

ABRIDGED PROSPECTUS DATED 30 MAY 2002

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

A copy of this Abridged Prospectus, together with copies of the Provisional Rights Shares with Warrants Allotment Letter (and the Excess Rights Shares with Warrants Application Form contained therein), the Application Form for Rights Shares with Warrants and Excess Rights Shares with Warrants and the Application Form for Rights Shares with Warrants, have been lodged with and registered by the Registrar of Companies and Businesses in Singapore ("RCB") who takes no responsibility for the contents of the documents.

In-principle approval has been obtained from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the Rights Issue (as defined hereinafter) and for the dealing in and listing of and quotation for the Rights Shares, the Warrants, the Adjustment Warrants and the New Shares (all as defined hereinafter) on the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System (the "SGX-Sesdaq") subject to certain conditions, including a satisfactory spread of holdings for the Warrants to provide for an orderly market in the Warrants. Strike Engineering Limited (the "Company") may in its absolute discretion waive any of the said conditions in the event that the SGX-ST waives compliance of the same. The Rights Shares, the Warrants, the Adjustment Warrants and the New Shares will be admitted to the Official List of the SGX-Sesdaq and official quotation of the Rights Shares, the Warrants and the Adjustment Warrants is expected to commence after all certificates relating thereto have been issued and the allotment letters from The Central Depository (Pte) Limited ("CDP") have been despatched.

The SGX-ST takes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission to the Official List of the SGX-Sesdaq and dealing in and listing and quotation of the Rights Shares, the Warrants, the Adjustment Warrants and the New Shares are in no way reflective of the merits of the Company, its subsidiaries, the Rights Issue, the Rights Shares, the Warrants, the Adjustment Warrants or the New Shares.

All the documentation relating to the Rights Issue has been seen and approved by the Directors of the Company 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 in these documents misleading.



進工程建設有限公司

STRIKE ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

- I. **RENOUNCEABLE RIGHTS ISSUE OF BETWEEN A MINIMUM OF 146,600,000 AND UP TO A MAXIMUM OF 183,246,000 NEW ORDINARY SHARES OF \$0.05 EACH IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES"), WITH BETWEEN A MINIMUM OF 146,600,000 AND UP TO A MAXIMUM OF 183,246,000 FREE DETACHABLE WARRANTS (THE "WARRANTS"), EACH WARRANT CARRYING A RIGHT TO SUBSCRIBE FOR ONE (1) ORDINARY SHARE OF \$0.05 EACH IN THE CAPITAL OF THE COMPANY (THE "SHARE"), AT \$0.05 FOR EACH RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE AND/OR APPLICATION ON THE BASIS OF ONE (1) RIGHTS SHARE WITH ONE (1) FREE DETACHABLE WARRANT FOR EVERY FIVE (5) EXISTING SHARES HELD BY SHAREHOLDERS OF THE COMPANY AS AT 5.00 P.M. ON 28 MAY 2002, FRACTIONAL ENTITLEMENTS BEING DISREGARDED;**
- II. **A MINIMUM OF 146,600,000 AND UP TO A MAXIMUM OF 183,246,000 NEW SHARES TO BE ISSUED UPON THE EXERCISE OF THE WARRANTS;**
- III. **UP TO 10,026,630 ADJUSTMENT WARRANTS (THE "ADJUSTMENT WARRANTS"); AND**
- IV. **UP TO 10,026,630 NEW SHARES TO BE ISSUED UPON THE EXERCISE OF THE ADJUSTMENT WARRANTS**

Manager



KBC BANK (SINGAPORE) LIMITED

Underwriter



IMPORTANT DATES AND TIMES

Last date and time for:

- | | | |
|--------------------------------|---|---|
| Splitting | : | 10 June 2002 at 4.45 p.m. |
| Acceptance and Payment | : | 14 June 2002 at 4.45 p.m. (9.30 p.m. for electronic applications through ATMs of Participating Banks) |
| Renunciation and Payment | : | 14 June 2002 at 4.45 p.m. |
| Excess Application and Payment | : | 14 June 2002 at 4.45 p.m. (9.30 p.m. for electronic applications through ATMs of Participating Banks) |

For Entitled Depositors, acceptances of the Rights Shares with Warrants and/or applications for excess Rights Shares with Warrants may be made through CDP, any Authorised Trading Centre listed herein or by way of electronic application at any ATM of a Participating Bank (as defined hereinafter). For Entitled Scripholders, acceptances of the Rights Shares with Warrants, and/or applications for excess Rights Shares with Warrants may be made through Lim Associates (Pte) Ltd.

The existing Shares (as defined hereinafter) of the Company are quoted on the SGX-Sesdaq.

Persons wishing to subscribe for the Rights Shares with Warrants offered by this Abridged Prospectus should, before deciding whether to so subscribe, carefully read this Abridged Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, profit and losses, financial position and performance and prospects of the Company and the Group (as defined hereinafter) and the rights and liabilities attaching to the Rights Shares, the Warrants and the New Shares. They should also make their own independent enquiries and investigations of any assumptions, upon which financial projections, if any, are based and carefully consider this Abridged Prospectus in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their accountant, stockbroker, bank manager, lawyer or other professional adviser before deciding whether to acquire the Rights Shares with Warrants or buy any Shares in the Company.

No person has been authorised to give any information or to make any representations other than those contained in this Abridged Prospectus in connection with the Rights Issue or the issue of Rights Shares, the Warrants or the New Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or KBC Bank (Singapore) Limited. Save as expressly stated in this Abridged Prospectus, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or any of its subsidiaries. Neither the delivery of this Abridged Prospectus, the issue of the Rights Shares, the Warrants or the New Shares shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no material change in the affairs of the Company or any of its subsidiaries or any of the information contained herein since the date hereof. Where such changes occur after the date hereof, the Company may make an announcement of the same to the SGX-ST or lodge a supplementary or replacement prospectus with the RCB. All Entitled Shareholders (as defined hereinafter) of the Company and their renounees should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement prospectus, as the case may be, shall be deemed to have notice of such changes.

Neither the Company nor KBC Bank (Singapore) Limited is making any representation to any person regarding the legality of an investment in the Rights Shares with Warrants and/or the Shares by such person under any investment or any other laws or regulations. No information in this Abridged Prospectus should be considered to be business, legal or tax advice. Each prospective investor should consult his own professional or other advisor for business, legal or tax advice regarding an investment in the Rights Shares with Warrants and/or the Shares.

This Abridged Prospectus and the accompanying documents have been prepared solely for the purpose of the subscription of the Rights Shares with the free detachable Warrants under the Rights Issue, and may not be relied upon by any persons (other than Entitled Shareholders to whom it is despatched by the Company and their renounees) or for any other purpose.

This Abridged Prospectus, including the Provisional Rights Shares Allotment Letter (and the Excess Rights Shares Application Form contained therein), the Application Form for Rights Shares and Excess Rights Shares and the Application Form for Rights Shares, may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

The distribution of this Abridged Prospectus and/or its accompanying documents may be prohibited or restricted by law in certain jurisdictions. Shareholders or any other person having possession of this Abridged Prospectus and/or its accompanying documents are advised by the Company to inform themselves of and observe such prohibitions and restrictions.

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CORPORATE INFORMATION

Board of Directors	:	Yeo Jiew Yew (Managing Director) Umar Abdul Hamid Chua Koh Ming Lim Soon Hock Lum Chue Tat Then Khek Koon Lew Syn Pau Tan Kim Chew
Company Secretary	:	Wong Siew Chuan
Registered Office	:	22 Tagore Lane Singapore 787480
Share Registrar, Transfer Office and Warrant Agent	:	Lim Associates (Pte) Ltd 10 Collyer Quay, #19-08 Ocean Building Singapore 049315
Auditors	:	Arthur Andersen Certified Public Accountants 10 Hoe Chiang Road, #18-00 Keppel Towers Singapore 089315
Solicitors to the Rights Issue	:	Rajah & Tann 4 Battery Road, #26-01 Bank of China Building Singapore 049908
Manager of the Rights Issue	:	KBC Bank (Singapore) Limited 30 Cecil Street, #12-01 Prudential Tower Singapore 049712
Principal Bankers	:	United Overseas Bank Limited 80 Raffles Place, #12-00 UOB Plaza 1 Singapore 048624 Southern Bank Berhad 39 Robinson Road, #01-02 Robinson Point Singapore 068911 RHB Bank Berhad 90 Cecil Street, #03-00 Singapore 069531 Malayan Banking Berhad 2 Battery Road, Maybank Tower Singapore 049907

DEFINITIONS

For the purpose of this Abridged Prospectus, the Provisional Rights Shares with Warrants Allotment Letter (including the Excess Rights Shares with Warrants Application Form contained therein), the Application Form for Rights Shares with Warrants and Excess Rights Shares with Warrants and the Application Form for Rights Shares with Warrants, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:-

“Act” or “Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Adjustment Warrants”	:	Up to 10,026,630 additional Warrants 2006 issued as adjustments in connection with the Rights Issue and in accordance with the terms and conditions of the Deed Poll Warrants 2006 dated 9 March 2001; the Adjustment Warrants when issued shall rank <i>pari passu</i> with the Warrants 2006 issued, and for all purposes to form part of the same series constituted by the Deed Poll Warrants 2006, subject to such other terms and conditions of the Deed Poll Warrants 2006
“Application Form for Rights Shares with Warrants and Excess Rights Shares with Warrants” or “AREs”	:	The application form issued to an Entitled Depositor in respect of the provisional allotments of Rights Shares with Warrants to such Entitled Depositor in connection with the Rights Issue
“Application Form for Rights Shares with Warrants” or “ARSS”	:	The Rights Shares with Warrants application form issued to the purchasers of the provisional allotment of Rights Shares with Warrants traded on the SGX-Sesdaq under the book-entry (scripless) settlement system in connection with the Rights Issue
“ATCs”	:	Authorised Trading Centres set out on page 122 of this Abridged Prospectus
“ATM”	:	Automated teller machine of a Participating Bank
“BCA”	:	Building Construction Authority (a statutory board under the auspices of Singapore’s Ministry of National Development), established on 1 April 1999 as a result of the merger between the CIDB and the Building Control Division of the Public Works Department. (Source: BCA website at www.bca.gov.sg)
“Books Closure Date”	:	5.00 p.m. on 28 May 2002, being the time and date at and on which the Register of Members and Share Transfer Books of the Company were closed to determine the entitlements of Shareholders under the Rights Issue and, in the case of Entitled Shareholders who are Depositors, at and on which time and date their entitlements under the Rights Issue were determined
“CDP”	:	The Central Depository (Pte) Limited
“CIDB”	:	Construction Industry Development Board

“Closing Date”	:	14 June 2002, being the last date for acceptance and payment and renunciation and payment of the Rights Shares as well as application and payment for excess Rights Shares under the Rights Issue
“Company” or “Strike”	:	Strike Engineering Limited
“CPF”	:	Central Provident Fund
“Deed Poll”	:	The deed poll dated 24 May 2002 executed by the Company for the purpose of constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrantholders
“Deed Poll Warrants 2006”	:	The deed poll executed on 9 March 2001 by the Company for the purpose of constituting the Warrants 2006 and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrant 2006 holders
“Directors”	:	The directors of the Company as at the date of this Abridged Prospectus
“EGM”	:	Extraordinary General Meeting of the Company
“EPS”	:	Earnings per Share
“Electronic Application”	:	Acceptance of the Rights Shares with Warrants and (if applicable) application for excess Rights Shares with Warrants made through an ATM of one of the Participating Banks in accordance with the terms and conditions of this Abridged Prospectus
“Entitled Depositors”	:	Entitled Shareholders with Shares entered against their names in the Depository Register as at the Books Closure Date and whose registered addresses with CDP were in Singapore as at the Books Closure Date or who had, at least five (5) Market Days prior thereto, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Entitled Shareholders whose Shares are registered in their own names and whose registered addresses with the Company were in Singapore as at the Books Closure Date or who had, at least five (5) Market Days prior thereto, provided the Company with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Shareholders with registered addresses in Singapore as at the Books Closure Date or those who have at least five (5) Market Days prior to the Books Closure Date, provided the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents
“Ex-Rights Trading Date”	:	The Market Day on which the Shares commenced trading on the SGX-Sesdaq on the basis that the Shares are not entitled to the Rights Issue

“Exercise Period”	:	The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring on 20 December 2003 at 5.00 p.m., subject to the terms and conditions of the Deed Poll
“Exercise Price”	:	The price of \$0.07, payable in cash, at which each New Share may be subscribed for upon the exercise of a Warrant, subject to certain adjustment in accordance with terms and conditions of the Deed Poll
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) Market Days prior to the Books Closure Date, provided to the Company and CDP, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	:	Financial year ended or ending 30 June
“Group”	:	The Company and its subsidiaries
“HDB”	:	Housing and Development Board
“HK\$”	:	Hong Kong dollar
“Latest Practicable Date”	:	23 May 2002, being the latest practicable date prior to the printing of this Abridged Prospectus
“Manager” or “KBC Bank”	:	KBC Bank (Singapore) Limited
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NA”	:	Net Assets
“New Shares”	:	The new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants and/or the Adjustment Warrants, including, where the context admits, such new Shares arising from the exercise of any further Warrants and/or Warrants 2006 as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll and Deed Poll Warrants 2006
“NETS”	:	Network for Electronic Transfer (S) Pte Ltd
“NTA”	:	Net tangible assets
“Participating Banks”	:	The Development Bank of Singapore Ltd (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiaries, Far Eastern Bank Limited and Industrial & Commercial Bank Limited
“Provisional Rights Shares with Warrants Allotment Letters” or “PALs”	:	The provisional allotment letter issued to an Entitled Scripholder setting out the provisional allotments of Rights Shares with Warrants of such Entitled Scripholder in connection with the Rights Issue

“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or distributions
“Rights Issue”	:	Renounceable rights issue of between a minimum of 146,600,000 and up to a maximum of 183,246,000 Rights Shares, with between a minimum of 146,600,000 and up to a maximum of 183,246,000 free detachable Warrants, each Warrant carrying a right to subscribe for one (1) New Share, at \$0.05 for each Rights Share payable in full on acceptance and/or application on the basis of one (1) Rights Share with one (1) free detachable Warrant for every five (5) existing Shares held by, or standing to the credit of the Securities Accounts of, as the case may be, Entitled Shareholders as at the Books Closure Date, fractional entitlements being disregarded
“Rights Shares”	:	Between a minimum of 146,600,000 and up to a maximum of 183,246,000 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
“Rp”	:	Indonesian Rupiah
“SCCS”	:	Securities Clearing & Computer Services (Pte) Ltd
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SGX-Sesdaq”	:	Stock Exchange of Singapore Dealing and Automated Quotation System
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Lim Associates (Pte) Ltd
“Shareholders”	:	Registered holders of Shares or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	:	Ordinary shares of \$0.05 each in the capital of the Company
“sq.m”	:	Square metre
“Underwriter” or “DMG”	:	DMG & Partners Securities Pte Ltd
“Warrantholders”	:	Registered holders of the Warrants, except that where CDP is the registered holder, the term “Warrantholders” shall, in relation to such Warrants and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Warrants

“Warrants”	:	Between a minimum of 146,600,000 and up to a maximum of 183,246,000 detachable warrants in registered form to be issued free by the Company with the Rights Shares, and (where the context so admits) such additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants set out in the Deed Poll (any additional Warrants to rank <i>pari passu</i> with the warrants issued with the Rights Shares, and for all purposes to form part of the same series), each Warrant entitling the Warrantholder to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions of the Warrants set out in the Deed Poll
“Warrants 2006”	:	183,230,000 outstanding warrants, as at the Latest Practicable Date, in registered form issued by the Company on 6 April 2001, and expiring on 5 April 2006, and (where the context so admits) such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants 2006 as set out in the Deed Poll Warrants 2006
“US\$”	:	United States dollar
“%” or “per cent”	:	Percentage or per centum
“\$” and “cents”	:	Singapore dollars and cents respectively, unless otherwise stated

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them, respectively, in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or the SGX-ST Listing Manual or any modification thereof and used in this Abridged Prospectus shall, where applicable, have the meaning assigned to it under the Act or the SGX-ST Listing Manual or such modification thereof, as the case may be.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Singapore time unless otherwise stated.

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

(I) ENTITLED SHAREHOLDERS

Entitled Shareholders have been provisionally allotted the Rights Shares with Warrants under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are entitled to participate in the Rights Issue and to receive this Abridged Prospectus together with the PAL or the ARE, as the case may be, and its accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm for the period up to the close of the Rights Issue. Entitled Scripholders who do not receive the PALs may obtain them from the Share Registrar for the period up to the close of the Rights Issue.

All dealings in and transactions of the provisional allotments of Rights Shares with Warrants through the SGX-Sesdaq will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which is issued to Entitled Shareholders (not being Depositors) will not be valid for delivery pursuant to trades done on the SGX-Sesdaq.

(II) FOREIGN SHAREHOLDERS

This Abridged Prospectus and its accompanying documents relating to the Rights Issue have not been and will not be registered in any jurisdiction other than Singapore. The distribution of this Abridged Prospectus and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, this Abridged Prospectus and its accompanying documents have not been and will not be despatched to Foreign Shareholders.

Accordingly, no provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefor by Foreign Shareholders will be valid.

This Abridged Prospectus and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are not in Singapore (the "Foreign Purchasers"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants or any applications for excess Rights Shares with Warrants where it believes that such acceptance or application may violate the applicable legislation of any jurisdiction.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil paid" on the SGX-Sesdaq as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales will, however, only be effected if the Company in its absolute discretion determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than \$10.00, such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company, KBC Bank or CDP in connection therewith.

Where such provisional allotments are sold “nil-paid” on the SGX-Sesdaq, they will be sold at such price or prices as the Company, may in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, KBC Bank or CDP in respect of such sales, such provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments cannot be sold or are not sold on the SGX-Sesdaq as aforesaid for any reason by such time as the SGX-Sesdaq shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, KBC Bank or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders having possession of this Abridged Prospectus and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirements in those territories.

PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION BY ENTITLED DEPOSITORS

Entitled Depositors are entitled to receive this Abridged Prospectus and the ARE which form part of this Abridged Prospectus.

The provisional allotments of Rights Shares with Warrants are governed by the terms and conditions of this Abridged Prospectus and the enclosed ARE. The numbers of Rights Shares with Warrants provisionally allotted to each Entitled Depositor are indicated in the ARE (fractional entitlements to a Rights Share with Warrants (if any) having been disregarded). The Securities Accounts of Entitled Depositors have been credited by CDP with provisional allotments of Rights Shares with Warrants as indicated in the ARE. Entitled Depositors may accept their provisional allotments of Rights Shares with Warrants in whole or in part. Full instructions for the acceptance of and payment for the provisional allotments of Rights Shares with Warrants are set out in the ARE.

If an Entitled Depositor wishes to accept his provisional allotment of Rights Shares with Warrants specified in the ARE, in full or in part, and (if applicable) apply for excess Rights Shares with Warrants in addition to the Rights Shares with Warrants he has been provisionally allotted, he may do so by completing the relevant portions of the ARE or by way of an Electronic Application. An Entitled Depositor should ensure that the ARE is accurately and correctly completed, failing which the acceptance of the provisional allotment of Rights Shares with Warrants and (if applicable) application for excess Rights Shares with Warrants may be rejected.

