57)	(125)	(136)	(34)
Net profit	135	505	296	85
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100
Net earnings per share (S\$)	1.35	5.05	2.96	0.85
Gross dividend rate (%)	-	-	-	-

PIS (Expressed in Ringgit Malaysia)				
Year ended December 31	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000
Turnover	6,383	13,101	19,163	11,248
Profit before charging depreciation and interest	403	1,251	1,060	233
Depreciation	(59)	(66)	(82)	(6)
Net interest income/ (expense)	2	8	38	47
Profit before taxation	346	1,193	1,016	274
Taxation	(100)	(238)	(320)	(78)
Net profit	246	955	696	196
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100
Net earnings per share (RM)	2.46	9.55	6.96	1.96
Exchange rate (average rate)	1.76	1.91	2.35	2.30
Gross dividend rate (%)	-	-	-	-

Notes:

- a) *Pan-International Corporation (S) Pte. Ltd. (PIS) was incorporated on January 11, 1995 and became a wholly owned subsidiary of PIE in 1996.*

12. ACCOUNTANTS' REPORT...cont'd

- b) *The continued growth in demand from customers has caused the sales to increase in 1997 and 1998. As a result, there was a significant increase in profit before taxation in 1997. Despite the increase in turnover in 1998, the PBT decreased slightly due to a reversal of commission income overstated in 1997 and the absence of foreign exchange gains in 1998 as compared to 1997. However, turnover took a dive in 1999 as compared to 1998 as one of the major customers reduced its order from the Company. As a result, profit before tax was reduced by 72%.*
- c) *There were no extraordinary or exceptional items in respect of all the financial years under review.*
- d) *The net earnings per ordinary share for the respective years under review has been calculated based on the profit after taxation divided by the weighted average number of shares in issue during the respective financial years.*

Year ended December 31	PIW				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	24,794	30,633	31,410	36,806	35,530
Profit before charging depreciation and interest	5,278	7,168	6,969	7,056	6,321
Depreciation	(1,525)	(1,652)	(1,709)	(1,909)	(1,615)
Net interest income/ (expense)	(193)	(108)	140	262	259
Profit before taxation	3,560	5,408	5,400	5,409	4,965
Taxation	(801)	(1,477)	(1,410)	(1,242)	99
Net profit	2,759	3,931	3,990	4,167	5,064
Weighted average no. of ordinary shares in issue ('000)	650	657	1,000	1,000	1,000
Net earnings per share (RM)	4.24	5.98	3.99	4.17	5.06
Gross dividend rate (%)	-	75.00	-	43.11	20.00

Notes:

- a) *In 1996, the turnover increased by 24% as compared to 1995. This is due to the increase in demand from related companies. As a result, profit before taxation also increased. However turnover in 1999 decreased by 3% as there was a decrease in demand from related companies. Consequently, profit before taxation also decreased.*
- b) *The effective tax rates for the financial years ended December 31, 1995 to 1998 were lower than the respective statutory tax rates due mainly to the availability of tax incentives such as investment tax allowance and reinvestment allowance. In 1999, no provision for taxation is required due to waiver of income tax in respect of income earned in 1999. The tax recovery for year ended December 31, 1999 was due to overprovision of deferred taxation in prior years.*
- c) *There were no extraordinary or exceptional items in respect of all the financial years under review.*
- d) *The net earnings per ordinary share for the respective years under review has been calculated based on the profit after taxation divided by the weighted average number of shares in issue during the respective financial years.*

12. ACCOUNTANTS' REPORT...cont'd**F. SUMMARISED BALANCE SHEETS**

The individual summarised balance sheets of PIB and its subsidiary companies based on their respective audited accounts are presented as follows:-

As at December 31	PIB		
	1997 RM'000	1998 RM'000	1999 RM'000
Cash and bank balances	*	*	*
Current liabilities	(8)	(12)	(15)
	<u>(8)</u>	<u>(12)</u>	<u>(15)</u>
Share capital	*	*	*
Accumulated loss	(8)	(12)	(15)
	<u>(8)</u>	<u>(12)</u>	<u>(15)</u>
NTA per share	(4)	(6)	(7.5)

* RM2.00 only

As at December 31	PIE Group					
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Fixed assets	15,308	14,362	13,798	13,905	14,187	17,834
Investment in unquoted shares	-	3,500	-	-	-	-
Current assets	11,049	11,426	21,543	28,765	41,556	43,518
Current liabilities	4,397	6,368	14,427	15,657	17,859	15,841
Net current assets	6,652	5,058	7,116	13,108	23,697	27,677
Long-term liabilities	(5)	(1,000)	(1,000)	-	-	-
Deferred taxation	(838)	(740)	(847)	(953)	(500)	(400)
	<u>21,117</u>	<u>21,180</u>	<u>19,067</u>	<u>26,060</u>	<u>37,384</u>	<u>45,111</u>
Share capital	1,500	1,500	7,500	7,500	7,500	7,500
Retained profit	19,617	19,680	11,566	18,221	29,585	37,300
Reserve	-	-	1	339	299	311
	<u>21,117</u>	<u>21,180</u>	<u>19,067</u>	<u>26,060</u>	<u>37,384</u>	<u>45,111</u>
Net tangible assets per share (RM)	14.08	14.12	2.54	3.47	4.98	6.01

12. ACCOUNTANTS' REPORT...cont'd

PIE						
As at December 31	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	15,308	14,362	13,718	13,839	14,186	17,847
Investment in unquoted shares	-	3,500	-	-	-	-
Investment in subsidiary companies	-	-	275	275	275	275
Current assets	11,049	11,426	20,061	25,063	35,180	36,077
Current liabilities	4,397	6,368	13,370	13,928	14,231	12,282
Net current assets	6,652	5,058	6,691	11,135	20,949	23,795
Long-term liabilities	(5)	(1,000)	(1,000)	-	-	-
Deferred taxation	(838)	(740)	(847)	(907)	(500)	(400)
	<u>21,117</u>	<u>21,180</u>	<u>18,837</u>	<u>24,342</u>	<u>34,910</u>	<u>41,517</u>
Share capital	1,500	1,500	7,500	7,500	7,500	7,500
Retained profit	19,617	19,680	11,337	16,842	27,410	34,017
	<u>21,117</u>	<u>21,180</u>	<u>18,837</u>	<u>24,342</u>	<u>34,910</u>	<u>41,517</u>
Net tangible assets per share (RM)	14.08	14.12	2.51	3.25	4.65	5.54

PESB				
As at December 31	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000
Fixed assets	-	-	-	6
Current assets	545	1,814	3,203	8,492
Current liabilities	391	1,574	2,809	7,202
Net current assets	154	240	394	1,290
	<u>154</u>	<u>240</u>	<u>394</u>	<u>1,296</u>
Share capital	100	100	100	100
Retained profit	54	140	294	1,196
	<u>154</u>	<u>240</u>	<u>394</u>	<u>1,296</u>
Net tangible assets per share (RM)	1.54	2.40	3.94	12.96