Approval has been obtained from the CPF Board for those members participating in its investment scheme (collectively, "IS Members") to use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts ("CPF Funds") to pay for the Rights Shares with Warrants, the Exercise Price of the Warrants and the exercise price of the Adjustment Warrants. IS Members who wish to accept the provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct the respective approved banks, where such IS Members hold their CPF Investment Accounts, to subscribe for the Rights Shares with Warrants on their behalf in accordance with this Abridged Prospectus. CPF Funds may not, however, be used for the purchase of the provisional allotments of Rights Shares with Warrants.

An Entitled Depositor may accept his provisional allotment of Rights Shares with Warrants specified in his ARE and (if applicable) apply for excess Rights Shares with Warrants either through an ATC, CDP or by way of Electronic Application through an ATM of a Participating Bank as described below.

(A) ACCEPTANCE/APPLICATION THROUGH AN ATC

To accept the provisional allotment of Rights Shares with Warrants specified in the ARE and (if applicable) apply for excess Rights Shares with Warrants through an ATC, the duly completed ARE must be submitted by the relevant Entitled Depositor personally to an ATC at the time of acceptance and (if applicable) excess application. All application forms for the Rights Shares with Warrants must, in any event, be submitted **not later than 4.45 p.m. on 14 June 2002. NO BANKER'S DRAFT OR CASHIER'S ORDER IS REQUIRED IF THE ENTITLED DEPOSITOR IS ACCEPTING HIS PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS AND (IF APPLICABLE) APPLYING FOR EXCESS RIGHTS SHARES WITH WARRANTS THROUGH AN ATC.** The Entitled Depositor must have an ATM card issued to him in his own name by one of the NETS member banks or their subsidiaries (collectively the "NETS Banks" and individually the "NETS Bank"). The full amount payable for the relevant number of Rights Shares with Warrants accepted and (if applicable) the excess Rights Shares with Warrants applied for will be rounded up to the nearest whole cent (if applicable) and deducted from the Entitled Depositor's account maintained with his NETS Bank. The Entitled Depositor may submit acceptances for the Rights Shares with Warrants and (if applicable) applications for excess Rights Shares with Warrants but the aggregate amount deducted from the Entitled Depositor's account with a particular NETS Bank may not exceed \$100,000 for each day. Additional application forms and this Abridged Prospectus are available from CDP, the Share Registrar or any stockbroking firm in Singapore.

By accepting his provisional allotment of Rights Shares with Warrants and (if applicable) applying for excess Rights Shares with Warrants through an ATC, an Entitled Depositor irrevocably and unconditionally agrees that he consents to the Company, KBC Bank, the SGX-ST, CDP, the ATC, the NETS Bank, the Share Registrar and all persons to whom Section 47(3) of the Banking Act, Chapter 19 of Singapore applies, giving, divulging or revealing, in any manner howsoever, his name, National Registration Identity Card (“NRIC”)/Passport number, CDP Securities Account number, address, number of Shares standing to the credit of his Securities Account with CDP, the number of Rights Shares with Warrants accepted and (if applicable) the number of excess Rights Shares with Warrants applied for and any other relevant information whatsoever to the Company, KBC Bank, the SGX-ST, CDP, the ATC, the NETS Bank, the Share Registrar, and its Participating Banks and any other relevant parties.

Each of the Entitled Depositors also irrevocably agrees and acknowledges that the submission of his acceptance and (if applicable) excess application and payment for the Rights Shares with Warrants, if effected through an ATC, is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the ATCs, the Company and/or KBC Bank) and any events whatsoever beyond the control of CDP, the Company and/or KBC Bank and if, in any such event, CDP, the Company and/or KBC Bank do not record or receive the same from the ATC by the 4.45 p.m. on the Closing Date or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Entitled Depositor shall be deemed not to have accepted the Rights Shares with Warrants and (if applicable) applied for excess Rights Shares with Warrants and he shall have no claim whatsoever against CDP, the Company and/or KBC Bank in respect of any purported acceptance thereof and (if applicable) excess application therefor, or for any compensation, losses or damages in connection therewith or in relation thereto.

(B) ACCEPTANCE/APPLICATION THROUGH CDP

To accept the provisional allotment of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants through CDP, the duly completed ARE, must be accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Shares with Warrants accepted and (if applicable) excess Rights Shares with Warrants applied for and submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 20 CECIL STREET #07-02/05, SINGAPORE EXCHANGE, SINGAPORE 049705** or by post in the self-addressed envelope provided, at the sender’s own risk, to **THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **4.45 p.m. on 14 June 2002**. The payment must be made in Singapore currency in the form of a Banker’s Draft or Cashier’s Order drawn on a bank in Singapore and made payable to **“THE CENTRAL DEPOSITORY (PTE) LIMITED – STRIKE RIGHTS ISSUE ACCOUNT”** for the Rights Shares with Warrants and crossed **“Not Negotiable, A/c Payee Only”** with the name and Securities Account number of the Entitled Depositor clearly written on the reverse side. **NO COMBINED BANKER’S DRAFT OR CASHIER’S ORDER FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

(C) ACCEPTANCE/APPLICATION BY WAY OF ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK

Instructions for Electronic Applications through ATMs to accept the Rights Shares with Warrants provisionally allotted or (if applicable) to apply for excess Rights Shares with Warrants will appear on the ATM screens of the respective Participating Banks. Please refer to page 19 for the additional terms and conditions for Electronic Application through an ATM of a Participating Bank.

An Entitled Depositor may choose to accept his provisional allotment of Rights Shares with Warrants specified in the ARE in full or in part. If an Entitled Depositor wishes to accept part of his provisional allotment of Rights Shares with Warrants and trade the balance of his provisional allotment of Rights Shares with Warrants on the SGX-Sesdaq, he should:-

- (i) complete the ARE for the number of Rights Shares with Warrants provisionally allotted which he wishes to accept and submit the ARE together with payment in the prescribed manner as described above to an ATC or CDP; or
- (ii) subscribe for that part of his provisional allotment of Rights Shares with Warrants by way of Electronic Application in the prescribed manner.

The balance of his provisional allotment of Rights Shares with Warrants may be sold as soon as dealings therein commence on the SGX-Sesdaq.

Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares with Warrants on the SGX-Sesdaq during the provisional allotment trading period should note that the provisional allotments of Rights Shares with Warrants will be tradeable in board lots, each board lot comprising provisional allotments of 1,000 Rights Shares with Warrants, as the case may be, or any other board lot size which the SGX-ST may require. Such Entitled Depositors may start trading in their provisional allotments of Rights Shares with Warrants as soon as dealings therein commence on the SGX-Sesdaq.

The AREs need not be forwarded to the purchasers of the provisional allotments of Rights Shares with Warrants ("Purchasers") as arrangements will be made by CDP for separate ARSs to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Company, send the ARSs, accompanied by this Abridged Prospectus, by ordinary post and at the Purchasers' own risk, to their respective Singapore addresses as recorded with CDP. Purchasers should ensure that their ARSs are accurately and correctly completed, failing which the acceptance of the provisional allotment of Rights Shares with Warrants may be rejected. Purchasers who do not receive the ARSs accompanied by this Abridged Prospectus may obtain the ARSs accompanied by this Abridged Prospectus from CDP, the Share Registrar or any stockbroking firm for the period up to **4.45 p.m. on 14 June 2002**.

This Abridged Prospectus and its accompanying documents will not be despatched to purchasers whose registered addresses with CDP are not in Singapore ("Foreign Purchasers"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

Purchasers should inform their finance company/Depository Agent if their purchase of such provisional allotments are settled through the abovementioned intermediaries. In such instances, if the Purchasers wish to accept the Rights Shares with Warrants represented by the provisional allotments purchased, they will need to go through these intermediaries, who will then subscribe for the Rights Shares with Warrants on their behalf.

As an illustration, if an Entitled Depositor has 1,000 Shares standing to the credit of his Securities Account as at the Books Closure Date, the Entitled Depositor will be provisionally allotted 200 Rights Shares with 200 Warrants as set out in his ARE. The Entitled Depositor's alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:-

Alternatives	Procedures to be taken
(a) Accept his entire provisional allotment of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants	(i) Accept his entire provisional allotment of 200 Rights Shares with 200 Warrants and (if applicable) apply for excess Rights Shares with Warrants by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than 9.30 p.m. on 14 June 2002 ; or

Alternatives

Procedures to be taken

- (ii) Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 200 Rights Shares with 200 Warrants and (if applicable) the number of excess Rights Shares with Warrants applied for and:-
- (1) Submit the ARE personally to an ATC and make payment for \$10 (or, if applicable, such higher amount in respect of the total number of Rights Shares with Warrants accepted and excess Rights Shares with Warrants applied for) through NETS not later than **4.45 p.m. on 14 June 2002**; or
 - (2) forward the ARE together with a single remittance for \$10 (or, if applicable, such higher amount in respect of the total number of Rights Shares with Warrants accepted and excess Rights Shares with Warrants applied for) by way of a Banker's Draft or Cashier's Order drawn in Singapore currency on a bank in Singapore and made payable to **"THE CENTRAL DEPOSITORY (PTE) LIMITED - STRIKE RIGHTS ISSUE ACCOUNT"** for the Rights Shares with Warrants and crossed **"NOT NEGOTIABLE, A/C PAYEE ONLY"** for the full amount due on acceptance, by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 20 CECIL STREET #07-02/05, SINGAPORE EXCHANGE, SINGAPORE 049705** or by post, at his own risk, in the self-addressed envelope provided to **THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD P.O. BOX 1597, SINGAPORE 903147** so as to arrive not later than **4.45 p.m. on 14 June 2002** and with the name and Securities Account number of the Entitled Depositor written on the reverse side. **NO COMBINED BANKER'S DRAFT OR CASHIER'S ORDER FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT WILL BE ACCEPTED.**
- (b) Accept a portion of his provisional allotment of Rights Shares with Warrants, for example his entitlement to 50 provisionally allotted Rights Shares with 50 Warrants, and reject the balance
- (i) Accept the provisional allotment of 50 Rights Shares with 50 Warrants by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 14 June 2002**; or

Alternatives

Procedures to be taken

- (ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 50 Rights Shares with 50 Warrants and:-
- (1) Submit the ARE personally to an ATC and make payment of \$2.50 through NETS not later than **4.45 p.m. on 14 June 2002**; or
 - (2) Forward the ARE together with a single remittance for \$2.50 in the prescribed manner described in alternative (a)(ii)(2) above to CDP so as to arrive not later than **4.45 p.m. on 14 June 2002**.
- The balance of the provisional allotment of 150 Rights Shares with 150 Warrants which is not accepted by the Entitled Depositor will automatically lapse and cease to be available for acceptance by that Entitled Depositor if an acceptance is not made through an ATM of a Participating Bank by **9.30 p.m. on 14 June 2002** or if an acceptance is not made through an ATC or CDP by **4.45 p.m. on 14 June 2002**.
- (c) Accept a portion of his provisional allotment of Rights Shares with Warrants, for example his entitlement to 50 provisionally allotted Rights Shares with 50 Warrants, and trade the balance on the SGX-Sesdaq
- (i) Accept the provisional allotment of 50 Rights Shares with 50 Warrants by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 14 June 2002**; or
 - (ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 50 Rights Shares with 50 Warrants, and:-
 - (1) Submit the ARE personally to an ATC and make payment of \$2.50 through NETS not later than **4.45 p.m. on 14 June 2002**; or
 - (2) Forward the ARE together with a single remittance for \$2.50 in the prescribed manner described in alternative (a)(ii)(2) above to CDP, so as to arrive not later than **4.45 p.m. on 14 June 2002**.

Alternatives

Procedures to be taken

The balance of the provisional allotments of 150 Rights Shares with 150 Warrants may be traded on the SGX-Sesdaq during the provisional allotment trading period. **Entitled Depositors should note that the provisional allotments of Rights Shares will be tradeable in the ready market, with each board lot comprising provisionally allotments of 1,000 Rights Shares, and or any other board lot which the SGX-ST may require during the provisional allotment trading period.**

THE LAST TIME AND DATE FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS UNDER THE RIGHTS ISSUE IS:-

- (A) 9.30 P.M. ON 14 JUNE 2002 IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS IS MADE THROUGH AN ATM OF A PARTICIPATING BANK; OR**
- (B) 4.45 P.M. ON 14 JUNE 2002 IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS IS MADE THROUGH AN ATC OR CDP.**

If acceptance and payment for the Rights Shares with Warrants in the prescribed manner as set out in the ARE/ARS (as the case may be) and this Abridged Prospectus is not received through an ATM of a Participating Bank **by 9.30 p.m. on 14 June 2002** or through an ATC or CDP by **4.45 p.m. on 14 June 2002** from any Entitled Depositor or Purchaser, the provisional allotments of Rights Shares with Warrants shall be deemed to have been declined and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

If any Entitled Depositor or Purchaser is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The excess Rights Shares with Warrants are available for application subject to the terms and conditions contained in the ARE and this Abridged Prospectus and (if applicable) the Memorandum and Articles of Association of the Company. Applications for excess Rights Shares with Warrants will, at the Directors' absolute discretion, be satisfied from such Rights Shares with Warrants as are not validly taken up by Entitled Depositors, the original allottee(s) or their respective renouncee(s) or the Purchaser(s) of the provisional allotments, together with the aggregated fractional entitlements and any unsold "nil-paid" provisional allotment of Rights Shares with Warrants of Foreign Shareholders in accordance with the terms and conditions contained in the ARE and this Abridged Prospectus. In the event that applications are received by the Company for more excess Rights Shares with Warrants than are available, the excess Rights Shares with Warrants available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit. The Company reserves the right to refuse any application for excess Rights Shares with Warrants in whole or in part without assigning any reason whatsoever therefor. CDP takes no responsibility for any decision that the Directors may make.

If no excess Rights Shares with Warrants are allotted or if the number of excess Rights Shares with Warrants allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to such Entitled Depositors without interest or any share of revenue or other benefit arising therefrom within fourteen (14) days after the Closing Date, by crediting their accounts with the relevant NETS Bank at their own risk (if they accept through the ATCs) or their accounts with the relevant Participating Banks (if they accept by way of an Electronic Application) at their own risk, the receipt by such bank being a good discharge to the Company, KBC Bank and CDP for their obligations, if any, thereunder, or by means of a crossed cheque drawn on a bank in Singapore and sent to them by ordinary post and at their own risk (if they accept through CDP).

It should be particularly noted that unless:-

- (i) acceptance of the provisional allotment of Rights Shares with Warrants is made by the Entitled Depositors or the Purchasers (as the case may be) at an ATC and payment of the full amount payable for such Rights Shares with Warrants is effected through NETS by **4.45 p.m. on 14 June 2002**; or
- (ii) acceptance of the provisional allotment of Rights Shares with Warrants is made by the Entitled Depositors or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Shares with Warrants is effected by **9.30 p.m. on 14 June 2002**; or
- (iii) acceptance and payment in Singapore currency by Banker's Draft or Cashier's Order drawn on a bank in Singapore and made out in favour of **"THE CENTRAL DEPOSITORY (PTE) LIMITED - STRIKE RIGHTS ISSUE ACCOUNT"** for the Rights Shares with Warrants and crossed **"NOT NEGOTIABLE, A/C PAYEE ONLY"** for the full amount of the provisionally allotted Rights Shares with Warrants due on acceptance and with the names and Securities Account numbers of the Entitled Depositors or the Purchasers (as the case may be) clearly written on the reverse side is submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 20 CECIL STREET #07-02/05, SINGAPORE EXCHANGE, SINGAPORE 049705** or by post in the self-addressed envelope provided, at the sender's own risk, to **THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD, P.O. BOX 1597, SINGAPORE 903147** by **4.45 p.m. on 14 June 2002**,

the provisional allotment of Rights Shares with Warrants will be deemed to have been declined and shall forthwith lapse and become void. All monies received in connection therewith will be returned to the Entitled Depositors or the Purchasers (as the case may be) without interest or share of revenue or other benefit arising therefrom, BY ORDINARY POST (where acceptance is through CDP) or by crediting their accounts with the relevant NETS Banks (where acceptance is through the ATCs) or Participating Banks (where acceptance is through Electronic Application at the ATMs), and at the Entitled Depositors' or the Purchasers' (as the case may be) own risk within fourteen (14) days after the Closing Date.

ACCEPTANCES ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.

PROCEDURES FOR ACCEPTANCE, PAYMENT, SPLITTING, RENUNCIATION AND EXCESS APPLICATION BY ENTITLED SCRIPHOLDERS

Acceptances of the provisional allotment of and any excess application for the Rights Shares with Warrants must be made on the appropriate form(s) accompanying and forming part of this Abridged Prospectus.

Entitled Scripholders are entitled to receive this Abridged Prospectus together with the following documents which are enclosed with, and form part of this Abridged Prospectus:-

For the Rights Issue

PAL incorporating:-

Form of Acceptance	Form A
Request for Splitting	Form B
Form of Renunciation	Form C
Form of Nomination	Form D
Excess Rights Shares with Warrants Application Form	Form E

The provisional allotment of the Rights Shares with Warrants and application for excess Rights Shares with Warrants are governed by the terms and conditions of this Abridged Prospectus, (if applicable) the Memorandum and Articles of Association of the Company and the enclosed PAL, Excess Rights Shares with Warrants Application Form. The PAL shows the number of Rights Shares with Warrants, which Entitled Scripholders have been provisionally allotted (fractional allotments, if any, having been disregarded) and contain full instructions with regard to acceptance and payment and the procedures to be followed should such Entitled Scripholders wish to renounce, transfer or split all or any part of their provisional allotment pursuant to the Rights Issue. Entitled Scripholders may accept their allotment in whole or in part.

Entitled Scripholders who wish to accept their entire provisional allotments or to accept any part of it and decline the balance, should complete Form A of the PAL for the number of Rights Shares with Warrants which they wish to accept and forward the PAL in their entirety together with payment in the prescribed manner to the Share Registrar, so as to arrive not later than 4.45 p.m. on 14 June 2002.

Entitled Scripholders who intend to trade any part of their provisional allotment of Rights Shares with Warrants on the SGX-Sesdaq should note that **all dealings in and transactions of the Rights Shares allotments through the SGX-Sesdaq will be effected under the book-entry (scripless) settlement system. Accordingly, the PAL will not be valid for delivery pursuant to trades done on the SGX-Sesdaq.**

Entitled Scripholders who wish to accept part of their provisional allotments and renounce the balance, or who wish to renounce all or part of their provisional allotments in favour of more than one person, should first, using Form B of the PAL, request to have their provisional allotments under the PAL split into separate PAL ("Split Letters") according to their requirements. The Split Letter(s), in respect of the provisionally allotted Rights Shares with Warrants which Entitled Scripholders wish to accept, should be forwarded together with respective Form A, duly completed and signed, and payment in the prescribed manner to **STRIKE ENGINEERING LIMITED, c/o THE SHARE REGISTRAR, LIM ASSOCIATES (PTE) LTD at 10 Collyer Quay #19-08, Ocean Building, Singapore 049315** so as to arrive not later than 4.45 on 10 June 2002. Split Letters will then be issued to the Entitled Scripholders in accordance with their request. No Split Letters will be issued to the Entitled Scripholders if Form B is received after 4.45 p.m. on 10 June 2002. The Split Letters representing the number of Rights Shares with Warrants which Entitled Scripholders intend to renounce, may be renounced by completing Form C before delivery to the renounee(s).

Entitled Scripholders who wish to renounce their entire provisional allotment of Rights Shares with Warrants, or to renounce any part of it and decline the balance, should complete Form C for the number of Rights Shares with Warrants which they intend to renounce and deliver the PAL to the renounee(s).

Unless acceptance and payment in the form of a remittance in Singapore currency for the full amount due on acceptance in the form of a Banker's Draft or a Cashier's Order drawn on a bank in Singapore and made payable to "**STRIKE RIGHTS ISSUE ACCOUNT**" for the Rights Shares with Warrants, and crossed "**Not Negotiable, A/C Payee Only**" and with the name and address of the accepting party clearly written on the reverse side is received by **STRIKE ENGINEERING LIMITED, c/o THE SHARE REGISTRAR, LIM ASSOCIATES (PTE) LTD at 10 Collyer Quay #19-08, Ocean Building, Singapore 049315** by 4.45 p.m. on the Closing Date, the provisional allotment will be deemed to have been declined and shall forthwith lapse and become void. Such provisional allotments of Rights Shares with Warrants not accepted will be allotted to satisfy excess applications or disposed of in such manner as the Directors may, in their absolute discretion, deem fit. All monies received in connection therewith will be returned to Entitled Scripholders by ORDINARY POST without interest or other benefit within fourteen (14) days from the Closing Date at their own risk. **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

The Excess Rights Shares with Warrants Application Form contains full instructions with regard to excess Rights Shares with Warrants application, and payment and the procedures to be followed if you wish to apply for Rights Shares with Warrants in excess of your provisional allotment of Rights Shares with Warrants. Applications in excess of each Entitled Scripholder's provisional allotment may be made by completing and forwarding the Excess Rights Shares with Warrants Application Form, attached to the enclosed PAL. Each application, to be accompanied by a **SEPARATE REMITTANCE** for the full amount payable on the excess Rights Shares with Warrants applied for strictly in the form and manner set out above, must be forwarded to **STRIKE ENGINEERING LTD, c/o THE SHARE REGISTRAR, LIM ASSOCIATES (PTE) LTD at 10 Collyer Quay #19-08, Ocean Building Singapore 049315** so as to arrive not later than 4.45 p.m. on 14 June 2002 at your own risk. Payment for the excess Rights Shares with Warrants applied for must be made in Singapore currency in the form of a Banker's Draft or Cashier's Order drawn on a bank in Singapore and made out in favour of "**STRIKE RIGHTS ISSUE ACCOUNT**", and crossed "**Not Negotiable, A/C Payee Only**" with the name and address of the Entitled Scripholder clearly written on the reverse side of the remittance. **APPLICATIONS ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.** Applications for excess Rights Shares with Warrants by the Entitled Scripholders are subject to the terms and conditions contained in the PAL, the Excess Rights Shares with Warrants Application Forms and this Abridged Prospectus. Applications for excess Rights Shares with Warrants will, at the Directors' absolute discretion, be satisfied from such Rights Shares with Warrants as are not validly taken up by Entitled Scripholders or their respective renouncee(s), the unsold "nil paid" provisional Rights Shares with Warrants allotments (if any) of Foreign Shareholders and the aggregated fractional entitlements. In the event that applications are received by the Company for more excess Rights Shares with Warrants than are available, the excess Rights Shares with Warrants available will be allotted in such manner as the Directors in their absolute discretion deem fit. The Company reserves the right to allot the excess Rights Shares with Warrants applied for under the Excess Rights Shares with Warrants Application Form in any manner they deem fit and to reject or to refuse, in whole or in part, any application for excess Rights Shares with Warrants without giving any reason whatsoever therefor.

If no excess Rights Shares with Warrants are allotted or if the number of excess Rights Shares with Warrants allotted is less than that applied for, the amount paid on application for excess Rights Shares with Warrants or the surplus of the application monies for excess Rights Shares with Warrants received by the Company (as the case may be) will be returned to such Entitled Scripholders BY ORDINARY POST and at their own risk without interest or share of revenue or other benefit within fourteen (14) days after the Closing Date.

No acknowledgements or receipts will be issued in respect of any acceptances, remittances or applications.

Entitled Scripholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (the “Steps”). Please read carefully the terms and conditions of this Abridged Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept and (if applicable) apply for Rights Shares with Warrants at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Any reference to the “Applicant” in the terms and conditions for Electronic Applications and the Steps shall mean the Entitled Depositor or his renounee or the purchaser of the provisional allotment who accepts or (as the case may be) who applies for the Rights Shares with Warrants through an ATM of the Participating Banks. An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip (“Transaction Record”), confirming the details of his Electronic Application. The Transaction Record is for retention by the Applicant and should not be submitted with any ARE/ARS.

An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM Card issued to him in his own name. Using his own Securities Account number with an ATM Card which is not issued to him in his own name will render his acceptance or (as the case may be) application liable to be rejected.

The Electronic Application shall be made on, and subject to, the terms and conditions of this Abridged Prospectus including, but not limited to, the terms and conditions appearing below:–

- (1) In connection with his Electronic Application for the Rights Shares with Warrants, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:–
 - (a) **that he has received a copy of this Abridged Prospectus and has read, understood and agreed to all the terms and conditions of acceptance and (as the case may be) application for the Rights Shares with Warrants under the Rights Issue and this Abridged Prospectus prior to effecting the Electronic Application and agrees to be bound by the same; and**
 - (b) **that he consents to the disclosure of his name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number and application details (the “Relevant Particulars”) from his account with that Participating Bank to the Share Registrar, SCCS, CDP, CPF Board, the SGX-ST, the Company and KBC Bank (the “Relevant Parties”).**

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless he presses the “Enter” or “OK” or “Confirm” or “Yes” key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(4) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- (2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Shares with Warrants using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.
- (3) The Applicant irrevocably agrees and undertakes to subscribe for and to accept the lesser of the number of Rights Shares with Warrants provisionally allotted and excess Rights Shares with Warrants applied for as stated on the Transaction Record or the number of provisionally allotted Rights Shares with Warrants standing to the credit of his Securities Account as at the Closing Date. In the event that the Company decides to allot any lesser number of excess Rights Shares with Warrants or not to allot any number of excess Rights Shares with Warrants to the Applicant, the Applicant agrees to accept the decision as final.
- (4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of Rights Shares with Warrants accepted and/or excess Rights Shares with Warrants applied for shall signify and shall be treated as his acceptance of the number of Rights Shares with Warrants accepted and/or excess Rights Shares with Warrants applied for that may be allotted to him.
- (5) In the event that the Applicant accepts the Rights Shares with Warrants both by way of ARE and/or ARS (as the case may be) and/or by way of acceptance through the ATC and/or Electronic Application through the ATM, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Rights Shares with Warrants which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept such number of Rights Shares with Warrants not exceeding the number of provisionally allotted Rights Shares with Warrants which are standing to the credit of his Securities Account as at the Closing Date, and CDP, in determining the number of Rights Shares with Warrants which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Shares with Warrants, whether by way of Banker's Draft or Cashier's Order drawn on a bank in Singapore accompanying the ARE and/or ARS or by way of the acceptance through the ATC and/or Electronic Application through the ATM.
- (6) If applicable, in the event that the Applicant applies for excess Rights Shares with Warrants both by way of ARE and by way of application through the ATC and/or Electronic Application through the ATM, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of excess Rights Shares with Warrants which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of excess Rights Shares with Warrants not exceeding the aggregate number of excess Rights Shares with Warrants for which he has applied by way of application through the ATC and/or Electronic Application through the ATM and/or by way of the ARE. CDP, in determining the number of excess Rights Shares with Warrants which the Applicant has given valid instructions for the application, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application of the excess Rights Shares with Warrants, whether by way of Banker's Draft or Cashier's Order drawn on a bank in Singapore accompanying the ARE or by way of application through the ATC and/or Electronic Application through the ATM.
- (7) The Applicant irrevocably requests and authorises the Company to:-
 - (a) register, or to procure the registration of the Rights Shares and Warrants allotted to the Applicant in the name of CDP for deposit into his Securities Account;
 - (b) return (without interest or any share of revenue or other benefit arising therefrom) the subscription monies, should his Electronic Application in respect of the Rights Shares with Warrants accepted and/or excess Rights Shares with Warrants applied for not be accepted by the Company for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date; and

- (c) return (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application for excess Rights Shares with Warrants be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date.
- (8) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING/APPLYING FOR THE RIGHTS SHARES WITH WARRANTS AS NOMINEE OF ANY OTHER PERSON.**
- (9) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, the Company and/or KBC Bank) and any events whatsoever beyond the control of CDP, the Participating Banks, the Company and KBC Bank and if, in any such event, CDP and/or the Participating Banks and/or the Company and/or KBC Bank do not record or receive the Applicant's Electronic Application by 9.30 p.m. on the Closing Date, or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Company and/or KBC Bank for any purported acceptance thereof and (if applicable) excess application therefor, or for any compensation, loss or damage in connection therewith or in relation thereto.
- (10) Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays between **7.00 a.m. to 9.30 p.m.**
- (11) Electronic Applications shall close at **9.30 p.m. on 14 June 2002** or such other time as the Directors may, in their absolute discretion, decide.
- (12) All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.
- (13) The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
- (14) Where an Electronic Application is not accepted, it is expected that the full amount of the subscription monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within fourteen (14) days after the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of subscription monies will be refunded on the same terms.
- (15) In consideration of the Company arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 14 June 2002** or such later time or date as the Directors may, in their absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:-
- (a) his Electronic Application is irrevocable (whether or not any supplementary document or replacement document referred to in Section 50A of the Act is lodged with the RCB);
 - (b) his Electronic Application, the acceptance by the Company and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the exclusive jurisdiction of the Singapore courts;

- (c) none of the Company, KBC Bank nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Company or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
 - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of the provisionally allotted Rights Shares with Warrants and (if applicable) acceptance of his application for excess Rights Shares with Warrants; and
 - (e) in respect of the Rights Shares with Warrants for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any payment received by or on behalf of the Company.
- (16) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.
- (17) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Company will reject any application by any person acting as nominee.
- (18) In the event that the Applicant accepts or subscribes for the provisionally allotted Rights Shares with Warrants or (if applicable) applies for excess Rights Shares with Warrants, as the case may be, by way of ARE or ARS or by way of Electronic Application through the ATCs and/or ATMs, the provisionally allotted Rights Shares with Warrants and/or excess Rights Shares with Warrants will be allotted in such manner as the Company or CDP may, in their absolute discretion, deem fit and the amount paid on acceptance and (if applicable) application or the surplus application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date by any one or a combination of the following:–
- (a) crediting the Applicant's bank account with the NETS Bank at his own risk if he accepts and (if applicable) applies through an ATC;
 - (b) by means of a crossed cheque sent BY ORDINARY POST at his own risk if he accepts and (if applicable) applies through CDP; and
 - (c) crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts and (if applicable) applies through an ATM.
- (19) The Applicant hereby acknowledges that, in determining the total number of Rights Shares with Warrants represented by the provisional allotment of Rights Shares with Warrants which he can validly accept, the Company and CDP are entitled and the Applicant hereby authorises the Company and CDP to take into consideration:–
- (a) the total number of Rights Shares with Warrants represented by the provisional allotment of Rights Shares with Warrants which the Applicant has validly accepted, whether under the ARE or any other form of application (including Electronic Application through an ATM) for the Rights Shares with Warrants;
 - (b) the total number of Rights Shares with Warrants represented by the provisional allotment of Rights Shares with Warrants standing to the credit of the Entitled Depositor's Securities Account which is available for acceptance; and
 - (c) the total number of Rights Shares with Warrants represented by the provisional allotment of Rights Shares with Warrants which has been disposed of by the Entitled Depositor.

The Applicant hereby acknowledges that CDP's and the Company's determination shall be conclusive and binding on him.

- (20) The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allotment of Rights Shares with Warrants accepted by the Applicant and (if applicable) the excess Rights Shares with Warrants which the Applicant has applied for.

TRADING

Upon listing and quotation on the SGX-Sesdaq, the Rights Shares, the Warrants and the New Shares, when issued, will be traded under the book-entry (scripless) settlement system. All dealings in, and transactions (including transfers) of the Rights Shares and the New Shares effected through the SGX-Sesdaq and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with CDP" and the "Terms and Conditions for CDP to act as Depository for the Warrants", as the same may be amended from time to time. Copies of the above are available from CDP.

To facilitate scripless trading, Entitled Scripholders and their renounees who wish to accept and (if applicable) apply for Rights Shares with Warrants should open Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Shares and Warrants that may be allotted to them may be credited into their Securities Accounts. Entitled Scripholders who wish to accept and/or apply for Rights Shares with Warrants and have their Rights Shares and Warrants credited into their Securities Accounts must fill in their Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders who fail to fill in their Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or who have provided incorrect or invalid Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP will be issued physical certificates for the Rights Shares and Warrants allotted to them. Physical certificates, if issued, will not be valid for delivery pursuant to trades done on the SGX-Sesdaq under the book entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title.

If an Entitled Scripholder's address stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address promptly, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.

A holder of physical shares or warrant certificates, or an Entitled Scripholder who has not deposited his share or warrant certificates with CDP but wishes to trade on the SGX-Sesdaq, must deposit with CDP the respective certificates, together with the duly executed instruments of transfer in favour of CDP, and have his Securities Account credited with the number of Rights Shares and Warrants or existing Shares, as the case may be, before he can effect the desired trade.

LETTER TO ENTITLED SHAREHOLDERS

STRIKE ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

Directors

Mr Yeo Jiew Yew (Managing Director)
Mr Umar Abdul Hamid
Mr Chua Koh Ming
Mr Lim Soon Hock
Mr Lum Chue Tat
Mr Then Khok Koon
Mr Lew Syn Pau
Mr Tan Kim Chew

Registered Office

22 Tagore Lane
Singapore 787480

30 May 2002

To: The Entitled Shareholders of Strike Engineering Limited

Dear Sir/Madam

1. INTRODUCTION

On 2 April 2002, the Directors announced the proposed Rights Issue, subject, *inter alia*, to:-

- (a) the in-principle approval of the SGX-ST for the listing and quotation of the Rights Shares, the Warrants, the Adjustment Warrants and the New Shares on the SGX-Sesdaq; and
- (b) the approval of the Shareholders at an EGM to be convened.

On 24 April 2002, the SGX-ST granted in-principle approval for the listing and quotation of the Rights Shares, the Warrants, the Adjustment Warrants and the New Shares on the SGX-Sesdaq. The listing and quotation of the Warrants is subject, *inter alia*, to a satisfactory spread of holdings for the Warrants to provide for an orderly market in the Warrants. **In the event the Warrants are not listed on the SGX-Sesdaq for any reason, including, *inter alia*, an unsatisfactory spread of holdings for the Warrants to provide for an orderly market in the Warrants, the Rights Issue shall be cancelled. Upon such cancellation, the full amount of the subscription price of \$0.05 for each Rights Share with Warrants for the aggregate number of Rights Shares with Warrants accepted and/or excess Rights Shares with Warrants applied for will be refunded without interest or any share of revenue or other benefit arising therefrom. The Company, KBC Bank and DMG shall not be liable to any Shareholder or to any purchaser of the provisional allotment for any costs or losses incurred in connection therewith.**

The SGX-ST assumes no responsibility for the correctness of any statements made or reports contained or opinions expressed in this Abridged Prospectus. In-principle approval of the SGX-ST is not an indication of the merits of the Rights Issue, the Rights Shares, the Warrants, the Adjustment Warrants or the New Shares.

At an EGM held on 17 May 2002, the Shareholders approved, *inter alia*, the Rights Issue.

The Company has appointed KBC Bank to manage the Rights Issue.

2. DETAILS OF THE RIGHTS ISSUE

The Right Issue is proposed to be made on a renounceable basis to Entitled Shareholders at a subscription price of \$0.05 for each Rights Share with Warrant, on the basis of one (1) Rights Share with one (1) free detachable Warrant for every five (5) Shares held by Shareholders as at the Books Closure Date, fractional entitlements being disregarded.

Based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at the Latest Practicable Date and on the assumption that no Shares are issued arising from the exercise of the outstanding Warrants 2006 (“Existing Share Capital”), a minimum of 146,600,000 Rights Shares and a minimum of 146,600,000 Warrants would be issued pursuant to the Rights Issue. However, depending on the number of Shares to be issued as a result of the exercise of the outstanding Warrants 2006 on or before the Books Closure Date, a maximum of 183,246,000 Rights Shares and a maximum of 183,246,000 Warrants may be issued pursuant to the Rights Issue.

As at the Latest Practicable Date, there are 183,230,000 outstanding Warrants 2006.

Disregarded fractional entitlements of Rights Shares and Warrants will be aggregated with entitlements to the Rights Shares with Warrants which are not taken up or allotted for any reason, and shall be used to satisfy applications for excess Rights Shares with Warrants or otherwise be disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit.

The proposed principal terms of the Rights Shares are summarised as follows:–

Number of Rights Shares	:	Between a minimum of 146,600,000 and a maximum of 183,246,000 Rights Shares to be issued.
Basis of Issue	:	On the basis of one (1) Rights Share for every five (5) existing Shares held by Shareholders as at the Books Closure Date, fractional entitlements being disregarded.
Subscription Price	:	\$0.05 for each Rights Share, payable in full on acceptance and/or application.
Status of the Rights Shares	:	The Rights Shares will be payable in full upon acceptance and, upon allotment and issue, will rank <i>pari passu</i> in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, (i) in respect of FY 2002; or (ii) the Record Date for which is before the date of issue of the Rights Shares.
Listing of Rights Shares	:	In-principle approval for the listing and quotation of the Rights Shares on SGX-Sesdaq has been granted by the SGX-ST.
Governing Law	:	Laws of Singapore.

The proposed principal terms of the Warrants are summarised as follows:–

Number of Warrants	:	Between a minimum of 146,600,000 and a maximum of 183,246,000 detachable Warrants to be issued free with the Rights Shares.
Basis of Allotment	:	One (1) detachable Warrant for every one (1) Rights Share subscribed, fractional entitlements being disregarded.
Detachability and Trading	:	The Warrants will be immediately detachable from the Rights Shares upon issue and will be traded on SGX-Sesdaq under the book-entry (scripless) settlement system. Each board lot of Warrants will consist of 1,000 Warrants.

- Form : The Warrants will be issued in registered form and will be constituted by the Deed Poll.
- Subscription Rights : Subject to the terms and conditions of the Warrants set out in the Deed Poll, each Warrant will entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price.
- Exercise Price : The price of \$0.07, payable in cash for each New Share for which a Warrantholder will be entitled to subscribe for upon exercise of a Warrant or such adjusted price as may for the time being be applicable in accordance with the terms and conditions of the Warrants set out in the Deed Poll, not being less than the par value of the New Shares to be issued thereon.
- Exercise Period : The Warrants may be exercised at any time commencing on and including the date of issue of the Warrants and expiring on 20 December 2003 at 5 p.m. unless such date is a date on which the Register of Members of the Company is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members of the Company or on the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Warrant Register may be closed. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.
- Modification of Rights of Warrantholders : The Company may, without the consent of the Warrantholders but in accordance with the terms and conditions of the Warrants set out in the Deed Poll, effect (i) any modification to the Warrants or the Deed Poll which, in the opinion of the Company, is not materially prejudicial to the interests of the Warrantholders or (ii) any modification to the Warrants or the Deed Poll which, in the opinion of the Company, is to correct a manifest error or to comply with mandatory provisions of Singapore law; or (iii) any modification to the Warrants or the Deed Poll which, in the opinion of the Company, is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise thereof or meetings of the Warrantholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-Sesdaq.
- Status of the New Shares : The New Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, (i) in respect of FY 2002; or (ii) the Record Date for which is before the date of exercise of the Warrants.