PIS (Expressed in Singapore Dollars)					
As at December 31	1995	1996	1997	1998	1999
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Fixed assets	-	69	38	3	4
Expenditure carried forward	4	-	-	-	-
Current assets	-	1,646	1,649	2,336	2,574
Current liabilities	4	1,480	927	1,303	1,457
Net current assets	(4)	166	722	1,033	1,117
Deferred taxation	-	-	(20)	-	-
	<u>-</u>	<u>235</u>	<u>740</u>	<u>1,036</u>	<u>1,121</u>
Share capital	-	100	100	100	100
Retained profit	-	135	640	936	1,021
	<u>-</u>	<u>235</u>	<u>740</u>	<u>1,036</u>	<u>1,121</u>
Net tangible assets per share (S\$)	-	2.35	7.40	10.36	11.21

12. ACCOUNTANTS' REPORT...cont'd

PIS (Expressed in Ringgit Malaysia)					
As at December 31	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	-	122	87	6	9
Expenditure carried forward	7	-	-	-	-
Current assets	-	2,896	3,821	5,347	5,921
Current liabilities	7	2,596	2,148	2,982	3,351
Net current assets	(7)	300	1,673	2,365	2,570
Deferred taxation	-	-	(46)	-	-
	-	422	1,714	2,371	2,579
Share capital	-	175	175	175	175
Retained profit	-	246	1,200	1,897	2,093
Reserve	-	1	339	299	311
	-	422	1,714	2,371	2,579
Net tangible assets per share (RM)	-	4.22	17.14	23.71	25.79
Exchange rate (closing rate)	1.80	1.76	2.32	2.29	2.30

PIW						
As at December 31	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	11,953	11,557	11,171	9,988	10,576	11,171
Investment in unquoted shares	-	3,500	-	-	-	-
Current assets	13,269	12,757	18,404	21,671	24,653	24,555
Current liabilities	3,373	3,419	6,249	5,028	4,431	5,965
Net current assets	9,896	9,338	12,155	16,643	20,222	18,590
Long-term liabilities	(2,000)	(1,500)	(500)	-	-	-
Deferred taxation	-	(287)	(287)	(102)	(102)	-
	19,849	22,608	22,539	26,529	30,696	29,761
Share capital (RM10 per share)	6,500	6,500	10,000	10,000	10,000	10,000
Retained profit	13,349	16,108	12,539	16,529	20,696	19,761
	19,849	22,608	22,539	26,529	30,696	29,761
Net tangible assets per share (RM)	30.54	34.78	22.54	26.53	30.70	29.76

12. ACCOUNTANTS' REPORT...cont'd**G. STATEMENT OF ASSETS AND LIABILITIES**

The following are the detailed statement of assets and liabilities of the proforma Group which have been prepared for illustrative purposes only, based on the audited accounts of PIB and its subsidiary companies as at December 31, 1999. The statements of assets and liabilities of the proforma Group have been prepared based on the assumption that the flotation scheme as mentioned under paragraph B2 of this report been effected on December 31, 1999 and should be read in conjunction with the notes thereon.

	Note	Audited PIB RM'000	Proforma Group RM'000
FIXED ASSETS	H3	-	43,833
CURRENT ASSETS			
Stocks	H4	-	17,326
Trade debtors		-	24,817
Other debtors, deposits and prepayments		-	1,387
Due by holding company		-	73
Due by related company		-	5,093
Fixed deposits with licensed banks		-	10,050
Cash and bank balances		-	25,994
Total Current Assets		-	84,740
CURRENT LIABILITIES			
Trade creditors		-	6,542
Other creditors and accruals		15	5,265
Due to directors	H5	-	16
Due to holding company		-	2,417
Due to related company		-	1,324
Proposed dividend		-	5,500
Taxation		-	123
Total Current Liabilities		15	21,187
NET CURRENT ASSETS		(15)	63,553
DEFERRED TAXATION		-	(400)
NET ASSETS EMPLOYED		(15)	106,986
SHARE CAPITAL	H6	-	60,000
RESERVES	H7	(15)	46,986
TOTAL CAPITAL EMPLOYED		(15)	106,986
Net tangible assets per share (RM)		(7.5)	1.78

H. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**1. BASIS OF PREPARATION OF STATEMENT OF ASSETS AND LIABILITIES**

The statement of assets and liabilities has been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

12. ACCOUNTANTS' REPORT...cont'd

2. SIGNIFICANT ACCOUNTING POLICIES
Basis of Accounting

The statement of assets and liabilities has been prepared under the historical cost convention modified by the revaluation of certain fixed assets.

Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial year. All intercompany transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only. The Group adopts the merger method of consolidation where the difference between the nominal value of shares issued as consideration and the nominal value of the shares of those subsidiary companies transferred to the Company is treated as a reduction of reserve.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's accounts. For acquisition of subsidiary companies, which meet the criteria for merger relief provisions under Section 60(4) of the Companies Act, 1965, the excess of the fair value of the consideration given over the nominal value of shares issued is credited to a separate merger reserve account.

Investments are only written down when the directors consider that there is a permanent diminution in the value of investment.

Unquoted Investment

Unquoted investment is stated at cost. Provision for diminution in value of investment is made when the directors consider that there is a permanent diminution in the value of the investment.

Depreciation of Fixed Assets

Depreciation of fixed assets is computed on the straight-line method based on the estimated useful lives of the various fixed assets at the following annual rates:

	Rates
Long leasehold land	1.67%
Leasehold improvements	10%
Factory building	2% - 10%
Plant and machinery	10% - 33.3%
Production tools and equipments	10% - 16.67%
Furniture, fittings and office equipment	10% - 33.3%
Mechanical and electrical installation	10% - 20%
Motor vehicles	20% - 33.3%
Flats	1%

12. ACCOUNTANTS' REPORT...cont'd

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is generally determined on the weighted average method.

Cost of finished goods and work-in-progress consist of cost of raw materials, direct labour and an appropriate proportion of factory overheads while the cost of raw materials consists of the purchase price plus the costs of bringing the stocks to their present location and condition. Goods-in-transit is stated at cost.

Deferred Taxation

Deferred taxation, calculated using the liability method, is provided on timing differences arising from the different treatments in accounting and taxation of certain items except where it can be demonstrated with reasonable probability that the tax deferral will continue in the foreseeable future.

In accounting for timing differences, deferred tax debits are not accounted for unless there is a reasonable expectation of their realisation.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange prevailing on the transaction dates or, where settlement of liabilities and receivables has not yet taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. Gains and losses arising from currency conversions are taken up in the profit and loss account.

Turnover

Turnover represents gross invoiced values less sales returns.

3. FIXED ASSETS

Proforma Group			
	Cost or Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At valuation:			
Long leasehold land	10,070	-	10,070
Factory building	18,464	-	18,464
Flats	2,155	-	2,155
At cost:			
Leasehold improvements	204	204	-
Plant and machinery	25,498	14,238	11,260
Furniture, fittings and office equipment	1,887	1,401	486
Production tools and equipment	1,325	789	536
Electrical installation	1,517	1,189	328
Motor vehicles	1,381	847	534
	62,501	18,668	43,833

The strata titles of the flats have not yet been issued by the relevant authorities as they are still in the process of finalisation.

12. ACCOUNTANTS' REPORT...cont'd4. STOCKS

	Proforma Group RM'000
Finished goods	3,024
Work-in-progress	6,124
Raw materials	8,530
Goods-in-transit	836
	18,514
Less : Provision for stock obsolescence	(1,188)
	17,326

5. DUE TO DIRECTORS

Amount due to directors has no fixed term of repayment and is non-interest bearing.