- Adjustments : The Exercise Price and the number of Warrants to be held by each Warrantheader will be subject to adjustments under certain circumstances set out in the Deed Poll. Any additional Warrants issued pursuant to such adjustment shall rank *pari passu* with the Warrants and will for all purposes form part of the same series.
- Quotation : In-principle approval for the listing and quotation of the Warrants on SGX-Sesdaq has been granted by the SGX-ST subject to there being a satisfactory spread of Warrantheaders to provide an orderly market for the Warrants.
- Winding-up : Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warrantheaders by way of a Special Resolution (as defined in the Deed Poll)), the Warrantheaders shall be entitled upon and subject to the terms and conditions of the Warrants set out in the Deed Poll at any time within 6 weeks after the passing of the resolution for such voluntary winding-up elect to be treated as if they had immediately prior to the commencement of such winding-up, exercised the Warrants and had been on such date the holders of the Shares to which they would have become entitled pursuant to such exercise and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantheaders of the passing of any such resolution within 7 days after the passing thereof. Subject to the foregoing, if the Company is wound up for any other reason, all Warrants not exercised shall lapse and cease to be valid for any purpose.
- Warrant Agent : Lim Associates (Pte) Ltd.
- Further Issues of Shares : Warrantheaders shall not have any participating rights in any further issues of Shares by the Company unless otherwise resolved by the Company in a general meeting.
- Governing Law : Laws of Singapore.

3. ADJUSTMENT WARRANTS

On 16 January 2001, in-principle approval was granted by the SGX-ST for the listing and quotation of the Warrants 2006 on the SGX-Sesdaq. The Warrants 2006 were subsequently listed and quoted on the SGX-Sesdaq on 11 April 2001. The Warrants 2006 were each issued at \$0.022 and the exercise price of the Warrant 2006 is \$0.11. The Warrants 2006 will expire at 5.00 p.m. on 5 April 2006.

According to the Deed Poll Warrants 2006, the exercise price and the number of Warrants 2006 held by each Warrant 2006 holder may be adjusted when there is an offer made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights.

In this regard the Adjustment Warrants will be issued as adjustments to the Warrants 2006 in connection with the Rights Issue.

Such adjustments will be effective from the commencement of the Market Day next following the Books Closure Date.

The adjustments to the Warrants 2006, assuming no exercise of any outstanding Warrants 2006, are set out as follows:-

	No. of Warrants 2006
Outstanding Warrants 2006 as at the Latest Practicable Date	183,230,000
Maximum number of Adjustment Warrants	10,026,630
Maximum number of Warrants 2006 after adjustment	<u>193,256,630</u>

- Exercise Price : As the adjustment to the exercise price is less than 1 cent, according to the Deed Poll Warrants 2006, there will be no adjustment to the exercise price of the Warrants 2006.
- Status of Adjustment Warrants : The Adjustment Warrants will, upon allotment and issue, rank *pari passu* with the existing Warrants 2006, and for all purposes form part of the same series constituted by the Deed Poll Warrants 2006, subject to such other terms and conditions of the Deed Poll Warrant 2006.
- Form : The Warrants 2006 will be issued in registered form and will be constituted by the Deed Poll Warrants 2006.
- Quotation : In-principle approval for the listing and quotation of the Adjustment Warrants on the SGX-Sesdaq has been granted by the SGX-ST.
- Trading : The Adjustment Warrants will be traded on the SGX-Sesdaq on a book-entry (scripless) settlement basis. For the purpose of trading and quotation on the SGX-Sesdaq, each board lot of Adjustment Warrants will comprise 1,000 Adjustment Warrants or such other number as may be notified by the Company.

4. UNDERTAKINGS AND UNDERWRITING

Certain Shareholders, namely Yeo Jiew Yew, Chua Koh Ming, Sim Yew Heng and UAH Investments Pte Ltd (collectively, the "Principal Shareholders"), had on 1 April 2002 each given an irrevocable undertaking to subscribe and/or procure subscribers for an aggregate amount of 59,707,200 Rights Shares with Warrants. As notified to the Company and announced on 24 May 2002, 1,000,000 Shares, which was beneficially owned by UAH Investments Pte Ltd ("UAH") was disposed on 27 March 2002. Consequently, UAH's Rights Shares with Warrants entitlement under the Rights Issue was reduced from 10,280,000 Rights Shares with Warrants (as set out in UAH's undertaking on 1 April 2002 (the "Original Entitlement") to 10,080,000 Rights Shares with Warrants (the "Actual Entitlement"). UAH has on 24 May 2002 executed a letter of undertaking which supersedes and replaces the previous undertaking given on 1 April 2002 (the "New Undertaking") pursuant to which UAH irrevocably undertakes to (i) subscribe and/or procure subscribers for its Actual Entitlement and (ii) make applications for 200,000 excess Rights Shares with Warrants representing the difference between the Original Entitlement and the Actual Entitlement.

UAH which owns 3,586,000 Warrants 2006 as at 24 May 2002 has also given its irrevocable undertaking to subscribe and/or procure subscribers for its Rights Share with Warrants entitlement arising from any Shares issued as a result of UAH exercising any of its Warrants

2006 before the Books Closure Date. The shareholders of UAH had on 2 April 2002 each given a guarantee (the "Original Guarantee") to the Company pursuant to which they jointly and severally guaranteed the undertaking of UAH to subscribe and/or procure subscribers for the Original Entitlement. The shareholders of UAH have on 28 May 2002 as a consequence of the aforementioned disposal by UAH executed another guarantee which supersedes and replaces the Original Guarantee pursuant to which they jointly and severally guaranteed the performance by UAH of its obligations set out in the New Undertaking.

The Company and DMG have entered into an underwriting agreement dated 1 April 2002 as amended and supplemented by a letter agreement dated 30 April 2002 (the "Underwriting Agreement") whereby DMG has agreed to underwrite the balance of between a minimum of 86,892,800 and a maximum 122,821,600 Rights Shares, depending on the number of Shares to be issued as a result of the exercise of Warrants 2006 which are not subject to the undertakings given by the Principal Shareholders.

5. PURPOSE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The estimated net proceeds of the Rights Issue before the exercise of any Warrants, after deducting estimated expenses of \$260,000, will amount to between approximately \$7.07 million and approximately \$8.90 million (the "Net Proceeds"). The Company intends to utilise the Net Proceeds as follows:-

- (a) between approximately \$5.07 million and approximately \$6.90 million to satisfy the Group's working capital requirements and the expansion of the Group's businesses; and
- (b) \$2 million to repay the Group's borrowings. (The Company does not have any borrowings from KBC Bank as at the Latest Practicable Date.)

As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards repayment of the Group's borrowings, financing the expansion of the Group's businesses and financing its capital expenditure requirements and/or such other purposes as the Directors may deem fit.

Pending deployment for the uses identified above, the Net Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments as the Directors may deem fit.

6. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

As and when the Warrants are exercised, net proceeds relating to the issuance of the New Shares will be transferred from the capital reserve to the share premium account. Upon expiry of the Warrants, it is generally accepted that the balance of the capital reserve account will become distributable reserves.

Certain financial effects of the Rights Issue based on the audited financial statements as at 30 June 2001 are as follows:-

(a) Share Capital

The effect of the Rights Issue on the issued and paid-up share capital of the Company is set out below:-

	Assuming no exercise of any outstanding Warrants 2006		Assuming the exercise of all outstanding Warrants 2006	
	No. of Shares	\$	No. of Shares	\$
Issued and paid-up share capital (as at the Latest Practicable Date)	733,000,000	36,650,000	733,000,000	36,650,000

	Assuming no exercise of any outstanding Warrants 2006		Assuming the exercise of all outstanding Warrants 2006	
	No. of Shares	\$	No. of Shares	\$
<i>Add:-</i>				
New Shares assuming the exercise of all outstanding Warrants 2006	—	—	183,230,000	9,161,500
Issued and paid-up share capital before the Rights Issue	733,000,000	36,650,000	916,230,000	45,811,500
<i>Add:-</i>				
Rights Shares issued under the Rights Issue	146,600,000	7,330,000	183,246,000	9,162,300
Enlarged issued share capital after the Rights Issue	879,600,000	43,980,000	1,099,476,000	54,973,800
<i>Add:-</i>				
New Shares assuming the exercise of all the Warrants	146,600,000	7,330,000	183,246,000	9,162,300
Enlarged issued share capital after the Rights Issue and assuming the exercise of all the Warrants	1,026,200,000	51,310,000	1,282,722,000	64,136,100

(b) Net Tangible Assets

The effect of the Rights Issue on the NTA and the NTA per Share of the Company and the Group based on the audited accounts as at 30 June 2001, is illustrated below:-

	Assuming no exercise of any outstanding Warrants 2006		Assuming the exercise of all outstanding Warrants 2006	
	Company (\$)	Group (\$)	Company (\$)	Group (\$)
NTA as at 30 June 2001	40,323,510	29,769,564	40,323,510	29,769,564
<i>Add:-</i>				
Proceeds assuming the exercise of all outstanding Warrants 2006	—	—	20,155,300	20,155,300
NTA before adjusting for the Rights Issue	40,323,510	29,769,564	60,478,810	49,924,864
<i>Add:-</i>				
Net proceeds of the Rights Issue	7,070,000	7,070,000	8,902,300	8,902,300
NTA as at 30 June 2001 after adjusting for the Rights Issue but before the exercise of any Warrants	47,393,510	36,839,564	69,381,110	58,827,164
<i>Add:-</i>				
Proceeds from exercise of Warrants (assuming exercise in full of the Warrants at \$0.07)	10,262,000	10,262,000	12,827,220	12,827,220

	Assuming no exercise of any outstanding Warrants 2006		Assuming the exercise of all outstanding Warrants 2006	
	Company (\$)	Group (\$)	Company (\$)	Group (\$)
NTA as at 30 June 2001 after adjusting for the Rights Issue (assuming exercise in full of the Warrants at \$0.07)	57,655,510	47,101,564	82,208,330	71,654,384
Before the Rights Issue				
Total number of Shares in issue	733,000,000 ⁽¹⁾	733,000,000 ⁽¹⁾	916,230,000 ⁽²⁾	916,230,000 ⁽²⁾
NTA per Share as at 30 June 2001 before adjusting for the Rights Issue and the exercise of any Warrants (cents)	5.5	4.1	6.6	5.4
After the Rights Issue but before the exercise of any Warrants				
Total number of Shares in issue	879,600,000 ⁽³⁾	879,600,000 ⁽³⁾	1,099,476,000 ⁽⁴⁾	1,099,476,000 ⁽⁴⁾
NTA per Share as at 30 June 2001 after adjusting for the Rights Issue but before the exercise of any Warrants (cents)	5.4	4.2	6.3	5.4
After the Rights Issue and the exercise of the Warrants				
Total number of Shares in issue	1,026,200,000 ⁽⁵⁾	1,026,200,000 ⁽⁵⁾	1,282,722,000 ⁽⁶⁾	1,282,722,000 ⁽⁶⁾
NTA per Share as at 30 June 2001 after adjusting for the Rights Issue and the exercise of the Warrants (assuming exercise in full of the Warrants at \$0.07 per Warrant) (cents)	5.6	4.6	6.4	5.6

Notes:-

- (1) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001.
- (2) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of New Shares assuming the exercise of all outstanding Warrants 2006.
- (3) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of Rights Shares from the Rights Issue.
- (4) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of New Shares assuming the exercise of all outstanding Warrants 2006 plus the number of Rights Shares from the Rights Issue.
- (5) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of Rights Shares from the Rights Issue and the number of New Shares assuming the exercise of all Warrants.
- (6) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of New Shares assuming the exercise of all outstanding Warrants 2006 plus the number of Rights Shares from the Rights Issue and the number of New Shares assuming the exercise of all Warrants.

(c) Net Assets

The effect of the Rights Issue on the NA and the NA per Share of the Company and the Group based on the audited accounts as at 30 June 2001, is illustrated below:-

	Assuming no exercise of any outstanding Warrants 2006		Assuming the exercise of all outstanding Warrants 2006	
	Company (\$)	Group (\$)	Company (\$)	Group (\$)
NA as at 30 June 2001	40,323,510	44,204,255	40,323,510	44,204,255
<i>Add:-</i>				
Proceeds assuming the exercise of all outstanding Warrants 2006	—	—	20,155,300	20,155,300
NA before adjusting for the Rights Issue	40,323,510	44,204,255	60,478,810	64,359,555
<i>Add:-</i>				
Net proceeds of the Rights Issue	7,070,000	7,070,000	8,902,300	8,902,300
NA as at 30 June 2001 after adjusting for the Rights Issue but before the exercise of any Warrants	47,393,510	51,274,255	69,381,110	73,261,855
<i>Add:-</i>				
Proceeds from exercise of Warrants (assuming exercise in full of the Warrants at \$0.07)	10,262,000	10,262,000	12,827,220	12,827,220
NA as at 30 June 2001 after adjusting for the Rights Issue (assuming exercise in full of the Warrants at \$0.07)	57,655,510	61,536,255	82,208,330	86,089,075
Before the Rights Issue				
Total number of Shares in issue	733,000,000 ⁽¹⁾	733,000,000 ⁽¹⁾	916,230,000 ⁽²⁾	916,230,000 ⁽²⁾
NA per Share as at 30 June 2001 before adjusting for the Rights Issue and the exercise of any Warrants (cents)	5.5	6.0	6.6	7.0
After the Rights Issue but before the exercise of any Warrants				
Total number of Shares in issue	879,600,000 ⁽³⁾	879,600,000 ⁽³⁾	1,099,476,000 ⁽⁴⁾	1,099,476,000 ⁽⁴⁾
NA per Share as at 30 June 2001 after adjusting for the Rights Issue but before the exercise of any Warrants (cents)	5.4	5.8	6.3	6.7

	Assuming no exercise of any outstanding Warrants 2006		Assuming the exercise of all outstanding Warrants 2006	
	Company (\$)	Group (\$)	Company (\$)	Group (\$)
After the Rights Issue and the exercise of the Warrants				
Total number of Shares in issue	1,026,200,000 ⁽⁵⁾	1,026,200,000 ⁽⁵⁾	1,282,722,000 ⁽⁶⁾	1,282,722,000 ⁽⁶⁾
NA per Share as at 30 June 2001 after adjusting for the Rights Issue and the exercise of the Warrants (assuming exercise in full of the Warrants at \$0.07 per Warrant) (cents)	5.6	6.0	6.4	6.7

Notes:-

- (1) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001.
- (2) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of New Shares assuming the exercise of all outstanding Warrants 2006.
- (3) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of Rights Shares from the Rights Issue.
- (4) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of New Shares assuming the exercise of all outstanding Warrants 2006 plus the number of Rights Shares from the Rights Issue.
- (5) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of Rights Shares from the Rights Issue and the number of New Shares assuming the exercise of all Warrants.
- (6) This figure is based on the issued and paid-up share capital of the Company of 733,000,000 Shares as at 30 June 2001 plus the number of New Shares assuming the exercise of all outstanding Warrants 2006 plus the number of Rights Shares from the Rights Issue and the number of New Shares assuming the exercise of all Warrants.

(d) Earnings

The Rights Issue is not expected to have any material effect on the earnings per Share (the "EPS") of the Company or the Group for the current financial year as the net proceeds of the Rights Issue is expected to be received only towards the end of the current financial year. Upon exercise of the Warrants, the effect on the EPS of the Group will depend on, *inter alia*, the number of Warrants exercised and the prevailing number of Shares in issue.

(e) Dividends

The Directors have not recommended or declared any dividend in respect of FY 2001.

(f) Gearing

The gearing of the Company and the Group, before and after the Rights Issue, based on the audited financial statements as at 30 June 2001 and assuming no exercise of any outstanding Warrants 2006 are set out below:-

Audited (\$)	Company		Group	
	Before the Rights Issue	After the Rights Issue	Before the Rights Issue	After the Rights Issue
Total Borrowings	15,678,719	14,678,719 ⁽¹⁾	48,061,665	46,061,665 ⁽¹⁾
Shareholders' Funds	40,323,510	47,393,510	44,204,255	51,274,255
Gearing	38.88%	30.97%	108.73%	89.83%

Note:-

- (1) Assuming that approximately \$1.0 million and \$2.0 million of the net proceeds of the Rights Issue will be utilised to repay the Company's and Group's bank borrowings respectively.

The gearing of the Company and the Group, before and after the Rights Issue, based on the audited financial statements as at 30 June 2001 and assuming the full exercise of all outstanding Warrants 2006, are set out as follows:–

Audited (\$)	Company		Group	
	Before the Rights Issue	After the Rights Issue	Before the Rights Issue	After the Rights Issue
Total Borrowings	13,678,719 ⁽¹⁾	11,678,719 ⁽³⁾	28,061,665 ⁽¹⁾	26,061,665 ⁽³⁾
Shareholders' Funds	60,478,810 ⁽²⁾	69,381,110	64,359,555 ⁽²⁾	73,261,855
Gearing	22.62%	16.83%	43.60%	35.57%

Notes:–

- (1) Assuming approximately \$2 million and \$20 million of the proceeds from the exercise of the Warrants 2006 will be utilised to repay the Company's and Group's bank borrowings respectively.
- (2) The Shareholders' Funds include the proceeds from the exercise of all outstanding Warrants 2006 at an exercise price of \$0.11 each which amount to \$20,155,300.
- (3) Assuming approximately \$2 million of the net proceeds of the Rights Issue will be utilised to repay the Company's and Group's bank borrowings respectively.

For the purpose of the above calculations:–

- (1) Proceeds raised from the Rights Issue shall be used as set out in Section 5.
- (2) The estimated expenses of \$260,000 incurred in connection with the Rights Issue are assumed to be written off immediately against capital reserves.
- (3) The calculations are on the basis that none of the Warrants are exercised.
- (4) The expression "Gearing" means the ratio of Total Borrowings to Shareholders' Funds. The expression "Total Borrowings" means the amount expressed in Singapore dollars of the aggregate consolidated liabilities arising from all the borrowings from financial institutions and outstanding debt securities and the expression "Shareholders' Funds" means the amount expressed in Singapore dollars represented by the aggregate of the issued and paid-up capital and reserves.

7. HISTORY

Strike was incorporated in Singapore in March 1983 as Strike Electrical Pte Ltd by Mr Yeo Jiew Yew, the current Managing Director. It was renamed Strike Engineering Pte Ltd in October 1997 and converted to a public company in July 1999. Over the years, Strike's business has developed beyond undertaking subcontracting works of electrical installations to providing an integrated and comprehensive range of mechanical and electrical ("M&E") engineering services which include electrical engineering, installation of air-conditioning and mechanical ventilation systems, sanitary and plumbing, fire protection and alarm systems and internal telecommunication systems.

The Company commenced operations in an office in Ang Mo Kio Industrial Park 3. In late 1984, Strike secured its first HDB contract, and the Directors believe that as a result of the quality of its services rendered and competitive pricing, Strike continued to be awarded contracts from HDB for other new housing development projects as well as HDB upgrading program.

In 1991, the Company was awarded a certificate of registration by CIDB — "L4" grade in electrical installation, as a contractor providing electrical engineering services under the CIDB Contractors Registration System. This accreditation system was set up by CIDB to facilitate the procurement needs of government departments, statutory bodies and other public sector organisations and the validity of certificates awarded varied between 1 and 3 years. The "L4" grade allowed the Company to tender and acquire electrical installation contracts worth up to \$5 million from HDB and other government-related and statutory bodies such as the Ministry of the Environment, Jurong Town Corporation ("JTC"), Port of Singapore Authority, Land Transport Authority ("LTA"), Singapore Power, Urban Redevelopment Authority, Institute of Technical Education and Public Works Department.