6. SHARE CAPITAL

	Audited PIB RM'000	Proforma Group RM'000
Ordinary shares of RM1.00 each:		
Authorised	100	100,000
Issued and fully paid:	*	60,000

* Made up of 2 ordinary shares of RM1.00 each

7. RESERVES

	Proforma Group				Total RM'000
	Exchange Reserve RM'000	Non-distributable		Distributable Retained profits RM'000	
		Share premium RM'000	Revaluation reserve RM'000		
As at 31.12.1999	311	-	-	56,947	57,258
Add:-					
Revaluation of landed properties	-	-	14,828	-	14,828
Public issue of 9,000,000 ordinary shares of RM1.00 each at a premium of RM1.80 per share	-	16,200	-	-	16,200
Merger deficit set-off against revaluation reserve	-	-	(14,828)	-	(14,828)
Merger deficit set-off against reserve	(311)	-	-	-	(311)
Merger deficit set-off against retained profits	-	-	-	(23,861)	(23,861)
Less: Flotation expenses	-	(2,300)	-	-	(2,300)
	-	13,900	-	33,086	46,986

12. ACCOUNTANTS' REPORT...cont'd**8. BANK FACILITIES**

The bank credit facilities are secured by fixed charge over the land and buildings, fixed deposits, negative pledge over the remaining assets. The bank overdraft and other trade financing bear interest ranging from 1% to 1.5% above the lending bank's lending rates and costs of fund.

9. SUBSEQUENT EVENTS

Subsequent to December 31, 1999:-

- i the Company's authorised capital of RM100,000 consisting of 100,000 shares of RM1.00 each was increased to RM100,000,000 consisting of 100,000,000 shares of RM1.00 each; and
- ii. the acquisition of Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. were completed on 8 May 2000. The issued and paid-up capital of the Company was increased by allotment of 30,178,709 and 20,821,289 additional ordinary shares of RM1.00 each in respect of the Company's acquisition of the entire issued and paid-up share capital of PIE and PIW respectively. After the acquisition and public issue, the Company's issued and paid up capital of RM2 consisting of 2 ordinary shares of RM1.00 each was increased to RM60,000,000 inclusive of public issue of RM9,000,000 consisting of 60,000,000 ordinary shares of RM1.00 each.

10. CONSOLIDATED NET TANGIBLE ASSETS COVER

Based on the proforma statement of assets and liabilities of the Proforma Group as at December 31, 1999, the proforma consolidated net tangible assets per ordinary share of RM1.00 each is as follows:-

Net assets of PIB Group as at 31 December 1999	RM'000 106,986
Number of ordinary shares of RM1.00 each as at 31 December 1999 ('000)	*
Issue of ordinary shares of RM1.00 each for exchange for shares of subsidiary companies and public issue ('000)	60,000
	<u>60,000</u>
Net tangible assets per ordinary share of RM1.00 each of the Proforma group is therefore	1.78

* *Made up of 2 ordinary shares of RM1.00 each*

11. AUDITED ACCOUNTS

No audited accounts of PIB, PIE and PIW have been prepared in respect of any period subsequent to December 31, 1999.

Yours faithfully,

KASSIM CHAN & CO.

AF 0080

Public Accountants

OUI HOAY SENG

297/3/02(J/PH)

Partner

13. DIRECTORS' REPORT
(Prepared for inclusion in this Prospectus)

Registered Office
3rd Floor Wisma Wang
251-A Jalan Burma
10350 Penang

23 May 2000

The Shareholders
P.I.E. Industrial Berhad

Dear Sir/Madam

On behalf of the Board of Directors, I wish to report after due inquiry that during the period from 31 December 1999 (being a date to which the last audited accounts of the Company and its subsidiary companies have been made) to 19 May 2000 (being a date not earlier than fourteen(14) days before the issue of this Prospectus) that:-

- (a) the business of the Company and its subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiaries;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there is no contingent liabilities by reason of any guarantees given by the Company or its subsidiaries; and
- (e) since the last audited accounts of the Company and its subsidiaries save as disclosed in the Accountants' Report as set out in Section 12 of this Prospectus, there has been no changes in published reserve nor any unusual factors affecting the profits of the Company and its subsidiary companies.

Yours faithfully
On Behalf of the Board of Directors of
P.I.E. INDUSTRIAL BERHAD

MUI CHUNG MENG
Managing Director

14. VALUERS' LETTER

(Prepared for inclusion in this Prospectus)

Jones Lang Wootton
 (Proprietor: Singham Sulaiman Sdn Bhd)
 2nd Floor, Standard Chartered Bank Chambers
 2 Lebuhr Pantai
 10300 Pulau Pinang

Our Ref: V/PG/5(A)-(C)/98/SC

23 May 2000

The Board of Directors
P.I.E. Industrial Berhad
 3rd Floor Wisma Wang
 251-A Jalan Burma
 10350 Penang

Dear Sirs,

P.I.E. INDUSTRIAL BERHAD
PROSPECTUS IN RELATION TO THE PUBLIC ISSUE OF 9,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AND OFFER FOR SALE OF 18,090,000 ORDINARY SHARES OF RM1.00 EACH AT RM2.80 PER ORDINARY SHARE

This letter has been prepared for inclusion in the Prospectus to be dated 26 May 2000 in relation to the Public Issue of 9,000,000 new ordinary shares of RM1.00 each and Offer for Sale of 18,090,000 ordinary shares of RM1.00 each at RM2.80 per ordinary share.

In accordance with the instructions from P.I.E. Industrial Berhad, we have assessed the Open Market Value of the properties belonging to P.I.E. Industrial Berhad as set out herein vide our valuation reports under references V/PG/5(A)/98/SC, V/PG/5(B)/98/SC and V/PG/5(C)/98/SC. The valuation reports have been prepared based on the "Guidelines on Asset Valuations for Submission to The Securities Commission" and valuation standards prescribed by the Board of Valuers, Appraisers and Estate Agents.

In our opinion, the Open Market Values of the properties, in their existing use, free from all encumbrances and with vacant possession are as follows:-

Registered / Beneficial Owner	Title/Location	Description / Existing Use	Tenure	Date and Methods of Valuation	Open Market Value (RM)
Pan-International Electronics (M) Sdn Bhd	HS(D) 4628/PT No. 3205, Mukim 1, Seberang Perai Tengah, Pulau Pinang (Plot 4, Jalan Jelawat Satu, Seberang Jaya Industrial Estate)	Industrial Premises	60-year leasehold expiring on 11/11/2050	30 th April 1998 Comparison and Cost Methods	14,600,000
Pan-International Electronics (M) Sdn Bhd	HS(D) 4633/PT No. 3210, Mukim 1, Seberang Perai Tengah, Pulau Pinang (Plot 6, Jalan Jelawat Satu, Seberang Jaya Industrial Estate)	Industrial Premises	60-year leasehold expiring on 03/12/2050	30 th April 1998 Comparison and Cost Methods	14,400,000
Pan-International Electronics (M) Sdn Bhd	Parent Title No. HS(D) HBM 2/PT No. 3410, Mukim 1, Seberang Perai Tengah, Pulau Pinang (Premises Nos. D-1-01 to D-1-12 and D-2-01 to D-2-12, Desa Semilang, Lorong Sembilang 32, Bandar Seberang Jaya)	24 units of medium-cost apartments/Workers' Quarters	99-year leasehold expiring on 13/04/2091	30 th April 1998 Comparison Method	2,170,000

Yours faithfully
 for and on behalf of
JONES LANG WOOTTON

TAY TAM, FISM
 B.SURV.(HONS) PROP.MGT.
 REGISTERED VALUER
 NO. V-219

15. FURTHER INFORMATION

SHARE CAPITAL

1. No Shares will be allotted on the basis of this Prospectus later than six(6) months after the date of this Prospectus.
2. There are no founder, management or deferred shares in the Company.
3. There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
4. There are no restrictions on the transfer of the Shares of the Company, except as otherwise required by law.
5. A Director is not required to hold any qualification share in the Company.

ARTICLES OF ASSOCIATION**6. Transfer of Shares**

The provisions in the Company's Articles of Association, the Second Board Listing Requirements of the KLSE, the Companies Act, 1965 and the Rules of the MCD in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

6.1 Articles of Association of the Company***Article 42***

The transfer of any securities or class of 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 Section 103 and 104 of the Act but subject to Section 107C of the Act and any exemption that may be made from compliance with Section 107C of the Act, the Company shall be precluded from registering and affecting any transfer of such securities.

Article 44

(1) Subject to the Central Depositories Act and the Rules, the directors may in their absolute discretion and without assigning any reason thereof authorise its register to cause the Central Depository to decline to register any transfer of share upon which the Company has a lien or which are not fully paid-up.

(2) Subject to the Central Depositories Act and the Rules, the directors may also authorise its registrar to cause the Central Depository to decline to register any transfer unless such other evidence as the director may reasonably require to show the right of the transferor to make the transfer is deposited at such place as the directors may appoint.

15. FURTHER INFORMATION... cont'd

Article 45

The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty(30) days in any year. At least eighteen(18) Market Days' notice or such other period of notice as may be permitted by the Exchange, of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure. In relation to such closure, the Company shall give notice, in accordance with the Rules, to the Central Depository to prepare appropriate Record of Depositors.

6.2 Second Board Listing Requirements*Section 9.5(A) - Transfer of Securities*

The transfer of any securities or class of 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 of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to sub-section 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with sub-section 107C(1) of the Companies Act, 1965, the Company shall be precluded from registering and affecting any transfer of securities.

Section 9.5(B) - Transmission of securities from Foreign Register

(1) Where:-

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

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

- (i) there shall be no change in the ownership of such securities; and
 - (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.
- (2) For the avoidance of doubt, no company which fulfills the requirements of paragraphs (a) and (b) of section 293B(1) shall allow any transmission of securities from the Malaysian Register in to the Foreign Register.

15. FURTHER INFORMATION... cont'd

6.3 Companies Act, 1965***Section 103 (1)***

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures in the company has been transmitted by operation of law.

Section 103 (1A)

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

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

Section 107C (1)

On or after the coming into operation this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and affecting any transfer of securities.

Section 107C (2)

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

6.4 Rules of the MCD

The rules within MCD on the transferability of securities are as follows:-

Rule 8.01 (2)

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

15. FURTHER INFORMATION... cont'd

Rule 8.05A

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

Rule 9.03(2)

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

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion of the said form duly witnessed by another person (other than the depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission of securities arising from the provisions of any written law or an order of the court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code on Takeovers and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission.
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in the Procedures Manuals.

15. FURTHER INFORMATION... cont'd

7. Remuneration of Director

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

Article 106

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that -

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors 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; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 107

- (1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

15. FURTHER INFORMATION... cont'd

8. Voting and Borrowing Powers of Directors

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

Article 111

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 of any related third party Provided Always that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's 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.
- (2) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.
- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Article 130

Every Director shall comply with the provisions of Sections 130 and 134 of the Act in connection with the disclosures of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

Article 131

No Director shall vote in respect of any contract or arrangement in which he has directly or indirectly a personal interest, and if he should do so his vote shall not be counted.

15. FURTHER INFORMATION... cont'd

9. Changes in Capital or Variation of Class Rights

The provisions in the Company's Articles of Association as to changes in capital or variation of class rights, which are stringent as those provided in the Companies Act, 1965 are as follows:-

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act, the Central Depository Act and to the conditions, restrictions and limitations expressed in these Articles and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT -

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
- (c) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (d) every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and -
 - (i) such approval shall specifically detail the number of shares or options to be issued to such employees and/or Directors; and
 - (ii) only Directors holding office in an executive capacity shall participate in such an issue of shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue; and
- (e) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the share.

Article 10

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by the notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or the receipt of an intimation from the person to whom the offer is made that the declines to accept the shares offered, the Directors may dispose of those shares in such manner as they may think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under these Articles and the Rules.

15. FURTHER INFORMATION... cont'd

Article 16

Notwithstanding these Articles, the Company shall comply with the provisions of the Central Depositories Act and the rules in respect of all matters relating to the prescribed securities.

Article 17

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the securities accounts of the allottees or the members with such securities save and except where it is specifically exempted from compliance with Section 38 of the Securities Industries (Central Depositories) Act, 1991, in which event it shall so similarly be exempted from compliance with the requirement. For this purpose the Company must notify the Central Depository of the names of the allottees or members and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the securities accounts of such allottees or such members.

Article 18

The Company shall allot securities and despatch notices of allotment to the allottees, within 20 Market Days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange.

Article 21

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 shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general 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-tenth (1/10) 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 22

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 to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

15. FURTHER INFORMATION... cont'd

Article 58

Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under these Articles.

DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10. The names, addresses and occupations of the Directors are set out in Section 2 of this Prospectus.
11. No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:-
 - a) a petition under bankruptcy laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is an executive officer;
 - b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - c) the subject of any order, judgement or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution or engaging in any type of business activity or practice.
12. There are no existing or proposed service contracts between the Directors and the Company or any of its subsidiaries.
13. For the financial year ended 31 December 1999, approximately RM1.2 million was paid to the Directors of the Company for services in all capacities to the Company and its subsidiaries. For the current financial year ending 31 December 2000, the estimated remuneration payable to the Directors for services in all capacities to the Company and its subsidiaries is RM1.3 million.

15. FURTHER INFORMATION... cont'd

14. According to the Register of Directors of PIB as at 19 May 2000, the direct and indirect interests of the Directors in the shares of the Company are as follows:-

	BEFORE THE IPO				AFTER THE IPO			
	No. of Shares held		% shareholding		No. of Shares held		% shareholding	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohd Jewa	1	-	-	-	* 10,001	-	0.02	-
Mui Chung Meng	-	-	-	-	* 10,000	-	0.02	-
Jou, Yen-Pong	-	-	-	-	* 10,000	-	0.02	-
Chen, Chih-Wen	-	-	-	-	* 10,000	-	0.02	-
Chang, Yen-Kuang	-	-	-	-	* 10,000	-	0.02	-
Cheng, Ken-Yi	-	-	-	-	* 10,000	-	0.02	-
Cheng Shing Tsung	-	-	-	-	* 10,000	-	0.02	-
Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail	-	-	-	-	* 10,000	-	0.02	-
Ahmad Murad Bin Abdul Aziz	1	-	-	-	* 10,001	-	0.02	-

* Include shares to be allotted pursuant to pink form allocation

15. According to the Register of Substantial Shareholders of PIB as at 19 May 2000, (being the last practicable date prior to the printing of the Prospectus the substantial shareholders of PIB and their respective direct and indirect interests in the shares of the Company are as follows:-

	BEFORE THE IPO				AFTER THE IPO			
	No. of Shares held		% shareholding		No. of Shares held		% shareholding	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
PGH	50,804,303	-	99.62	-	32,909,998	-	54.85	-
PIIC	195,695	*50,804,303	0.38	99.62	-	*32,909,998	-	54.85

* By virtue of its substantial shareholdings in PGH

Information on the Offerors

PIIC was incorporated on 19 May 1971 in Taiwan, R.O.C. It is principally involved in manufacturing and marketing of optical electronic devices and cable manufacturing and assembly.