Recognising that its niche was in government projects, Strike moved towards undertaking more and bigger government projects. Some of the larger contracts undertaken by the Group include electrical and Communal Antennae Television System installation works for HDB Jurong West N6 C29 & C30 and Sengkang N3C8, the M&E installation and commissioning of a JTC factory at Ayer Rajah and M&E works for LTA's office at the former site of Kandang Kerbau Hospital. With the increase in business activities, the Group shifted its operations from Ang Mo Kio Industrial Park to newer and larger premises at 22 Tagore Lane in 1991.

In line with the Company's business plan to position itself as a M&E company, Strike diversified its range of services in the early 1990s to include the installation of air-conditioning and ventilation systems, fire prevention and protection systems, and plumbing and sanitary works.

In 1994, Strike was awarded a contract to provide integrated M&E engineering services to the Mandarin Hotel in Hainan, People's Republic of China ("PRC"). In the opinion of the Directors, the experience gained from the project was beneficial as it was a stepping stone for the Company to further develop its business in the PRC.

The Directors believe that over the years, Strike has established a track record for providing quality and reliable electrical engineering services. Strike's CIDB registration status in the electrical engineering category was upgraded from "L4" to "L5" and "L5" to "L6" in 1993 and 1997, respectively. The new "L6" grading allowed the Company to tender for public projects of unlimited contract value. In July 1997, the Company's reputation was given another boost when it became one of the first home-grown companies to be awarded the "L6" grading by CIDB in the integrated building services category. With the "L6" grading, the Company was able to undertake integrated M&E projects in a single contract.

As part of the Company's efforts to streamline its different business activities, it acquired a 100% equity interest in Ligent Engineering Pte Ltd in 1999 with the main objective of focusing on specialised projects awarded by the Ministry of Defence and other public departments.

The Company was admitted to the Official List of SGX-Sesdaq on 4 August 1999, after the successful launch of its initial public offering ("IPO") of 42.5 million Shares at \$0.19 each. The total share offer, representing 20% of Strike's then enlarged share capital, comprised a public offer tranche of 12.75 million Shares and a placement tranche of 29.75 million Shares. The IPO achieved a subscription rate of 160.5 times for the public tranche of 12.75 million Shares.

From its modest beginnings in 1983, the Group has grown substantially and had as at the Latest Practicable Date approximately 334 management staff, engineers, technicians, electricians and mechanics.

8. BUSINESS

Principal Activities

From 1999 onwards, the business of the Group further expanded to include the provision of information and technology cabling, networking, interior architectures and designs, building and construction services, and property development. The principal activities of the Group include the provision of a comprehensive range of building-related services to residential, commercial, industrial buildings and other infrastructure development projects such as high voltage power systems and telecommunication systems. The Group intends to exploit business opportunities available in developing countries in the region and will undertake other business activities either on its own or with strategic partners to establish a foothold in these developing countries and thereafter to expand its business presence and activities regionally. The Group has commenced business activities in relation to trading in steam coal, organic fertilizers and related products in Indonesia. The Company has also teamed up with a joint venture partner in Myanmar to establish a full-licensed bank.

The BCA, which was established in 1999, now administers the Contractors Registration System. Generally speaking, registration status accorded by the BCA is for a period of 1 to 3 years and lapses unless, upon application, it is renewed at the BCA's discretion. The Company is presently registered with the BCA in respect of certain categories of work as noted below and the registration expires in August 2004 for all the said categories.

The following is a brief description of the building-related services provided by the Group.

Building-Related Services

Electrical Engineering

At present, Strike holds the "L6" grading awarded by the BCA which allows it to undertake electrical engineering projects of unlimited value. In electrical engineering, the Group engages in:-

- (a) Electrical Distribution Systems ("EDS"): The Group designs and installs the EDS of buildings. This is a network of electrical equipment and wiring that distributes electricity from the power station to the end-users at high and low voltage.
- (b) Telecommunication Infrastructure: The Group has the capability to design and install the telecommunication infrastructure within a building. This involves the main equipment rooms, manholes, pipelines and riser ducts. The telecommunication cables, accommodated within the riser ducts, are connected to those of Singapore Telecommunications Ltd via manholes and underground ducts. It is then distributed to various floors of the building and intermediate distribution frame.
- (c) Communal Antennae Television System ("CATV"): The Group designs and installs CATV, which is also commonly known as CABD (Communal Antennae Broadcasting Distribution System) in buildings. CATV utilises broadband communication technology and is capable of delivering more than 100 television ("TV") channels simultaneously. TV signals convey information such as visual images and audio signals. The advantages of using CATV are the high quality of reception and its ability to distribute TV signals to several receivers.

Air-conditioning and Mechanical Ventilation Systems

Based on the "L5" grading awarded by the BCA, Strike is allowed to undertake air-conditioning and mechanical ventilation projects of up to \$10 million in contract value. The various types of air-conditioning and mechanical ventilation systems are:-

- (a) Air-conditioning Systems: The Group undertakes the installation of air-conditioning systems. Generally speaking there are two types of air-conditioning systems, namely, the direct expansion ("DX") system and the central system ("CS"). The DX system cools a room using a DX cooling coil and this system is commonly found in window air-conditioners, split-units and air-cooled package units. These units are assembled in the manufacturers' factories and their installation is relatively simple. The CS system, on the other hand, has large-sized refrigeration equipment installed in the plant room of a building. Chilled water is distributed to all rooms via a concealed piping system. Final cool air is circulated either from the fan coil system, constant air volume system or variable air volume system.
- (b) Mechanical Ventilation Systems: Mechanical ventilation systems employ electrically driven fans to provide air movement (i.e. air ventilation) and to change the air pressure within a room to allow stale air to escape. The Group has the capability to carry out services in respect of three types of mechanical ventilation systems, namely, the Extract System, the Supply System and the Extract and Supply System.

Fire Protection and Alarm Systems

Strike has a “L4” grading awarded by the BCA which allows it to undertake fire protection and alarm system projects of up to \$5 million in contract value.

- (a) Fire Protection System: The Group designs and installs fire protection systems for buildings that comply with the Singapore Standard Code of Practice (CP 10) and international standards. This involves the installation of plant room equipment, dry rising mains, wet rising mains, hose reels and automatic sprinkler systems.
- (b) Fire Alarm System: The Group designs and installs fire alarm systems for buildings. A fire alarm system is an arrangement of detectors, sounders, manual-call points and other equipment for the transmission and indication of a fire alarm. Detectors are used to detect smoke or heat from the burning area and upon detection, an electrical signal is transmitted to a control system that provides visual and audio signals. Visual signals provide information on the exact location of the fire, while audio signals serve as warnings for people to evacuate the building. Manual call-points located in the building enable end-users to give warning indications or signals in the event of a fire.

Sanitary and Plumbing Systems

The “L2” grading awarded by the BCA permits Strike to undertake sanitary and plumbing works of up to \$500,000 in contract value.

A good sanitary and plumbing system is required to dispose of discharged waste through waste pipelines quietly and efficiently without posing a nuisance or health hazard to the occupants in the building. The system comprises pipes with smooth internal bores, junctions and aligned joints which must be properly designed and installed so that the waste and sanitary discharges are not stranded inside the pipes and foul air is prevented from entering the building.

There are generally three common types of sanitary and plumbing systems, namely, the full ventilation system, the single stacked system and the ventilated stacked system. The Group is capable of installing all the above systems.

Internal Telecommunication Systems

With the “L1” grading awarded by the BCA, the Company is able to provide internal wiring for telecommunication systems of up to \$100,000 in contract value. The work undertaken by the Group in this respect involves the installation of telephone, fax and roaming lines in buildings. Telephone wires and connectors are installed at specific locations designated by the customers and must adhere to the requirements of the Telecommunications Authority of Singapore.

Building Automation, Industrial and Process Control Systems

The Company was awarded “L1” grading by the BCA in December 2001. With this grading, the Company is able to install and maintain microprocessor or computer based building control systems and industrial process control systems of up to \$100,000 in contract value. The work undertaken by the Group in this respect involves the supply, installation and commissioning of the remote monitoring and control for air-conditioning and mechanical ventilation systems in buildings.

Information Technology Cabling

Lantrovision (S) Ltd (“Lantrovision”) was a principal subsidiary of the Company. Since its admission to the Official List of SGX-Sesdaq on 2 November 2001, Lantrovision has become an associated company with the Company holding an equity interest of 42.83%.

Lantrovision group of companies (“Lantro Group”) are principally engaged in the business of providing Information Technology (“IT”) infrastructure cabling services and selling structured cabling systems and components in Singapore, Malaysia, Hong Kong, Thailand, the Philippines, Japan, Korea, Taiwan and PRC. Essentially, the Lantro Group provides design and installation services for new structured cabling systems to facilitate the communication of various types of information electronically within an organisation or with other organisations in different locations. The cabling system is part of the information network that allows the transmission of information either internally, i.e. within a building through “Local Area Network”, or externally, i.e. between cities over a wide area through “Wide Area Network”. The various types of information that can be transmitted include computer data, voice, video and photographic images. The other business activities of the Lantro Group include the provision of consultancy and advisory business in connection with intelligent building systems, network and systems integration and implementation, information technology, design, project management and related services as well as voice and data telecommunications services, such as system integration for voice infrastructure and call center applications.

Currently, Lantrovision is a certified installer for the following structured cabling systems:-

- Avaya Systimax structured cabling system
- AMP NETCONNECT Systems
- Siemon cabling system
- Panduit Network Systems structured cabling system
- Krone PremisNET Multimedia structured cabling system

These systems are designed to support major building systems (for example building infrastructure that uses voice, data and video transmission) and building management systems (for example power, safety, security and climate control systems). The meshing of all these functions into one system helps to reduce installation costs and construction time.

Strike’s specialization in M&E services integrated with the Lantro Group’s specialization in the installation of structured cabling would provide customers with IT-ready and intelligent building facilities.

Networking

The Company owns an equity interest of 51% in Nete2 Asia Pte Ltd (“Nete2 Asia”), which was incorporated in June 2000 to engage in the business of providing network integration facilities as well as management and professional services. Nete2 Asia currently provides an integrated solution for video conferencing, voice conferencing and data conferencing and audio visual integration that is easy to use and yet affordable. This service seeks to equip businesses with a reliable and effective means to communicate and to make decisions across national and international borders in real time.

As the business environment becomes increasingly global where time becomes a constraint for many professionals and executives and coupled with the increase in the popularity of e-learning, the requirement for tele-conferencing services should also increase.

The Group sees potential in Nete2 Asia for such future businesses.

Interior Architectures and Designs

On 31 January 2001, Strike entered into a conditional agreement (“Gordon Agreement”) to acquire a 51% equity interest in Gordon (HK) Designer & Engineer Limited (“Gordon”) for a cash consideration of HK\$50.49 million (approximately \$11.3 million) payable over 3 instalments. Thereafter, Strike applied for the approval of the SGX-ST to waive the requirement to obtain Shareholders’ approval to acquire the said interest. On 28 February 2001, Strike completed the acquisition of Gordon while awaiting the waiver from the SGX-ST, which was subsequently granted on 28 March 2001.

Under the Gordon Agreement, an undertaking was given by the vendor to Strike that the audited net profit of Gordon in each of the financial years ending 31 March 2001 and 2002 will not be less than HK\$33 million (approximately \$7.4 million) (“Gordon Profit Guarantee”). The Gordon Profit Guarantee shall be revoked if Strike interferes in the management of Gordon during the guarantee period specified in the Gordon Agreement. In event that the audited net profit of Gordon for the relevant period is less than the guaranteed amount, Strike shall be entitled to set off the shortfall in its share of such profit against the relevant amount payable by it to the vendor under an instalment as more particularly described in the Gordon Agreement. The Gordon Profit Guarantee for the financial year ended 31 March 2001 was not met as the audited net profit was HK\$16.1 million. Accordingly, an adjustment was made to the cash consideration.

To-date, taking into account the shortfall in the audited net profit for the financial year ended 31 March 2001, an aggregate of approximately HK\$25 million (approximately \$5.6 million) has been paid in the first 2 instalments. The final instalment will be based on the audited accounts of Gordon for the financial year ended 31 March 2002, is expected to be due in October 2002.

Gordon is incorporated in Hong Kong and is principally engaged in the business of providing interior architecture, design and decoration services in the PRC and Hong Kong. Gordon primarily targets projects in the commercial sector such as financial institutions, hotels, shopping centres and commercial complexes in major cities of the PRC with special emphasis in Beijing, Shanghai and Guangzhou.

Gordon had in 1998 obtained an Interior Decoration Enterprises Qualification Permit issued by the Ministry of Construction in the PRC. This permit, which expires in 2003, enables Gordon to undertake projects of unlimited contract value.

The acquisition of Gordon is in line with Strike’s policy to expand its business overseas. Gordon’s established network in Hong Kong and the PRC would enable Strike to venture into these markets. Further, the acquisition of Gordon would enable Strike to differentiate itself from its competitors by providing a more comprehensive range of building-related products and services to its customers.

Building Construction and Installation

The Company has a “C2” grading from BCA in the general building category, which enables it to tender for contracts of up to \$1 million in value. However, the Company does not often undertake projects as a main contractor. The normal building works, precast construction, retrofitting and design and building projects, management of the building construction and installation and the provision of M&E engineering services are currently undertaken by Strike Construction Pte Ltd (“Strike Construction”), in which the Company has an equity interest of 61.2%. Strike Construction was incorporated in April 2000 and has a “C3” grading from BCA in the general building category, which enables it to tender for contracts of up to \$500,000 in value. In due course, once Strike Construction has built up a reasonable track record, it will focus on main contract work.

Property Development

The Group has two proposed property development projects at Ewe Boon Road and Stevens Road, which are managed by Strike Development Pte Ltd and Gredanian Pte Ltd respectively. The Company owns 51% equity interest in Strike Development Pte Ltd and 70% in Gredanian Pte Ltd.

The plot of land at Ewe Boon Road was purchased by Strike Development Pte Ltd at a price of \$9,000,000 to develop a block of 16-Storey 15 units freehold residential flat at Ewe Boon Road. The development is known as "Chiverton" and was officially launched on 2 March 2002. To-date, one unit has been sold and negotiations are progressing with a number of interested purchasers. As for building works, approximately 20% have been completed. The Temporary Occupation Permit is expected to be obtained in January 2003.

In respect of the property at Stevens Road, in view of the soft residential property market, Gredanian Pte Ltd, has decided to defer the development at the present time. Hence, the premises has been let out for a period of two years, expiring on 28 February 2003. The plot of land at Stevens Road was purchased by Gredanian Pte Ltd at a price of \$27,000,000.

Other Business Activities

E-Commerce

As at the Latest Practicable Date, the Company owns 14.98% equity interest in ei-Nets Ltd ("ei-Nets"), which was admitted to the Official List of SGX-Sesdaq on 22 January 2001.

The principal activities of ei-Nets are those of investment holding and the provision of e-commerce solutions for the M&E and Building industries in Singapore. It has designed an M&E portal to allow buyers to search, instantly view and order products whilst suppliers can (*inter alia*) present, negotiate, accept orders and update prices and products and the building portal would complement the Group's businesses as they would enable the Group to obtain information and quotations that support the day-to-day operations of the Group. In addition, they can be used to market Strike's businesses including its M&E business.

Trading In Steam Coal and Organic Fertilizers

On 16 November 2000, Ligent Engineering Pte Ltd ("Ligent"), a wholly-owned subsidiary of Strike, acquired a wholly-owned subsidiary, Strike Coal & Mineral Pte Ltd ("Coal & Mineral") for the purpose of trading in steam coal. Ligent, together with an Indonesian partner incorporated Strike Sarana Buana (PT) Asing ("PT Strike") on 29 August 2001 also to engage in the business of trading in steam coal. Ligent owns 90% equity interest in PT Strike.

The business activities of Coal & Mineral are to supplement that of PT Strike. Coal & Mineral will focus on the marketing of coal to developing countries tapping on the Group's wide business contacts overseas and PT Strike will focus on sourcing for supplies of coal in Indonesia and export of the coal.

The primary markets will be India, Thailand and Malaysia which are still heavily reliant on coal as a source of energy. These developing countries are still using coal instead of oil because it is cheaper and the Directors are of the opinion that this trend will continue for many more years and attract more developing and developed countries to use coal as an alternative source of energy.

On 28 December 2001, Ligent acquired 51% equity interest in PT Sinar Arthaniaga ("PT Sinar"), which is principally engaged in the business of trading in organic fertilizers and products. PT Sinar has a network of distribution channels for organic fertilizers and products that cover almost all parts of Indonesia.

The set-up of PT Strike and the acquisitions of Coal & Mineral and PT Sinar by Ligent are part of the Group's continuous diversification process to expand businesses overseas.

Banking Activities

On 18 April 2002, the Company entered into a 20-year joint venture agreement with the Economic Committee of Myitkyina, State of Kachin, Union Of Myanmar (“ECMK”). Pursuant to the agreement, the Company and its joint venture partner will set up a full licensed bank in Myitkyina, State of Kachin, Union of Myanmar.

The Company sees Myanmar as a developing country with potential for future businesses. Therefore, the joint venture enables the Company to have a business presence in the country and opportunity to establish its name. This would enable the Company to penetrate beyond the State of Kachin.