As at 19 May 2000, the present authorised share capital of PIIC is NT4.5 billion divided into 450 million ordinary shares of NT10 each, of which 344,100,000 shares are issued and fully paid-up.

15. FURTHER INFORMATION... cont'd

The directors and substantial shareholders of PIIC and their shareholdings are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<u>Directors</u>				
Chen, Han Chin	4,200,000	1.22	-	-
Chang, Yen Kuang	-	-	-	-
Lu, Song Ching	-	-	-	-
Lee, Hon Mau	-	-	-	-
Liu, Su Chang	-	-	-	-
<u>Substantial Shareholders</u>				
Hon Hai Precision Ind. Co. Ltd. *	74,118,554	21.54	-	-
Hon Yuen International Investment Co. Ltd.	12,338,574	3.56	-	-
Bou Jet Technology Co. Ltd.	9,760,000	2.84	-	-
ABN-AMRO Trustee Co. Ltd.	7,949,000	2.31	-	-
Citibank Trustee Co. Ltd.	7,531,000	2.19	-	-

* Substantial shareholder since March 1999

PGH was incorporated on 19 July 1995 in British Virgin Islands. It is principally an investment holding company. PGH is wholly-owned by PIIC.

As at 19 May 2000, the present authorised share capital of PGH is USD15,600,000 divided into 1,560 ordinary shares of USD10,000 each, of which 1,445.883 shares are issued and fully paid-up. The directors of PGH and their respective shareholdings are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Chang, Yen Kuang	-	-	-	-
Cheng, Ken Yi	-	-	-	-
Chen, Han Chin	-	-	-	-

16. Saved as disclosed in Section 10 of this Prospectus, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiaries and which is not quoted on a recognised stock exchange.
17. No Director has any interest, direct or indirect, in the promotion of or in any assets which have, within the two(2) preceding years of the date of this Prospectus been acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired, disposed of by or leased to the Company or any of its subsidiaries or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company or any of its subsidiaries.

GENERAL

18. The nature of the Company's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 are set out in Sections 7 and 10 of this Prospectus.
19. The time of the opening of the Application List is set out in Section 16 of this Prospectus.
20. The amount payable in full on application to the Company/Offerors is RM2.80 per Share.

15. FURTHER INFORMATION... cont'd

21. As at the date of this Prospectus, no person including directors has been or is entitled to be given an option to subscribe for any shares, stocks, or debentures of the Company or any of its subsidiaries.
22. Save as disclosed in Sections 5.1 and 7 of this Prospectus no Shares or debentures of the Company have been issued or proposed to be issued as fully or partly paid-up for cash or otherwise than in cash within the two(2) preceding years of the date of this Prospectus.
23. As at the date of this Prospectus, neither the Company nor its subsidiaries have any convertible debt securities.
24.
 - a) Underwriting commission is payable by the Company and Offerors at 1.5% of the IPO price of RM2.80 per Share for the shares allocated to the Directors, employees, customers and suppliers of the PIB Group and 3.0% of the IPO price of RM2.80 per Share for the shares to be made available for subscription by the Malaysian public;
 - b) Brokerage will be paid at the rate of 1% of the IPO price of RM2.80 per Share to the parties in the circumstances specified in Section 5.7 of this Prospectus; and
 - c) Fees incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE amounting to RM2.3 million will be borne by the Company. The Offerors shall bear all expenses such as stamp duty, brokerage, underwriting commission, registration and transfer fees if any, relating to the Offer Shares.
25. Save for item 24 above, there is no commission, discount, brokerages or other special terms have been paid or granted within the two preceding years of the date of this Prospectus or is payable by the Company and 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 ordinary shares in or debentures of the Company and its subsidiaries and no Director or proposed Director or promoter or expert is entitled to receive any such payment.
26. No amount or benefit has been paid or given within the two(2) years preceding the date hereof, nor is it intended to be paid or given, to any promoter.
27. The name and address of the Auditors are set out in Section 2 of this Prospectus.
28. Saved as disclosed in Section 3 of this Prospectus, the Directors of the Company are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company.
29. Saved as disclosed in Section 3 of this Prospectus, the Directors of the Company are of the view that the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:-
 - a) Known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;
 - b) Material commitments for capital expenditure;
 - c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations;

15. FURTHER INFORMATION... cont'd

- d) Known trends or uncertainties that have had or that the Company reasonably expects will have a material favorable or unfavorable impact on revenues or operating income; and
 - e) substantial increase in revenue attributable to increase in prices or increase in volume or amount of goods or services being sold or to the introduction of new products or services.
30. Save for the Public Issue, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.
31. During the last financial year and the current financial year, there were:-
- a) no public takeover offers by third parties in respect of the Company's shares; and
 - b) no public takeover offers by the Company in respect of other companies' shares.
32. Other than the 3,000,000 Shares reserved for Directors, eligible employees, customers and suppliers of PIB Group pursuant to this Prospectus, there are at present no other schemes involving the staff in the capital of the Company or any of its subsidiaries as at the date of this Prospectus.
33. The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 16 of this Prospectus.

MATERIAL CONTRACTS, LITIGATION AND CONTINGENT LIABILITIES

34. Saved as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the PIB Group within the two(2) years preceding the date of this Prospectus:-
- a) Compensation Agreement dated 4 December 1996 made between PIE and Tsai Lung (a director of PIE then) wherein Tsai Lung agreed inter-alia to pay PIE the sum of RM3,500,000 in the event the sale and purchase agreement between PIE and Teo Guan Lee Holdings Sdn Bhd ("**TGL**") in respect of the disposal by PIE of 3,500,000 shares in Motto Technologies Sdn Bhd cannot be completed for any reason whatsoever ("**Compensation Agreement One**");
 - b) Compensation Agreement dated 4 December 1996 made between PIW and Tsai Lung (a director of PIW then) wherein Tsai Lung agreed inter-alia to pay PIW the sum of RM4,000,000 in the event the sale and purchase agreement between PIW and TGL in respect of the disposal by PIW of 4,000,000 shares in Motto Technologies Sdn Bhd cannot be completed for any reason whatsoever ("**Compensation Agreement Two**");
 - c) Share sale agreements dated 22 June 1998 and 4 May 2000 respectively between the Company and the Offerors for the Acquisition of PIW;
 - d) Share sale agreements dated 22 June 1998 and 4 May 2000 respectively between the Company and the Offerors for the Acquisition of PIE;

15. FURTHER INFORMATION... cont'd

- e) Supplemental Agreement dated 2 December 1999 made between PIW and Tsai Lung to supplement the Compensation Agreement Two wherein PIW agreed to pay Tsai Lung all sums that PIW may recover from TGL from its legal action against TGL for failing to complete the acquisition of 4 million shares in Motto Technologies Sdn Bhd. This Supplemental Agreement was executed for the reason that Tsai Lung had, pursuant to Compensation Agreement Two, paid the sum of RM4,000,000 to PIW and as such PIW has not suffered any financial loss from the disposal of 4 million shares in Motto Technologies Sdn Bhd due to TGL's failure to complete the purchase;
 - f) Supplemental Agreement dated 2 December 1999 made between PIE and Tsai Lung to supplement Compensation Agreement One wherein PIE agreed to pay Tsai Lung all sums that PIE may recover from TGL from its legal action against TGL for failing to complete the acquisition of 3.5 million shares in Motto Technologies Sdn Bhd. This Supplemental Agreement was executed for the reason that Tsai Lung had, pursuant to Compensation Agreement One, paid the sum of RM3,500,000 to PIE and as such PIE has not suffered any financial loss from the disposal of 3.5 million shares in Motto Technologies Sdn Bhd due to TGL's failure to complete the purchase;
 - g) Deed of Settlement dated 14 December 1999 made between PIIC, PIW, PIE ("**the Plaintiffs**") of one part and TGL ("**the Defendant**") of the second part and Teo Guan Lee Development Sdn Bhd, Teo Guan Lee Realty Sdn Bhd ("**the Registered Owner**") of the third part wherein the Defendant and the Registered Owner agreed to settle the sum of RM5,700,000 by inter alia, the Registered Owner transferring some shophouses to the Plaintiffs. The sum of RM5,700,000 is the sum awarded by an arbitrator in favour of the Plaintiffs arising from a matter referred to him by the Plaintiffs and the Defendant. The Plaintiffs had taken legal action against the Defendant for the Defendant's failure to complete the purchase of 12,000,000 shares in Motto Technologies Sdn Bhd from the Plaintiffs pursuant to a Share Sale Agreement made on 1 August 1996; and
 - h) Underwriting agreement dated 20 May 2000 between PIB, Arab-Malaysian, K&N Kenanga Berhad and Hwang-DBS Securities Berhad for the underwriting of 9,090,000 of the IPO Shares. The underwriting commission is at 1.5% for the 3,000,000 Shares allocated to the Directors and employees of PIB Group and 3.0% for the 6,090,000 Shares to be made available for subscription by the Malaysian public.
35. Neither the Company nor any of its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company or any of its subsidiaries.
36. Save as disclosed in Section 11.2 of this Prospectus, as at the date of this Prospectus, the Company does not have outstanding contingent liabilities.

CONSENTS

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

15. FURTHER INFORMATION... cont'd

38. The consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, letter on the profit forecast, letter on the proforma consolidated balance sheets and assumptions thereon and Accountants' Report in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
39. The consent of the Valuers to the inclusion in this Prospectus of their name and Valuers' Letter on PIB Group's properties in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

DOCUMENTS FOR INSPECTION

40. Copies of the following documents may be inspected at the registered office of the Company during office hours for a period of six(6) months from the date of the Prospectus:-
- (a) Memorandum and Articles of Association of the Company and its subsidiaries;
 - (b) Directors' Report and Accountants' Report as included herein;
 - (c) Auditors' Letters relating to the Consolidated Profit Forecast and Proforma Consolidated Balance Sheets as included herein;
 - (d) Valuers' letter on the properties;
 - (e) Valuation reports for the properties;
 - (f) Audited accounts of PIW for the past five(5) financial years ended 31 December 1995 to 1999;
 - (g) Audited accounts of PIE for the past five(5) financial years ended 31 December 1995 to 1999;
 - (h) Audited accounts of PESB for the period from 24 August 1996 to 31 December 1996 and for the three(3) financial years ended 31 December 1997 to 1999;
 - (i) Audited accounts of PIS for the period from 11 January 1995 to 31 December 1995 and for the four(4) financial years ended 31 December 1996 to 1999;
 - (j) The material contracts referred to under the Section "Material Contracts, Litigation and Contingent Liabilities"; and
 - (k) The letters of consent referred to under the Section "Consents" of this Prospectus.

15. FURTHER INFORMATION... *cont'd*

RESPONSIBILITY

41. Arab-Malaysian Merchant Bank Berhad acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the IPO and the PIB Group and is satisfied that the consolidated profit forecast (for which the Directors of the Company are solely responsible) have been stated by the Directors of the Company after due and careful inquiry; and
42. This Prospectus has been seen and approved by the Directors of the Company and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE

16.1 Opening and Closing of Application Lists

The Application Lists for the IPO will open at 10.00 am on 8 June 2000 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of PIB and/or Offerors in their absolute discretion may decide.

16.2 General Conditions for Application

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

(i) Application by eligible employees of PIB Group

Applications for the 3,000,000 Shares reserved for Directors, eligible employees, customers and suppliers of the PIB Group must be made only on the special **Pink** Application Forms provided and **NOT** on any other application form or by way of Electronic Share Application through a Participating Financial Institution's ATM.

(ii) Application by the Bumiputra investors approved by MITI

Applications for the 18,000,000 Shares reserved for the Bumiputra investors approved by MITI must be made only on the **White** Application Forms provided and **NOT** on any other application form or by way of Electronic Share Application through a Participating Financial Institution's ATM.

(iii) Application by the Malaysian Public

Applications for the 6,090,000 Shares made available for applications by the Malaysian investing public must be made on the **White** Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM, of which at least 30% of the available shares for application by the Malaysian public will be set aside for Bumiputra individuals, companies, societies, cooperations and institutions.

Directors and employees of MIH and their immediate family are strictly prohibited from applying for the Public Issue Shares.

Application for the Public Issue and Offer Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form or by way of Electronic Share Application through a Participating Financial Institution's ATM. In accordance with Section 37(1) of the Companies Act, 1965, the Application Form together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein or which are illegible will not be accepted.

Only one(1) Application can be made by each applicant. Multiple applications will not be accepted. Each Application must be for 1,000 shares or multiples thereof. The amount payable in full on application is RM2.80 per Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Each completed Application Form must be despatched by **ORDINARY POST** in the official envelopes provided, to the Issuing House at the following address:-

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

or DELIVERED BY HAND AND DEPOSITED in the Drop-in Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than **8.00 PM** on **8 June 2000**.

Applications may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 8 June 2000, between 8.30 am to 8.00 pm only.

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

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

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

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

No acknowledgement of the receipt of Application Forms or application monies will be made by the Company or the Offerors.

16.3 Applications and Acceptances

The Directors of PIB and/or the Offerors reserve the right not to accept any application which do not strictly comply with the instructions or to accept any application in part only without assigning any reason thereof.

THE SUBMISSION OF AN APPLICATION DOES NOT NECESSARILY MEAN THAT THE APPLICATION WILL BE SUCCESSFUL.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

In the event of over-subscription, acceptance of applications will be subject to ballot to be conducted in the manner as approved by the Directors. Due consideration will be given to the desirability of distributing the Public Issue and Offer Shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company and to establish an adequate market in the Shares of the Company. Acceptance of application will be made in a manner so as to comply with the SC's shareholding spread requirements that at least 25% of the issued and paid-up share capital is in the hands of public shareholders and a minimum number of 1,000 public shareholders (including up to a maximum of 250 employees) holding not less than 1,000 Shares each. Applicants will be selected in a manner to be determined by the Directors of PIB. In the event the shareholding spread is not met, the Company may not be allowed to proceed with its listing.