9. REVIEW OF PAST PERFORMANCE

The following financial information is based on the audited consolidated profit and loss statements of the Group for FY1999, FY2000 and FY2001, the unaudited consolidated profit and loss statements of the Group for six months ended 31 December 2000, six months ended 31 December 2001 and nine months ended 31 March 2002:–

(\$ '000)	The Group					
	Financial Year Ended 30 June			6 Months Ended		9 Months
	1999	2000	2001	31 December	2001	Ended
				2000	2001	31 March
						2002
(a) Turnover	68,676	45,007	91,839	42,016	44,121	51,995
(b) Investment income	—	—	—	—	—	—
(c) Other income including interest income	126	83	103	506	387	530
(d) Profit before income tax, minority interests, interest on borrowings, and depreciation and amortisation	7,065	7,263	11,906	5,494	2,719	4,259
(e) Depreciation and amortisation	(183)	(648)	(2,338)	(940)	(1,014)	(1,369)
(f) Interest on borrowings	(174)	(147)	(620)	(351)	(243)	(324)
(g) Foreign exchange gain/(loss)	2	10	106	(6)	(21)	(23)
(h) Exceptional item	—	—	(6,120)	—	—	—
(i) Profit before income tax and minority interests	6,710	6,478	2,934	4,197	1,441	2,543
(j) Income tax	(1,741)	(1,828)	(3,373)	(1,360)	(763)	(1,319)
(k) (Loss)/income derived from associated company	—	(195)	124	63	879	1,342
(l) Profit/(loss) after taxation before deducting minority interests	4,969	4,455	(315)	2,900	1,557	2,566
(m) Minority interests	—	(598)	(4,168)	(2,053)	(971)	(1,870)

The Group

(\$ '000)	Financial Year Ended 30 June			6 Months Ended		9 Months
	1999	2000	2001	31 December	2001	Ended 31 March 2002
(n) Profit/(loss) after taxation and minority interests	4,969	3,857	(4,483)	847	586	696
(o) Earnings/(loss) per share-Basic ⁽¹⁾ (cents)	0.97	0.60	(0.61)	0.12	0.08	0.09
(p) Earnings/(loss) per share-Diluted ⁽²⁾ (cents)	0.97	0.60	(0.61)	0.12	0.08	0.09
(q) Net tangible asset backing per Share ⁽³⁾ (cents)	2.46	3.88	4.06	4.77	4.84	4.88
(r) Net asset backing per Share ⁽⁴⁾ (cents)	2.46	6.05	6.03	6.16	6.11	6.11

Notes:-

- (1) Earnings/(loss) per Share is calculated by dividing the Group's profit/(loss) after tax and minority interests (FY1999: \$4,969,000, FY2000: \$3,857,000, FY2001: (\$4,483,000), 6 months ended 31 December 2000: \$847,000, 6 months ended 31 December 2001: \$586,000, 9 months ended 31 March 2002: \$696,000) by the weighted average number of Shares in issue in those years (FY1999: 510,000,000, FY2000: 639,831,016, FY2001: 732,987,249, 6 months ended 31 December 2000: 732,984,000, 6 months ended 31 December 2001: 733,000,000, 9 months ended 31 March 2002: 733,000,000), after adjusting for the bonus issue of Shares in FY2000 and FY2001.
- (2) Diluted earnings/(loss) per Share is the same as basic earnings/(loss) per Share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earning per Share.
- (3) Net tangible asset backing per Share is calculated by dividing the Group's net tangible assets (FY1999: \$12,525,000, FY2000: \$28,460,000, FY2001: \$29,770,000, 6 months ended 31 December 2000: \$34,976,000, 6 months ended 31 December 2001: \$35,494,000, 9 months ended 31 March 2002: \$35,739,000) by the number of Shares in issue in those years (FY1999: 510,000,000, FY2000: 732,984,000, FY2001: 733,000,000, 6 months ended 31 December 2000: 732,984,000, 6 months ended 31 December 2001: 733,000,000, 9 months ended 31 March 2002: 733,000,000), after adjusting for the bonus issue of Shares in FY2000 and FY2001.
- (4) Net asset backing per Share is calculated by dividing the Group's net assets (FY1999: \$12,525,000, FY2000: \$44,367,000, FY2001: \$44,204,000, 6 months ended 31 December 2000: \$45,179,000, 6 months ended 31 December 2001: \$44,797,000, 9 months ended 31 March 2002: \$44,808,000) by the number of Shares in issue in those years (FY1999: 510,000,000, FY2000: 732,984,000, FY2001: 733,000,000, 6 months ended 31 December 2000: 732,984,000, 6 months ended 31 December 2001: 733,000,000, 9 months ended 31 March 2002: 733,000,000), after adjusting for the bonus issue of Shares in FY2000 and FY2001.

FY1999 vs FY2000

Group turnover decreased by \$23.7 million (34.5%) from \$68.7 million in FY1999 to \$45.0 million. This was due to the Group securing fewer new projects because of a slowdown in the construction industry during the financial year. Following the weak sentiment in the construction industry that led to the downward pressure on tender prices and lower profit margins, the Group became more selective in its bids and the main contractors with whom it transacted during FY2000 with a view of achieving profitability in respect of contracts undertaken. However, in comparison to the percentage by which turnover decreased, net profit after tax but before minority interests of the Group decreased by 10.3%, down from \$5.0 million in FY1999 to \$4.5 million. This was due mainly to selective projects yielding better margins and prudent cost control measures.

FY2000 vs FY2001

Group turnover increased by \$46.8 million (104.1%) from \$45.0 million in FY2000 to \$91.8 million. Lantrovision contributed \$60.4 million sales, representing 65.8% of the Group's turnover for FY2001. In line with the increased turnover, profit before tax and exceptional items of the Group increased by \$2.6 million (39.8%) from \$6.5 million in FY2000 to \$9.1 million. Lantrovision contributed \$10.2 million in profits, which represents approximately 112.1% of the profit before tax and exceptional items of the Group for the year ended 30 June 2001. However, this is offset by losses incurred by the Company and its other subsidiaries caused by decline in turnover and squeeze on profit margins. In addition, there was also an amortisation of goodwill amounting to \$1.2 million which arose mainly from the acquisition of Lantrovision. The exceptional items of \$6.12 million was due to a provision for diminution in value of investment in ei-Nets Ltd. As a result, the Group incurred a loss after tax but before minority interests of \$0.3 million for FY2001.

Six Months Ended 31 December 2000 vs 31 December 2001

Group turnover increased \$2.1 million (5.0%) from \$42.0 million to \$44.1 million. Lantrovision contributed \$17.8 million sales and Gordon contributed \$5.9 million sales, representing approximately 40.3% and 13.2% respectively of the Group turnover for the period ended 31 December 2001. Despite the increased turnover, net profit after tax of the Group decreased from \$0.8 million to \$0.6 million. Lantrovision contributed \$2.1 million in profits and this was partially offset by losses incurred by the Company and its other subsidiaries of \$1.0 million caused by the lower profit margins earned from projects. There was also an amortisation of goodwill amounting to \$0.5 million, which arose mainly from the acquisition of Lantrovision.

Six Months Ended 31 December 2001 vs Nine Months Ended 31 March 2002

Group turnover increased by \$7.9 million (17.8%) from \$44.1 million reported for the six months ended 31 December 2001. Lantrovision contributed \$17.8 million sales and Gordon contributed \$8.2 million sales, representing approximately 34.2% and 15.8% respectively of the Group turnover for the period ended 31 March 2002. In line with the increased turnover, the net profit after tax of the Group increased slightly by \$0.1 million (18.8%) from \$0.6 million reported for the six months ended 31 December 2001. Lantrovision and Gordon contributed \$2.0 million and \$0.5 million respectively in profits. These were partially offset by losses of \$1.1 million, caused by the lower profit margins earned from projects by the Company and its other subsidiaries. The amortisation of goodwill amounting to \$0.7 million, arising mainly from the acquisition of Lantrovision, further eroded profits.

10. PROSPECTS

The Group is now a group of companies providing mechanical and electrical engineering services, structured cabling, e-commerce solutions, property development and building construction services.

The Directors expect the traditional building related businesses for the next three months to be sluggish due to the continued weakness in private sector construction activity and a general slowdown in public construction works. However, the Directors still expect profit contributions from its subsidiary, Gordon and associated company, Lantrovision.

Lantrovision is in the dynamic business of structured cabling and has shown good results despite the poor performance from other sectors of the economy. Based on results of its China activities and in anticipation of China's growing economy, Lantrovision will further expand its activities there.

Gordon, a company engaged in the business of providing interior architecture, design and decoration services in China and Hong Kong is expected to show positive returns. Gordon's activities depend on China's continued economic expansion.

Given the uncertain economic conditions, the positive contributions from the above-mentioned subsidiary and associated company would be affected by the weak traditional building related businesses in Singapore. Nevertheless, the Directors expect the performance for the Group to be sustained in the next three months.

Save as disclosed in this Abridged Prospectus, including pages 34 to 44 and Appendices III to VIII, (i) the Directors are not aware of any events or developments in relation to the Group which would have a material and adverse effect on the Group's financial position taken as a whole since 30 June 2001, being the date to which the last audited financial statements of the Group were made up, up to the Latest Practicable Date; and (ii) the Directors are not aware of any material information which may be relevant to the financial and trading prospects of the Company or the Group, including all special trading factors or risks, if any, which are not mentioned elsewhere in this Abridged Prospectus and which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company or the Group.

11. WORKING CAPITAL

The Directors are of the opinion that taking into consideration the present banking facilities and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

12. FURTHER INFORMATION

Further information relating to the Issues and the Group is contained in the Appendices to this Abridged Prospectus.

Yours faithfully
For and on behalf of the Board of Directors
of Strike Engineering Limited

Yeo Jiew Yew
Managing Director

DIRECTORS' REPORT

Registered Office

22 Tagore Lane
Singapore 787480

30 May 2002

To : The Entitled Shareholders of
Strike Engineering Limited (the "Company")

Dear Sir/Madam

On behalf of the Directors of the Company, I report that, having made due enquiry in relation to the interval between 30 June 2001 (the date to which the last audited financial statements of our Company and our subsidiaries (the "Group") have been made up) and the date hereof (being a date not earlier than 14 days before the date of this Abridged Prospectus) save as disclosed in this Abridged Prospectus:-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) there have not, in the opinion of the Directors, since the last Annual General Meeting of the Company, arisen any circumstances which would materially and adversely affect the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities that have arisen by reason of any guarantees given by the Group other than in respect of guarantees given in the ordinary course of business; and
- (e) since the Company's last Annual Report in respect of the financial year ended 30 June 2001, there have been no changes in the published reserves of or any unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors
of Strike Engineering Limited

Yeo Jiew Yew
Managing Director

TERMS AND CONDITIONS OF THE WARRANTS

The warrants (the “**Original Warrants**”) to subscribe for new ordinary shares of \$0.05 each in the capital of STRIKE ENGINEERING LIMITED (the “**Company**”), are issued in conjunction with the rights issue of between a minimum of 146,600,000 and a maximum of 183,246,000 new ordinary shares of \$0.05 each (the “**Rights Shares**”) in the capital of the Company with between a minimum of 146,600,000 and a maximum of 183,246,000 free detachable Original Warrants at the price of \$0.05 per Rights Share on the basis of one (1) Rights Share with one (1) free detachable Original Warrant for every five (5) ordinary shares of \$0.05 each which are subject to and have the benefit of a deed poll dated 24 May 2002 made by the Company (the “**Deed Poll**”). The issue of the Original Warrants has been authorised by resolutions of the Board of Directors of the Company and of the shareholders of the Company passed on 1 April 2002 and 17 May 2002 respectively.

The statements in these terms and conditions of the Warrants (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Deed Poll. Copies of the Deed Poll are available for inspection at the registered office for the time being of the Company and at the specified office for the time being of the warrant registrar referred to in Condition 3.6 (the “**Warrant Registrar**”). The Warrant holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed Poll.

1. DEFINITIONS

For the purposes of these Conditions and subject as otherwise provided herein:–

“**Additional Warrants**” means such further warrants as may be required or permitted to be issued by the Company in accordance with Condition 4 (such further warrants to rank *pari passu* with the Warrants then existing and for all purposes to form part of the same series), each Additional Warrant entitling the holder thereof to subscribe for 1 New Share at such price as may be determined in accordance with Condition 4, upon and subject to the Conditions;

“**Approved Bank**” means a bank or a merchant bank in Singapore selected by the Directors;

“**Auditors**” means the auditors for the time being of the Company or, in the event of their being unable or unwilling to carry out any action required of them pursuant to the Deed Poll or the Conditions, such other auditors as may be nominated by the Company;

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks, the SGX-ST, CDP and the Warrant Registrar are open for business in Singapore;

“**CDP**” means The Central Depository (Pte) Limited and, where the context requires, shall include any person specified by it, in a notice given to the Company, as its nominee;

“**Depositor**” means a person being a Depository Agent or a holder of a Securities Account maintained with CDP;

“**Depository Register**” means the register maintained by CDP in respect of the Warrants registered in the name of CDP and held by CDP for the Depositors;

“**Directors**” means the directors for the time being of the Company;

“**Dollars**” and “**\$**” mean the lawful currency of Singapore;

“**Exercise Date**” means in relation to the exercise of any Warrant, the Business Day (falling within the Exercise Period) on which the applicable conditions described in Condition 3 are fulfilled, or, if fulfilled on different days, on which the last of such conditions is fulfilled PROVIDED ALWAYS THAT if any such Business Day falls on a date when the Register of Members of the Company is closed, the Exercise Date will be the following Business Day on which such register is open;

“Exercise Period” means the period during which Warrants may be exercised, being the period commencing on and including the date of issue of the Warrants and expiring on 20 December 2003 at 5.00 p.m. unless such date is a date on which the Register of Members of the Company is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to closure of the Register of Members of the Company or on the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Warrant Register may be closed pursuant to the Conditions;

“Exercise Price” means the price of \$0.07 payable in cash for each New Share for which a Warrantholder will be entitled to subscribe upon exercise of a Warrant, or such adjusted price as may for the time being be applicable in accordance with the Conditions, not being less than the par value of the New Shares to be issued thereon;

“Last Dealt Price” means, in relation to a Share, the last dealt price-per Share for one or more board lots of Shares traded on the SGX-Sesdaq;

“Market Day” means a day (other than a Saturday, Sunday or public holiday) on which the SGX-ST is open for trading of securities in Singapore;

“New Shares” means new ordinary shares of \$0.05 each in the capital of the Company to be issued upon exercise of the Warrants;

“Notice” means a notice given or to be given in accordance with Condition 10;

“Original Warrants” means between a minimum of 146,600,000 and a maximum of 183,246,000 detachable Warrants in registered form to be issued pursuant to the Deed Poll by the Company, each Warrant entitling the holder thereof to subscribe for one New Share at the Exercise Price upon and subject to the Conditions;

“Securities Account” means a securities account or sub-account maintained by a Depositor with CDP;

“SGX-Sesdaq” means the Stock Exchange of Singapore Dealing and Automated Quotation System;

“SGX-ST” means The Singapore Exchange Securities Trading Limited;

“Share(s)” means ordinary share(s) of \$0.05 each in the capital of the Company;

“Share Registrar” means Lim Associates (Pte) Ltd of 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 or such other person, firm or company as for the time being maintains in Singapore the Register of Members of the Company;

“Shareholders” means the holders of the Shares whose names appear in the Register of Members of the Company and Depositors with Shares entered against their respective names in the Depository Register in each case;

“Special Resolution” means a resolution passed at a meeting of the Warrantholders duly convened and held and carried by a majority consisting of not less than fifty per cent (50%) of the votes cast thereon;

“Subscription Form” means in relation to any Warrant, the form (for the time being current) for exercising the Warrants, copies of which may be obtained from the Company or the Warrant Registrar;

“unexercised” means, in relation to the Warrants, all the Original Warrants which have been issued pursuant to the resolutions passed by the Board of Directors of the Company and Shareholders on 1 April 2002 and 17 May 2002 respectively and all the Additional Warrants (if any), for so long as the Warrants shall not have lapsed in accordance with Conditions 2 or 5

and other than (i) those which have been exercised in accordance with their terms, (ii) those which have been cancelled pursuant to the provisions of the Deed Poll, and (iii) those represented by Warrant Certificates which have been lost, stolen, mutilated, defaced or destroyed and in respect of which replacement Warrant Certificates have been issued, PROVIDED ALWAYS THAT for the purposes of (a) the right to attend and vote at any meeting of Warrantheolders and (b) the determination of how many and which Warrants for the time being remain unexercised for the purposes of Condition 7 and paragraphs 1, 3, 4 and 8 of Schedule II of the Deed Poll, those Warrants which have not been exercised but have been lodged for exercise (whether or not the conditions precedent to such exercise have been or will be fulfilled) shall, unless and until withdrawn from lodgment, be deemed not to remain unexercised;

“Warrant Agency Agreement” means the warrant agency agreement dated 24 May 2002 executed by the Company and the Warrant Registrar pursuant to which the Warrant Registrar is appointed by the Company to act in connection with the Warrants upon the terms and conditions set out therein;

“Warrant Certificates” means the certificates (in registered form) to be issued in respect of the Warrants in or substantially in the form set out in Schedule 1 of the Deed Poll as from time to time modified in accordance with the Conditions;

“Warrantheolders” means, in relation to any Warrant, the person or persons for the time being registered in the Warrant Register as the holder or joint holders of that Warrant, except that where the registered holder is CDP, it shall mean the persons named in the Depository Register against which such Warrants are credited;

“Warrant Register” means the register of Warrantheolders required to be maintained pursuant to Condition 3.7;

“Warrant Registrar” means Lim Associates (Pte) Ltd of 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 or such other person, firm or company as for the time being maintains in Singapore the Warrant Register as may from time to time be appointed by the Company under the Warrant Agency Agreement; and

“Warrants” means the Original Warrants and the Additional Warrants (if any).

2. EXERCISE RIGHTS

- 2.1 Upon and subject to these Conditions, each Warrantheolder shall have the right by way of exercise of each Warrant held by the Warrantheolder, at any time during the Exercise Period, in the manner set out in Condition 3 and otherwise on the terms and subject to these Conditions, to subscribe for one (1) New Share at the Exercise Price (subject to adjustments in accordance with Condition 4) on the Exercise Date applicable to such Warrant. No fraction of a Share shall be allotted.
- 2.2 At the expiry of the Exercise Period, any Warrants which have not been exercised in accordance with Condition 3 shall lapse and cease to be valid for any purpose.

3. PROCEDURE FOR EXERCISE OF WARRANTS

3.1 Lodgment Conditions

3.1.1 In order to exercise the Warrant(s), a Warrantheolder must before 3.00 p.m. on any Business Day during the Exercise Period:–

- (a) lodge the relevant Warrant Certificate registered in the name of the exercising Warrantheolder or CDP (as the case may be) for exercise at the specified office for the time being of the Warrant Registrar together with the Subscription Form (copies of which may be obtained from the Warrant Registrar or the Company) in respect of the Warrants represented thereby, duly completed and signed by or on behalf of the

exercising Warrantholder and duly stamped in accordance with any law for the time being in force relating to stamp duty PROVIDED ALWAYS THAT the Warrant Registrar may dispense with or defer the production of the relevant Warrant Certificate where such Warrant Certificate is registered in the name of CDP;

- (b) furnish such evidence (if any) as the Warrant Registrar may require to determine or verify the due execution of the Subscription Form by or on behalf of the exercising Warrantholder (including every joint Warrantholder, if any) or otherwise to ensure the due exercise of the Warrants;
- (c) pay the Exercise Price in accordance with the provisions of Condition 3.2;
- (d) pay any deposit or other fees or expenses for the time being chargeable by and payable to CDP (if any) and any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrant(s) as the Warrant Registrar may require; and
- (e) pay any fees for certificates for the New Shares to be issued, submit any necessary documents required in order to effect, and pay the expenses of the registration of the New Shares in the name of the exercising Warrantholder or CDP (as the case may be) and the delivery of certificates for the New Shares to the place specified by the exercising Warrantholder in the Subscription Form or to CDP (as the case may be).

3.1.2 Any exercise by a Warrantholder in respect of Warrants registered in the name of CDP shall be further conditional upon:-

- (a) that number of Warrants so exercised being credited to the free balance of the Securities Account of the Warrantholder and remaining so credited until the relevant Exercise Date, and being freely transferable from the Securities Account(s) of the exercising Warrantholder; and
- (b) the relevant Subscription Form specifying that the New Shares to be issued on exercise of the Warrants are to be credited to the Securities Account of the exercising Warrantholder or, in the case where funds standing to the credit of a CPF Investment Account are to be used for the payment of the Exercise Price, are to be credited to the Securities Account of the nominee company of the CPF Approved Bank as specified in the Subscription Form.

A Subscription Form which does not comply with the conditions above shall be void for all purposes. Warrantholders whose Warrants are registered in the name of CDP irrevocably authorise the Company and the Warrant Registrar to obtain from CDP and to rely upon such information and documents as the Company or the Warrant Registrar deems necessary to satisfy itself that all the abovementioned conditions have been fulfilled and such other information as the Company or the Warrant Registrar may require in accordance with these Conditions and the Deed Poll and to take such steps as may be required by CDP (including the steps set out in CDP's "Guidelines to the Procedures for Exercise of Warrants/TSRs (Warrants)" as amended from time to time) in connection with the operation of the Securities Account of any Warrantholder Provided that the Company and the Warrant Registrar shall not be liable in any way whatsoever for any loss or damage incurred or suffered by the Warrantholder as a result of or in connection with reliance by the Company, the Warrant Registrar or any other persons upon the Depository Register or the records of and information supplied by CDP.

3.1.3 Once all the abovementioned conditions (where applicable) have been fulfilled, the relevant Warrant Certificate(s) (if any), the Subscription Form and any monies tendered in connection with the exercise of the Warrant(s) in accordance with Condition 3.2 may not be withdrawn without the prior written consent of the Company.

3.2 Payment of Exercise Price

- 3.2.1 Payment of the Exercise Price shall be made at the specified office for the time being of the Warrant Registrar by way of (a) remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the monies payable in respect of the Warrant(s) exercised under Condition 3.1; (b) by debiting the relevant Warrantholder's CPF Investment Account with the CPF Approved Bank as specified in the Subscription Form, for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the Warrants exercised; or (c) partly in the form of remittance and/or partly by debiting such Warrantholder's CPF Investment Account with the CPF Approved Bank for the credit of the Special Account such that the aggregate amount of such remittance and/or the amount credited to the Special Account by the CPF Approved Bank is equal to the full amount of the Exercise Price payable in respect of the Warrants exercised, PROVIDED ALWAYS THAT any such remittance shall be accompanied by the delivery to the Warrant Registrar of the payment advice referred to below and shall comply with any exchange control or other statutory requirements for the time being applicable.
- 3.2.2 Any payment under this Condition 3.2 shall be made free of any foreign exchange commissions, remittance charges or other deductions and/or cashiers' orders and shall be accompanied by a payment advice containing (a) the name of the exercising Warrantholder; (b) the number of Warrants tendered for exercise; and (c) if the relevant Warrant Certificate is registered in the name of a person other than CDP, the certificate number(s) of the Warrant Certificate(s) in respect of the Warrant(s) being exercised and including, where the Warrant Certificates are registered in the name of CDP, the Securities Account number(s) of the exercising Warrantholder which is to be debited with the Warrants being exercised.
- 3.2.3 If the payment of the Exercise Price fails to comply with the foregoing provisions, the Warrant Registrar may, at its absolute discretion, refuse to recognise the relevant payment as relating to the exercise of any particular Warrant, and the exercise of the relevant Warrants may be delayed accordingly or be treated as invalid and neither the Warrant Registrar nor the Company shall be liable to the Warrantholder in any manner whatsoever. If the relevant payment received by the Warrant Registrar in respect of an exercising Warrantholder's purported exercise of all the relevant Warrants lodged with the Warrant Registrar is less than the full amount of all the monies payable under Condition 3.1, the Warrant Registrar shall not treat the relevant amount so received or any part thereof as payment of such monies or any part thereof or forward the same to the Company unless and until a further payment is made in accordance with the requirements set out above in this Condition 3.2 and Condition 3.4 below in an amount sufficient to cover the deficiency. The Company shall not be held responsible for any loss arising from the retention of any such payment by the Warrant Registrar.
- 3.2.4 Payment of the Exercise Price received by the Warrant Registrar will be delivered to the Company in accordance with the Warrant Agency Agreement as payment for the New Shares to be delivered in consequence of the exercise of such Warrants.

3.3 Exercise Date

- 3.3.1 The relevant Warrant shall (provided that the provisions of this Condition 3 have been satisfied) be treated as exercised on the Exercise Date.
- 3.3.2 The relevant Warrants and Warrant Certificates shall be cancelled on the Exercise Date except that, in relation to Warrant Certificates in the name of CDP, such Warrant Certificates shall be cancelled as soon as possible after receipt by the Warrant Registrar of such Warrant Certificates from CDP.

3.4 Non-fulfilment of Lodgment Conditions

- 3.4.1 If payment of the Exercise Price is made to the Warrant Registrar and such payment is not recognised by the Warrant Registrar as relating to the exercise of the relevant Warrants or the relevant payment is less than the full amount payable under Condition 3.1 or the conditions set out in Condition 3.1 or Condition 3.2 have not then all been fulfilled in relation to the exercise of such Warrants, such payment will remain with the Warrant Registrar pending recognition of such payment or full payment or, as the case may be, fulfilment of the conditions set out in Conditions 3.1 and 3.2, but on whichever is the earlier of (i) the fourteenth day after receipt of such Subscription Form by the Warrant Registrar, and (ii) the expiry of the Exercise Period such payment will (if the Exercise Date in respect of such Warrants has not by then occurred) be returned, without interest, to the Warrantheader. Any such payment will continue to belong to the Warrantheader but may only be withdrawn within the abovementioned fourteen-day period with the prior consent in writing of the Company.
- 3.4.2 The Warrant Registrar will, if it is possible to relate the payment so returned to any Warrant Certificates (if applicable) and the Subscription Form previously lodged with the Warrant Registrar, return such Warrant Certificates (if applicable) and the relevant Subscription Form together with such payment to the exercising Warrantheader at the risk and expense of such Warrantheader. The Warrant Registrar will be entitled to deduct or otherwise recover any applicable handling charges and out-of-pocket expenses from the exercising Warrantheader.

3.5 Allotment of New Shares, Issue of Warrant Certificates and Status of New Shares

- 3.5.1 A Warrantheader exercising Warrants which are registered in the name of CDP must have the delivery of the New Shares arising from the exercise of such Warrant effected by crediting such New Shares to the Securities Account(s) of such Warrantheader. A Warrantheader exercising Warrants registered in his own name should elect in the Subscription Form to either receive physical share certificates in respect of the New Shares arising from the exercise of such Warrants or to have the delivery of such New Shares effected by crediting such New Shares to his Securities Account(s) with CDP or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Subscription Form (in which case such Warrantheader shall also duly complete and deliver to the Warrant Registrar such forms as may be required by CDP), failing which such exercising Warrantheader shall be deemed to have elected to receive physical share certificates in respect of such New Shares at his address specified in the Warrant Register.
- 3.5.2 The Company will allot and issue the New Shares arising from the exercise of the relevant Warrants by a Warrantheader in accordance with the instructions of such Warrantheader as set out in the Subscription Form and:-
- (a) where such Warrantheader has (or is deemed to have) elected in the Subscription Form to receive physical certificates in respect of the New Shares arising from the exercise of the relevant Warrants, the Company shall despatch, as soon as practicable but in any event not later than five (5) Market Days after the relevant Exercise Date, by ordinary post to the address specified in the Subscription Form (or the Warrant Register, as the case may be) and at the risk of such Warrantheader; and
 - (b) where the delivery of New Shares arising from the exercise of the relevant Warrants is to be effected by the crediting of the Securities Account(s) of such Warrantheader or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Subscription Form, the Company shall as soon as practicable but not later than three (3) Market Days after the relevant Exercise Date despatch the certificates relating to such New Shares in the name of, and to, CDP for the credit of the Securities Account(s) of such Warrantheader as specified in the Subscription Form.

3.5.3 Where a Warrantholder exercises part only (but not all) of the subscription rights represented by Warrants registered in his name, the Company shall despatch a balancing Warrant Certificate in the name of the exercising Warrantholder in respect of any Warrants remaining unexercised by ordinary post to the address specified in the relevant Subscription Form (or, failing which, to his address specified in the Warrant Register), at the risk of that Warrantholder. Where a Warrantholder exercises part only (but not all) of the subscription rights represented by Warrants registered in the name of CDP, the Company shall, in exchange for the existing Warrant Certificate(s), deliver to CDP a balancing Warrant Certificate in the name of CDP for the account of such Warrantholder in respect of any Warrants remaining unexercised.

3.5.4 The New Shares will not rank for any dividends, rights, allotments or other distributions, that may be declared or paid (a) in respect of the financial year ending 30 June 2002 or (b) the record date for which shall fall before the relevant Exercise Date. Subject as aforesaid, the New Shares shall rank *pari passu* in all other respects with the then existing Shares. For the purpose of this Condition 3.5, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date on which as at the close of business (or such other time in accordance with market practice as may have been notified in writing by the Company), Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

3.6 Warrant Registrar and Share Registrar

The names of the initial Warrant Registrar and Share Registrar and their respective specified offices are set out on the Warrant Certificate. The Company reserves the right at any time to vary or terminate the appointment of the Warrant Registrar or the Share Registrar PROVIDED ALWAYS THAT it will at all times maintain a Warrant Registrar approved in writing by CDP having a specified office in Singapore, so long as any of the Warrants are outstanding. Notice of any such termination or appointment and of any changes in the names or specified offices of the Warrant Registrar or the Share Registrar will be given to the Warrantholders in accordance with Condition 10.

3.7 Warrant Register

3.7.1 The Warrant Registrar will maintain a register containing particulars of the Warrantholders (other than Warrantholders who are Depositors) and such other information relating to the Warrants as the Company may require (the "Warrant Register"). The Warrant Register and with the approval of CDP, the Depository Register may be closed during such periods when the Register of Transfers of the Company is deemed to be closed and during such periods as may be required to determine the adjustments to the Exercise Price and/or the number of Warrants held by any Warrantholder or during such other periods as the Company may determine. Notice of the closure of the Warrant Register and (if applicable) the Depository Register will be given to the Warrantholders in accordance with Condition 10.

3.7.2 Except as required by law or as ordered by a court of competent jurisdiction, the Company and the Warrant Registrar shall be entitled to rely on the Warrant Register (where the registered holder of a Warrant is a person other than CDP) or the Depository Register (where CDP is the registered holder of a Warrant) or any statement or certificate issued by CDP to the Company or any Warrantholder (as made available to the Company and/or the Warrant Registrar) to ascertain the identity of the Warrantholders, the number of Warrants to which any such Warrantholders are entitled, to give effect to the exercise of the subscription rights constituted by the Warrants and for all other purposes in connection with the Warrants (whether or not the Company shall be in default in respect of the Warrants or any of the terms and conditions contained herein or in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any claim on or loss or theft or forgery of any Warrant or Warrant Certificate).

3.7.3 Except as required by law:-

- (a) the person in whose name a Warrant is registered (other than CDP); and
- (b) (where a Warrant is registered in the name of CDP) the Depositor for the time being appearing in the Depository Register maintained by CDP as having such Warrant credited to his Securities Account,

will be deemed and treated as the absolute owner of that Warrant (whether or not the Company shall be in default in respect of the Warrants or any of the covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft of the relevant Warrant Certificate or any express notice to the Company or Warrant Registrar or any other related matter) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes in connection with the Warrants.

4. ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF WARRANTS

4.1 The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in accordance with Condition 4.2, which adjustment shall be certified by the Auditors. The Exercise Price and the number of Warrants held by each Warrantholder shall subject to Conditions 4.3 and 4.4 from time to time be adjusted as provided in these Conditions and the Deed Poll in all or any of the following cases:-

4.1.1 an alteration of the par value of the Shares by reason of any consolidation, subdivision or conversion;

4.1.2 an issue by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares) to its Shareholders;

4.1.3 a Capital Distribution (as defined below) made by the Company to its Shareholders whether on a reduction of capital or otherwise;

4.1.4 an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

4.1.5 an issue (otherwise than pursuant to a rights issue available to all Shareholders, requiring an adjustment under Condition 4.1.4 above) by the Company of Shares if the Total Effective Consideration for each Share (as defined below) is less than ninety per cent. (90%) of the Last Dealt Price for each Share (calculated as provided below).

4.2 Subject to these Conditions (and in particular Conditions 4.3 and 4.4) and the Deed Poll, the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of Conditions 4.1.1 to 4.1.5 or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Approved Bank shall determine):-

4.2.1 If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Exercise Price shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{\text{Revised par value for each Share}}{\text{Original par value for each Share}} \times X$$

and the number of Warrants held by each Warrantholder shall be adjusted in the following manner:-

$$\text{Adjusted number of Warrants} = \frac{\text{Original par value for each Share}}{\text{Revised par value for each Share}} \times W$$

where:-

W = existing number of Warrants held; and

X = existing Exercise Price.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective.

- 4.2.2 If and whenever the Company shall make any issue of Shares to its Shareholders credited as fully paid, by way of capitalization of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares), the Exercise Price and the number of Warrants held by each Warrantholder shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{A}{(A + B)} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(A + B)}{A} \times W$$

where:-

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

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders credited as fully paid by way of capitalization of profits or reserves (including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares);

W = as in W above; and

X = as in X above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue.

For the purpose of this Condition 4, "record date" in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered as such to participate therein.

- 4.2.3 If and whenever the Company shall make:-

- (a) a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (b) any offer or invitation to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights,

then, in respect of each such case the Exercise Price shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{(C - D)}{C} \times X$$

and in respect of each case referred to in Condition 4.2.3(b) above, the number of Warrants held by each Warrantholder shall be adjusted in the following manner:-

$$\text{Adjusted number of Warrants} = \frac{C}{(C - D)} \times W$$

where:-

C = the average of the Last Dealt Prices on the five Market Days before the date on which the Capital Distribution (as defined below), or any offer or invitation referred to in Condition 4.2.3(b) above, is publicly announced to the SGX-ST or (failing any such announcement), before the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation; and

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under Condition 4.2.3(b) above, the value of the rights attributable to one Share (as defined below); or (ii) in the case of any other transaction falling within Condition 4.2.3(a) above, the fair market value, as determined by an Approved Bank, of that portion of the Capital Distribution (as defined below).

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

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

where:-

C = as in C above;

E = the subscription price for one additional Share under the offer or invitation to acquire or subscribe for Shares under the terms of such offer or invitation;

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share;

W = as in W above; and

X = as in X above.

For the purpose of Conditions 4.1.3 and 4.2.3(a) above, "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition 4.2.2) or other securities credited as fully or partly paid up by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares). Any distribution out of profits or reserves (including any share premium account or capital redemption reserve fund) made after 30 June 2001 shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its Subsidiaries on or before that date.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such Capital Distribution or such offer or invitation, as the case may be.

4.2.4 If and whenever the Company makes any allotment to its Shareholders as provided in Condition 4.2.2 above and also makes any offer or invitation to its Shareholders as provided in Condition 4.2.3(b) above and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants held by each Warrantholder shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{(G \times C) + (H \times E)}{(G + H + B) \times C} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(G + H + B) \times C}{(G \times C) + (H \times E)} \times W$$

where:-

B = as in B above;

C = as in C above;

E = as in E above;

G = the aggregate number of issued and fully paid-up Shares on the record date;

H = the aggregate number of New Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

W = as in W above; and

X = as in X above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such offer or invitation.

4.2.5 If and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under Conditions 4.2.3(b) or 4.2.4 but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares) the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than ninety per cent. (90%) of the average Last Dealt Price for the five (5) Market Days before the date on which the issue price of such Shares is determined, or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the prior Market Day, the Exercise Price shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{M + N}{M + O} \times X$$

where:-

M = the number of Shares in issue at the close of business on the SGX-Sesdaq on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

N = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such average Last Dealt Price for the five (5) Market Days before the date on which the issue price of such Shares is determined (exclusive of expenses);

O = the aggregate number of Shares so issued; and

X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-Sesdaq on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purpose of Conditions 4.1.5 and 4.2.5, the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an Approved Bank and shall be the aggregate consideration receivable by the Company on payment in full for such Shares, without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration for each Share” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- 4.3 Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Exercise Price and the number of Warrants held by each Warrantholder will be required in respect of:-
- 4.3.1 an issue by the Company of Shares to officers, including directors, or employees of the Company or any of its Subsidiaries pursuant to any purchase or option scheme approved by the Shareholders in general meeting;
 - 4.3.2 an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business;
 - 4.3.3 any issue by the Company of Shares pursuant to the exercise of any of the Warrants; or
 - 4.3.4 any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights.
- 4.4 Any adjustment to the Exercise Price will be rounded upwards to the nearest one cent and in no event shall any adjustment (otherwise than upon the consolidation of Shares into shares of a larger par value) involve an increase in the Exercise Price or a reduction in the Exercise Price below the par value of the Shares for the time being. No adjustments to the Exercise Price shall be made unless it has been certified to be in accordance with Condition 4.2 above by the Auditors. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced would be less than one cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- 4.5 Any adjustment to the number of Warrants held by each Warrantholder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants held by each Warrantholder shall be made unless (a) it has been certified to be in accordance with Condition 4.2 above by the Auditors and (b) approval-in-principle has been granted by the SGX-ST for the listing of and quotation for such Additional Warrants as may be issued as a result of such adjustment and such additional New Shares as may be issued on the exercise of any of such Warrants. If for any reason an event giving rise to an adjustment (the “**First Adjustment**”) made to the Exercise Price or the number of Warrants held by each Warrantholder pursuant to these Conditions is cancelled, revoked or not completed, the Exercise Price or the number of Warrants held by each Warrantholder shall be readjusted to the amount prevailing immediately prior to the First Adjustment with effect from such date and in such manner as an Approved Bank may consider appropriate.

4.6 Notwithstanding the provisions referred to in this Condition 4, in any circumstances where the Directors consider that any adjustments to the Exercise Price and/or the number of Warrants held by each Warrantholder provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder should be made notwithstanding that no such adjustment is required under the said provisions, the Company may appoint an Approved Bank to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Condition 4 is appropriate or inappropriate, as the case may be, and, if such Approved Bank shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such Approved Bank to be in its opinion appropriate.

4.7 Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantholders in accordance with Condition 10 that the Exercise Price and/or the number of Warrants held by each Warrantholder has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or the number of Warrants and the effective date of such adjustment and shall at all times thereafter, so long as any of the Warrants remains exercisable, make available for inspection at its registered office for the time being:-

4.7.1 a signed copy of the certificate of the Auditors certifying the adjustment to the Exercise Price and/or the number of Warrants; and

4.7.2 a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or the number of Warrants and the effective date of such adjustment,

and shall, on request and at the expense of the Warrantholder, send a copy thereof to any Warrantholder. Whenever there is an adjustment to the number of Warrants held by each Warrantholder, the Company will, as soon as practicable but not later than seven (7) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, to his address appearing in the Warrant Register or, in respect of Warrants registered in the name of CDP, to CDP provided that if additional Warrants are issued to each Warrantholder as a result of an adjustment which is cancelled, revoked or not completed and the number of Warrants held by each Warrantholder is readjusted pursuant to Condition 4.5, such additional Warrants shall be deemed to be cancelled with effect from such date and in such manner as an Approved Bank may consider appropriate.

4.8 If the Directors, the Approved Bank and the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank acting as expert and not as arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.

4.9 Without prejudice to the generality of Condition 4.6, if the Company shall in any way modify the rights attached to any Share or loan capital so as to convert or make convertible such Share or loan capital into Shares, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank and the Directors shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants held by each Warrantholder shall be adjusted accordingly.

4.10 Any Additional Warrants which may be issued by the Company under this Condition 4 shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued, subject to and with the benefit of the Deed Poll and the Conditions, on such terms and conditions as the Directors may from time to time think fit.

- 4.11 In giving any certificate or making any adjustment hereunder, the Auditors and the Approved Bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decisions shall be conclusive and binding on the Company, the Warrantheolders and all other persons having an interest in the Warrants.
- 4.12 Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants held by each Warrantheolder other than in accordance with the provisions of this Condition 4 shall be subject to the approval of the SGX-ST and agreed to by the Company, the Auditors and the Approved Bank.