In the event of an under-subscription by the Malaysian public, the Public Issue and Offer Shares not applied for will be made available for subscription by the Underwriters in proportions stipulated in the Underwriting Agreement dated 20 May 2000. Any Shares not subscribed by the eligible employees and Directors of the PIB Group will be made available for application by the Malaysian public.

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

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

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

16.4 CDS Accounts

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

In the case of an application by way of an Application Form, an applicant should state his CDS Account number in the space provided on the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code in the space provided. Where an applicant already has a CDS Account he should not complete the preferred ADA Code.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

If a successful applicant fails to state either his CDS Account number or his preferred ADA code, the Company may, in the exercise of its absolute discretion, instruct the Issuing House to insert a preferred ADA Code on the Application Form and further instruct MCD to open a CDS Account on the applicant's behalf at the specified ADA and credit the shares allotted to the successful applicant into the successful applicant's CDS Account.

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

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

16.5 Notice of Allotment

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

16.6 Formalising of CDS Accounts

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

16.7 List of ADA

A list of the ADA (Broker) Codes is as follows:-

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN-UOB SECURITIES SDN BHD	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-2438668	028-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
ARAB-MALAYSIAN SECURITIES SDN BHD	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2382788	086-001
BBMB SECURITIES SDN BHD	Level 2 & 3, 4, 17 Letter Box No. 2, Menara Olympia 8 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2088800	099-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor, Podium Block Bangunan AMDB 1, Jalan Lumut 50350 Kuala Lumpur Tel No: 03-4433533	024-001
FIMA SECURITIES SDN BHD	No. 45-14, Plaza Level & Level 1 Plaza Damansara Jalan Medan Setia Satu Damansara Heights 50490 Kuala Lumpur Tel No: 03-2549966	018-001
CIMB SECURITIES SDN BHD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No: 03-2532288	065-001
HLG SECURITIES SDN BHD	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2452998	066-001
INTER-PACIFIC SECURITIES SDN BHD	Level 7, Menara Shahzan Insas 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2441888	054-001
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2041888	055-001
K & N KENANGA BERHAD	8th Floor, Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2613066	073-001
KUALA LUMPUR CITY SECURITIES SDN BHD	Lot 3.07, Level 3, Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2449322	076-001
LEONG & COMPANY SDN BHD	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-2928899	061-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
MAYBAN SECURITIES SDN BHD	30 th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel No: 03-2323822	098-001
MGI SECURITIES SDN BHD	1st & 2nd Floor, Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel No: 03-2911889	052-001
MIDF SISMA SECURITIES SDN BHD	17 & 18 Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-2668888	026-001
OSK SECURITIES BERHAD	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2624388	056-001
PB SECURITIES SDN BHD	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-2013011	051-001
PENKALEN SECURITIES SDN BHD	Ground, Mezzanine & 1st Floor Menara Pengkalen No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-2448055	064-001
RASHID HUSSAIN SECURITIES SDN BHD	Level 1, 2, 3 and 5, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-9852233	087-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	26 th -30 th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2081600	053-001
SIME SECURITIES SDN BHD	21 st Floor, Bangunan Sime Bank 4 Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-2749288	097-001
TA SECURITIES BERHAD	13 th Floor TA One Tower 22, Jalan P.Ramlee 50250 Kuala Lumpur Tel No: 03-2321277	074-001
<u>SELANGOR DARUL EHSAN</u>		
AMSTEEL SECURITIES (M) SDN BHD	2 nd , 3 rd & 4 th Floor No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-3439999	080-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
JF APEX SECURITIES BERHAD	3 rd Floor, Wisma Apex 145A-C, Jalan Bukit P.O.Box 16 43007 Kajang Selangor Darul Ehsan Tel No: 03-8361118	079-001
MOHAIYANI SECURITIES SDN BHD	2 nd & 3 rd Floor, Plaza Damansara Utama No. 2 Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7197345	095-001
SJ SECURITIES SDN BHD	Level 3, Holiday Villa No. 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7340202/7340101	096-001
HALIM SECURITIES SDN BHD	68, Jalan 52/6, New Town Centre P.O. Box 561 46770 Petaling Jaya Tel No. 03-7555777	091-001
HWANG-DBS SECURITIES BERHAD	18 th -20 th Floor, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No. 03-5533288	068-002
<u>MELAKA</u>		
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P O Box 248 75250 Melaka Tel No: 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN BHD	579, 579A & 579B Taman Melaka Raya 75000 Melaka Tel No: 06-2825211	072-001
STRAITS SECURITIES SDN BHD	Lot 9 & 10, 1 st Floor Bangunan Tabong Haji Jalan Bandar Kaba P.O. Box 209 75740 Melaka Tel No: 06-2833622	011-001
<u>PERAK DARUL RIDZUAN</u>		
BOTLY SECURITIES SDN BHD	1 st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No: 05-2531313	058-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
KIN KHOON & CO SDN BHD	23 & 25 Wisma Kota Emas Jalan Dato' Tahwil Azhar P.O. Box 421 30910 Ipoh Tel No: 05-2543311	017-001
MBf NORTHERN SECURITIES SDN BHD	No. 71, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel No: 05-2548999	067-001
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No: 05-2419800	057-001
PHILEO ALLIED SECURITIES SDN BHD	63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2558233	071-001
SBB SECURITIES SDN BHD	51 - 53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	090-001
TAIPING SECURITIES SDN BHD	21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No: 05-8089229	092-001
PREMIER CAPITAL SECURITIES SDN BHD	Wisma Premier Capital 21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415100	082-001
<u>PULAU PINANG</u>		
AA ANTHONY & COMPANY SDN BHD	No. 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No: 04-2299318	014-001
HWANG-DBS SECURITIES BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Penang Tel No: 04-2636996	068-001
KE-ZAN SECURITIES SDN BHD	1 st - 4 th Floor Wisma Ke-Zan 64, Bishop Street 10200 Pulau Pinang Tel No: 04-2634222	085-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
MERCURY SECURITIES SDN BHD	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel No: 04-3322123	093-001
SMITH ZAIN SECURITIES SDN BHD	7th & 8th Floors, PSCI Tower 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	016-001
SOON THEAM SECURITIES SDN BHD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-2281868	060-001
THONG & KAY HIAN SECURITIES SDN BHD	Level 5 & 6, Wisma Sri Pinang 60 Green Hall 10200 Pulau Pinang Tel No:04-2635481	070-001
UT SECURITIES SDN BHD	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No: 04-2626644	059-001
<u>KEDAH DARUL AMAN</u>		
ALOR SETAR SECURITIES SDN BHD	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Tel No: 04-7318088	094-001
<u>PERLIS INDRA KAYANGAN</u>		
UPEN SECURITIES SDN BHD	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel No: 04-9766315	023-001
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
PAN MALAYSIA EQUITIES SDN BHD	2nd, 9th & 10th Floor Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7638999	084-001
MALPAC SECURITIES SDN BHD	1st, 2nd and 3rd Floors 19, 20 & 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623131	063-001
<u>JOHOR DARUL TAKZIM</u>		
ENG SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	081-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
JB SECURITIES SDN BHD	Suite 8.2 Level 8 Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3332800	078-001
KESTREL SECURITIES SDN BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9532222	088-001
PENINSULA SECURITIES SDN BHD	Level 2, Menara Pelangi, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3333600	077-001
PJB PACIFIC SECURITIES SDN BHD	Podium 2A & 3, Menara Ansar 65 Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2222692	027-001
SOUTH JOHOR SECURITIES SDN BHD	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4317033	069-001
<u>PAHANG DARUL MAKMUR</u>		
WK SECURITIES SDN BHD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No: 09-5660800	083-001
<u>KELANTAN DARUL NAIM</u>		
KOTA BHARU SECURITIES SDN BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No: 09-7433388	075-001
<u>TERENGGANU DARUL IMAN</u>		
FA SECURITIES SDN BHD	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
PTB SECURITIES SDN BHD	Tingkat 1, 2 & 3 No. 61, Jalan Sultan Ismail Peti Surat 151 Pejabat Pos Besar 20700 Kuala Terengganu Tel No: 09-6235546	025-001

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
<u>SABAH</u>		
INNOSABAH SECURITIES SDN BHD	Lot 11-12, Block K Kompleks Sadong Jaya Jalan Ikan Juara 1, Karamunsing 88100 Kota Kinabalu Sabah Tel No: 088-234099	020-001
<u>SARAWAK</u>		
SARAWAK SECURITIES SDN BHD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No: 082-338000	019-001
SARAWAK SECURITIES SDN BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri, Sarawak Tel No: 085-435577	019-002

16.8 Terms and Conditions for Applications Using Application Forms

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

- (1) Application for the Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 37(1) of the Companies Act 1965, the Application Form together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein or which are illegible will not be accepted.
- (2) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY:-
 - (A) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - (B) CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - (C) MONEY ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
 - (D) GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

(E) ATM STATEMENT OBTAINED FROM:-

- ARAB-MALAYSIAN BANK BERHAD;
- ARAB-MALAYSIAN FINANCE BERHAD;
- ASIA COMMERCIAL FINANCE (M) BERHAD;
- BAN HIN LEE BANK BERHAD;
- BSN COMMERCIAL BANK (MALAYSIA) BERHAD;
- BUMIPUTRA-COMMERCE BANK BERHAD;
- BANK UTAMA (MALAYSIA) BERHAD;
- CREDIT CORPORATION MALAYSIA BERHAD;
- EON BANK BERHAD;
- EON FINANCE BERHAD;
- HOCK HUA BANK BERHAD;
- HONG LEONG FINANCE BERHAD;
- HONG LEONG BANK BERHAD;
- INTERNATIONAL BANK MALAYSIA BERHAD (*formerly known as Hock Hua (Sabah) Berhad*);
- HOCK HUA FINANCE CORPORATION BERHAD;
- MALAYAN BANKING BERHAD;
- MAYBAN FINANCE BERHAD;
- MBf FINANCE BERHAD;
- MULTI-PURPOSE BANK BERHAD;
- ORIENTAL BANK BERHAD;
- ORIENTAL FINANCE BERHAD;
- PHILEO ALLIED BANK (MALAYSIA) BERHAD;
- PUBLIC BANK BERHAD;
- PUBLIC FINANCE BERHAD;
- RHB BANK BERHAD;
- SABAH BANK BERHAD;
- SIME BANK BERHAD;
- THE PACIFIC BANK BERHAD;OR
- UNITED MERCHANT FINANCE BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF “**MIH SHARE ISSUE ACCOUNT NO. 172**” AND **CROSSED “A/C PAYEE ONLY”** (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM). APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCE MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (3) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM IF HE PRESENTLY HAS SUCH AN ACCOUNT. WHERE AN APPLICANT DOES NOT PRESENTLY HAVE A CDS ACCOUNT, HE SHOULD STATE IN HIS APPLICATION FORM HIS PREFERRED ADA CODE.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

- (4) THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM) MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL.
- (5) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen(14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of the Company shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (6) The Directors of the Company reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (7) The Directors of the Company reserve the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (8) Where an application is not accepted in full or in part, the full amount or the balance of the application monies, without interest, will be returned and shall be despatched to the applicant within twenty one (21) days from the date of the final ballot of the Application Lists by ordinary post or by registered post for partially accepted application, at the address shown on the Application Form at the applicant's own risk.
- (9) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially-successful applicants, which would subsequently be refunded without interest by registered post.
- (10) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE FORM OF APPLICATION TO MIH.

16.9 Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "**Steps for Electronic Share Application through a Participating Financial Institution's ATM**" in Section 16.10 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "**applicant**" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

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

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

Upon the closing of the offer for the application for the Public Issue Shares and Offer Shares on 8 June 2000 at 8.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Public Issue Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

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

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

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained in Section 16.9 as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.
- (b) The applicant is required to confirm the following statements (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as at the closing date of the share application.
 - I am a Malaysian citizen residing in Malaysia
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this application.
 - This is the only application that I am submitting.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

- I hereby give consent to the Participating Financial Institution and MCD to disclose information pertaining to myself and my account with the Participating Financial Institution and MCD to the Issuing House and other relevant authorities.

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

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SAID SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that the Company decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicants, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, his acceptance of the number of shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of the Company.
- (f) The Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. Where an Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two(2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two(2) market days of the balloting date. The applicant may check their accounts on the fifth market day from the balloting date.

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

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

- (h) The applicant requests and authorises the Company:-
- (i) to credit the shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - (ii) to issue share certificate(s) representing such shares allotted or allocated in the name of MCD Nominees Sdn Bhd and send the same to MCD.
- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of the Company, the Issuing House or the Participating Financial Institution, irrevocably agrees that if:-
- (i) the Company or MIH does not receive the applicant's Electronic Share Application;
 - (ii) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to the Company or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against the Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and the Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

- (k) The applicant shall ensure that his personal particulars as recorded by both MCD and the relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform MCD promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered address last maintained with MCD.
- (l) By making and completing an Electronic Share Application, the applicant agrees that:-
- (i) in consideration of the Company agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (ii) the Company, the Participating Financial Institutions, MCD and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of the Company, the acceptance of the offer made by the applicant to subscribe and purchase the shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - (iv) the applicant irrevocably authorises MCD to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allotted or allocated to the applicant; and
 - (v) the Company agree that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or Electronic Share Application Scheme and/or terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of the Company shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) The Directors of the Company reserve the right to reject applications which do not conform to these instructions.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
- ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - BUMIPUTRA-COMMERCE BANK BERHAD; (at selected branches in Klang Valley only)
 - HSBC BANK MALAYSIA BERHAD;
 - MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - OCBC BANK (MALAYSIA) BERHAD;
 - ORIENTAL BANK BERHAD;
 - STANDARD CHARTERED BANK MALAYSIA BERHAD. (at selected branches only)
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

16.10 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the IPO Share via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application is set out on Section 16.9 of the Terms and Conditions for Electronic Share Applications. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number (PIN).
 - Share Issue Number.
 - CDS Account Number.
 - Number of Shares applied for and/or the Ringgit amount to be debited from the account.
 - Confirmation of several mandatory statements.



P.I.E. INDUSTRIAL BERHAD

(Company No. 424086-X)

(Incorporated in Malaysia under the Companies Act, 1965)

PENANG:

Plot 6, Jalan Jelawat Satu,
Kawasan Perusahaan Seberang Jaya,
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