5. WINDING UP OF THE COMPANY

- 5.1 If a resolution is passed for a members' voluntary winding up of the Company, then:-
- 5.1.1 if such winding up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warrantheolders by way of a Special Resolution, the terms of such scheme of arrangement shall be binding on all the Warrantheolders and all persons having an interest in the Warrants;
- 5.1.2 in any other case every Warrantheolder shall be entitled upon and subject to the Conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company by irrevocable surrender of his Warrant Certificate(s) to the Company with the Subscription Form(s) duly completed, together with all payments payable under Condition 3.1 and having duly complied with all other conditions set out in Conditions 3.1 and 3.2, to elect to be treated as if he had, immediately prior to the commencement of such winding up, exercised the Warrants to the extent specified in the Subscription Form(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantheolders of the passing of any such resolution within seven (7) days after the passing thereof.
- 5.2 Subject to the foregoing, if the Company is wound up for any other reasons, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

6. FURTHER ISSUES

Subject to the Conditions, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrantheolders shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.

7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION

- 7.1 The Deed Poll contains provisions for convening meetings of the Warrantheolders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of these Conditions or the Deed Poll. Such a meeting may be convened by the Company or Warrantheolders holding not less than ten per cent. (10%) of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing a Special Resolution shall be two (2) or more persons present being Warrantheolders or proxies duly appointed by Warrantheolders holding or representing in aggregate the holders of not less than fifty per cent. (50%) of the Warrants for the time being unexercised.

- 7.2 At any adjourned meeting two (2) or more persons present being or representing Warranholders whatever the number of Warrants so held or represented shall form a quorum except that at any meeting the business of which includes the modification of certain provisions of the Warrants or of the Deed Poll (including canceling the subscription rights constituted by the Warrants or changing the Exercise Period), the necessary quorum for passing a Special Resolution shall be two (2) or more persons present being Warranholders or proxies duly appointed by Warranholders holding or representing in aggregate the holders of not less than fifty per cent. (50%) of the Warrants for the time being remaining unexercised or at any adjournment of such meeting ten per cent. (10%) of the Warrants for the time being unexercised. A Special Resolution duly passed at any meeting of Warranholders shall be binding on all Warranholders and all persons having an interest in the Warrants, whether or not they were present at the meeting. Warrants which have not been exercised but have been lodged for exercise shall not, unless and until they are withdrawn from lodgment, confer the right to attend or vote at, or join in convening, or be counted in the quorum for any meeting of Warranholders.
- 7.3 The Company may, without the consent of the Warranholders but in accordance with the terms of the Deed Poll, effect:-
- 7.3.1 any modification to the Warrants or the Deed Poll which, in the opinion of the Company, is not materially prejudicial to the interests of the Warranholders; or
- 7.3.2 any modification of the Warrants or the Deed Poll which, in the opinion of the Company, is to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- 7.3.3 any modification to the Warrants or the Deed Poll which, in the opinion of the Company, is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise thereof or meetings of the Warranholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-Sesdaq.

Any such modification shall be binding on the Warranholders and all persons having an interest in the Warrants, and shall be notified to them in accordance with Condition 10 as soon as practicable thereafter.

Any alteration in the terms of the Warrants is subject to the approval of the SGX-ST except where the transactions are made pursuant to these conditions.

8. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost, stolen or destroyed, it may, subject to applicable law and at the discretion of the Company, be replaced upon request by the Warranholder at the specified office for the time being of the Warrant Registrar on payment of such costs as may be incurred in connection therewith, and the replacement fee, such fee being for the time being a sum of \$2.00 (or such other sum being the replacement fee for the time being) for each replacement Warrant Certificate and on such terms as to evidence, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Warrant Certificate in respect of the Warrants is subsequently exercised, there will be paid to the Company on demand the market value of the Warrants at the time of the replacement thereof), as the Company may require. Mutilated or defaced Warrant Certificates must be surrendered to the Warrant Registrar before replacements will be issued. The replacement Warrant Certificate will be issued to the registered holder of the Warrant Certificate replaced.

9. TRANSFER AND TRANSMISSION OF WARRANTS

- 9.1 Subject to the provisions contained herein, the Warrants shall be transferable in lots entitling the Warrantholder to subscribe for whole numbers of Shares and so that no person shall be recognised by the Company as having title to Warrants entitling the holder thereof to subscribe for a fractional part of a Share or otherwise than as the sole or joint holder of the entirety of such Share.
- 9.2 Subject to applicable law and other provisions of the Conditions, a Warrant which is not registered in the name of CDP may only be transferred in accordance with the following provisions of this Condition 9.2:–
- 9.2.1 a Warrantholder whose Warrants are registered in the name of a person other than CDP (the “**Transferor**”) shall lodge, during normal business hours on any Business Day at the specified office of the Warrant Registrar, the Transferor’s Warrant Certificate(s) together with a transfer form as prescribed by the Company from time to time (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty Provided That the Warrant Registrar may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP;
- 9.2.2 the Transfer Form shall be accompanied by the registration fee (such fee being for the time being a sum of \$2.00 for each Warrant Certificate to be transferred) which shall be payable by cash or cheque together with any stamp duty specified by the Warrant Registrar to the Transferor, such evidence as the Warrant Registrar may require to determine and verify the due execution of the Transfer Form and payment of the expenses of, and submit, such documents as the Warrant Registrar may require to effect delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;
- 9.2.3 if the Transfer Form has not been fully or correctly completed by the Transferor or the full amount of the fees and expenses due to the Warrant Registrar have not been paid to the Warrant Registrar, the Warrant Registrar shall return such Transfer Form to the Transferor accompanied by written notice of the omission(s) or error(s) and requesting the Transferor to complete and/or amend the Transfer Form and/or to make the requisite payment; and
- 9.2.4 if the Transfer Form has been fully and correctly completed, the Warrant Registrar shall as agent for and on behalf of the Company:–
- (a) register the person named in the Transfer Form as transferee in the Warrant Register as registered holder of the Warrant in place of the Transferor;
 - (b) cancel the Warrant Certificate(s) in the name of the Transferor; and
 - (c) issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee.
- 9.3 With respect to Warrants registered in the name of CDP, any transfer of such Warrants shall be effected subject to and in accordance with applicable law and the rules of CDP as amended from time to time and where the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by the CDP by way of book-entry.

- 9.4 The executors and administrators of a deceased Warrantholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Registrar as having any title to the Warrants and shall be entitled to be registered as a holder of the Warrants upon the production by such persons to the Company and the Warrant Registrar of such evidence as may be reasonably required by the Company and the Warrant Registrar to prove their title and on completion of a Transfer Form and the payment of such fees and expenses referred to in Conditions 9.2 and 9.3. Conditions 9.2 and 9.3 shall apply *mutatis mutandis* to any transfer of the Warrants by such persons.
- 9.5 A Transferor or Depositor, as the case may be, shall be deemed to remain a Warrantholder of the Warrant until the name of the transferee is entered in the Warrant Register by the Warrant Registrar or in the Depository Register by CDP, as the case may be.

10. NOTICES

Each Warrantholder is required to nominate an address in Singapore for service of notices and documents by giving a notice in writing to the Company and the Warrant Registrar, failing which such Warrantholder shall not be entitled to receive any notices or documents. Notices to Warrantholders may be sent by ordinary post to their respective addresses so nominated (and in the case of joint holdings to the Warrantholder whose name appears first in the Warrant Register or, where applicable, the relevant record of CDP in respect of joint holdings) or be given by advertisement in a leading daily English language newspaper in circulation in Singapore. Such notices shall be deemed to have been given in the case of posting, on the date of posting and in the case of advertisement, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made. If such advertisement is not practicable, notice can be given in such manner as the Company and the Warrant Registrar may agree in writing.

11. GOVERNING LAW

The Warrants and these Conditions shall be governed by and construed in accordance with the laws of Singapore. The Company submits and each Warrantholder is deemed to irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Singapore for all purposes in relation to the Warrants and these Conditions.

Notes:-

The attention of Warrantholders is drawn to Rule 14 of The Singapore Code on Take-overs and Mergers. In general terms, these provisions regulate the acquisition of effective control of public companies. Warrantholders should consider the implications of these provisions before they exercise their respective Warrants. In particular, a Warrantholder should note that he may be under an obligation to extend a takeover offer for the Company if:-

- (a) he intends to acquire, by exercise of the Warrants or otherwise, whether at one time or different times, Shares which (together with Shares owned or acquired by him or persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of the Company; or
- (b) he, together with persons acting in concert, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights of the Company; and either alone or together with persons acting in concert, intends to acquire additional Shares by the exercise of the Warrants or otherwise in any period of six (6) months, increasing such percentage of the voting rights by more than one per cent. (1%).

**AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001**

The information in this Appendix has been reproduced from the Annual Report of the Company for the financial year ended 30 June 2001, except for page references which have been changed to conform with the pagination of this Abridged Prospectus, and has not been specifically prepared for inclusion in this Abridged Prospectus.

**AUDITORS' REPORT TO THE MEMBERS OF
STRIKE ENGINEERING LIMITED**

(Incorporated in Singapore)

We have audited the financial statements of Strike Engineering Limited and the consolidated financial statements of Strike Engineering Limited and its subsidiaries as at 30 June 2001 and for the year then ended set out on pages 65 to 99. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:—

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard in Singapore and so as to give a true and fair view of:—
 - (i) the state of affairs of the Company and of the Group as at 30 June 2001 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors and the financial statements of those subsidiaries which are not required to present audited financial statements by the laws of their country of incorporation, being financial statements included in the consolidated financial statements. The names of these subsidiaries are disclosed in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

Arthur Andersen

Certified Public Accountants

Singapore

5 October 2001

STRIKE ENGINEERING LIMITED AND SUBSIDIARIES

(Incorporated in Singapore)

BALANCE SHEETS AS AT 30 JUNE 2001

(Amounts in Singapore dollars)

	Note	Group		Company	
		2001	2000	2001	2000
		\$	\$	\$	\$
Share capital and reserves					
Share capital	3	36,650,000	18,324,600	36,650,000	18,324,600
Reserves	4	7,554,255	26,042,217	3,673,510	25,201,606
		44,204,255	44,366,817	40,323,510	43,526,206
Minority interests		14,029,372	4,945,913	—	—
		<u>58,233,627</u>	<u>49,312,730</u>	<u>40,323,510</u>	<u>43,526,206</u>
Fixed assets	5	17,947,251	16,872,945	8,039,561	10,510,123
Investment property	6	777,336	—	—	—
Investment in subsidiaries	7	—	—	29,113,361	19,063,729
Associated companies	8	236,580	3,363,707	—	9,000,000
Goodwill on consolidation	9	14,408,568	15,887,952	—	—
Other investments	10	2,880,000	—	2,880,000	—
Preliminary expenses		26,123	19,156	—	—
Current assets					
Development properties	11	43,235,988	13,075,891	—	—
Stocks	12	2,677,092	4,124,632	128,335	234,415
Projects-in-progress	13	15,285,659	13,635,681	8,706,572	10,234,687
Trade debtors	14	21,437,959	14,728,429	157,914	635,159
Other debtors, deposits and prepayments	15	1,178,669	3,900,971	94,934	119,132
Due from subsidiaries (trade)		—	—	2,321,149	2,055,734
Due from subsidiaries (non-trade)	16	—	—	15,073,407	7,074,499
Due from associated companies (trade)		—	554,717	—	—
Due from associated companies (non-trade)	16	—	39,608	1,618	39,608
Due from affiliated companies (trade)		310,735	—	—	—
Due from affiliated companies (non-trade)	16	191,023	—	6,932	—
Quoted investments	17	18,005	25,005	—	—
Fixed deposits	18	1,562,680	4,278,364	—	3,036,907
Cash and bank balances		12,946,098	3,614,723	263,946	35,821
		<u>98,843,908</u>	<u>57,978,021</u>	<u>26,754,807</u>	<u>23,465,962</u>

BALANCE SHEETS (continued)

	Note	Group		Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Current liabilities					
Trade creditors		13,726,132	11,332,985	2,791,144	1,399,362
Progress billings in excess of costs	19	1,215,548	873,185	831,801	696,672
Other creditors and accruals	20	8,602,511	1,043,828	6,008,347	234,913
Due to directors	16	704,067	4,819,681	—	2,990,000
Provision for taxation		4,520,167	4,835,165	1,121,408	2,322,000
Short term bank loans, unsecured	21	3,000,000	2,000,000	3,000,000	2,000,000
Short term bank loans, secured	22	9,700,000	8,750,000	—	—
Lease obligations, current portion	23	312,641	136,571	38,100	32,253
Bank term loans, current portion (secured)	24	7,081,784	1,128,918	343,776	1,064,962
Bills payable to banks, unsecured		167,880	1,392,058	167,880	1,392,058
Bank overdrafts, unsecured		1,852,936	1,893,334	1,852,936	1,825,387
		<u>50,883,666</u>	<u>38,205,725</u>	<u>16,155,392</u>	<u>13,957,607</u>
Net current assets		47,960,242	19,772,296	10,599,415	9,508,355
Non-current liabilities					
Lease obligations, non-current portion	23	906,856	314,324	59,803	33,338
Bank term loans, non-current portion (secured)	24	25,039,568	6,179,522	10,216,224	4,489,863
Deferred tax		56,049	109,480	32,800	32,800
		<u>58,233,627</u>	<u>49,312,730</u>	<u>40,323,510</u>	<u>43,526,206</u>

The accompanying notes are an integral part of the financial statements.

STRIKE ENGINEERING LIMITED AND SUBSIDIARIES

(Incorporated in Singapore)

STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED 30 JUNE 2001

(Amounts in Singapore dollars)

	Note	Group		Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Turnover	25	91,838,671	45,007,486	15,188,323	31,180,176
Cost of sales		(61,634,810)	(33,488,135)	(13,594,457)	(24,210,902)
Gross profit		30,203,861	11,519,351	1,593,866	6,969,274
Other operating income		508,087	78,590	464,349	1,411,630
Distribution & selling expenses		(2,937,870)	(395,699)	(133,833)	(79,964)
Administrative expenses		(15,585,260)	(3,845,947)	(2,374,724)	(2,275,538)
Other operating expenses		(2,618,547)	(808,156)	(93,203)	(254,546)
Profit (loss) from operations	27	9,570,271	6,548,139	(543,545)	5,770,856
Financial expenses — net	29	(516,865)	(70,005)	(344,708)	(46,517)
Exceptional item	30	(6,120,000)	—	(6,120,000)	—
		2,933,406	6,478,134	(7,008,253)	5,724,339
Share of results of associated companies		124,209	(194,873)	—	—
Profit (loss) before tax		3,057,615	6,283,261	(7,008,253)	5,724,339
Tax	31	(3,372,670)	(1,827,893)	—	(1,457,114)
(Loss) profit after tax		(315,055)	4,455,368	(7,008,253)	4,267,225
Minority interests		(4,168,000)	(598,636)	—	—
(Loss) profit attributable to shareholders		(4,483,055)	3,856,732	(7,008,253)	4,267,225
Accumulated profits, brought forward		7,248,935	7,093,206	6,929,580	6,363,358
Profit (loss) available for appropriation		2,765,880	10,949,938	(78,673)	10,630,583
Issue of bonus shares via capitalisation of accumulated profits		(52,574)	(3,701,003)	(52,574)	(3,701,003)
Accumulated profits (loss), carried forward		<u>2,713,306</u>	<u>7,248,935</u>	<u>(131,247)</u>	<u>6,929,580</u>
(Loss) earnings per share (cents)	32				
— Basic		(0.61)	0.60		
— Diluted		(0.61)	0.60		

The accompanying notes are an integral part of the financial statements.

STRIKE ENGINEERING LIMITED AND SUBSIDIARIES

(Incorporated in Singapore)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2001

(Amounts in Singapore dollars)

Group	Share capital \$	Share premium \$	Asset revaluation reserve \$	Translation reserve \$	Revenue reserve \$	Total \$
Balance at 1 July 1999	3,160,000	1,751,497	520,114	—	7,093,206	12,524,817
Foreign currency translation differences	—	—	—	1,142	—	1,142
Net profit	—	—	—	—	3,856,732	3,856,732
Bonus issue of 5,340,000 ordinary shares of \$1 each via capitalisation of accumulated profits and share premium	5,340,000	(1,751,497)	—	—	(3,588,503)	—
Issue of 42,500,000 ordinary shares of \$0.05 each at a premium of \$0.14 per share for cash pursuant to the Company's Initial Public Offer ("IPO")	2,125,000	5,950,000	—	—	—	8,075,000
Bonus issue of 106,250,000 ordinary shares of \$0.05 each via capitalisation of accumulated profits and share premium	5,312,500	(5,200,000)	—	—	(112,500)	—
Issue of 47,742,000 ordinary shares of \$0.05 each at a premium of \$0.382 per share as consideration for the purchase of a subsidiary and an associated company	2,387,100	18,237,900	—	—	—	20,625,000
Expenses in connection with the IPO	—	(715,874)	—	—	—	(715,874)
Balance at 30 June 2000	<u>18,324,600</u>	<u>18,272,026</u>	<u>520,114</u>	<u>1,142</u>	<u>7,248,935</u>	<u>44,366,817</u>

STATEMENTS OF CHANGES IN EQUITY (continued)

Group	Share capital \$	Share premium \$	Capital reserve \$	Asset revaluation reserve \$	Translation reserve \$	Revenue reserve \$	Total \$
Balance at 1 July 2000	18,324,600	18,272,026	—	520,114	1,142	7,248,935	44,366,817
Foreign currency translation differences	—	—	—	—	514,936	—	514,936
Net loss	—	—	—	—	—	(4,483,055)	(4,483,055)
Bonus issue of 366,492,000 ordinary shares of \$0.05 each via capitalisation of accumulated profits and share premium	18,324,600	(18,272,026)	—	—	—	(52,574)	—
Renounceable rights issue of 183,246,000 warrants 2006 at \$0.022 each for cash	—	—	4,031,412	—	—	—	4,031,412
Issue of 16,000 ordinary shares of \$0.05 each upon exercise of warrants 2006 at \$0.11 per share	800	1,312	(352)	—	—	—	1,760
Expenses in connection with the warrants issue	—	—	(227,615)	—	—	—	(227,615)
Balance at 30 June 2001	<u>36,650,000</u>	<u>1,312</u>	<u>3,803,445</u>	<u>520,114</u>	<u>516,078</u>	<u>2,713,306</u>	<u>44,204,255</u>

STATEMENTS OF CHANGES IN EQUITY (continued)

Company	Share capital \$	Share premium \$	Capital reserve \$	Revenue reserve \$	Total \$
Balance at 1 July 1999	3,160,000	1,751,497	—	6,363,358	11,274,855
Net profit	—	—	—	4,267,225	4,267,225
Bonus issue of 5,340,000 ordinary shares of \$1 each via capitalisation of accumulated profits and share premium	5,340,000	(1,751,497)	—	(3,588,503)	—
Issue of 42,500,000 ordinary shares of \$0.05 each at a premium of \$0.14 per share for cash pursuant to Company's IPO	2,125,000	5,950,000	—	—	8,075,000
Bonus issue of 106,250,000 ordinary shares of \$0.05 each via capitalisation of accumulated profits and share premium	5,312,500	(5,200,000)	—	(112,500)	—
Issue of 47,742,000 ordinary shares of \$0.05 each at a premium of \$0.382 per share as consideration for the purchase of a subsidiary and an associated company	2,387,100	18,237,900	—	—	20,625,000
Expenses in connection with IPO	—	(715,874)	—	—	(715,874)
Balance at 30 June 2000	18,324,600	18,272,026	—	6,929,580	43,526,206
Net loss	—	—	—	(7,008,253)	(7,008,253)
Bonus issue of 366,492,000 ordinary shares of \$0.05 each via capitalisation of accumulated profits and share premium	18,324,600	(18,272,026)	—	(52,574)	—
Renounceable rights issue of 183,246,000 warrants 2006 at \$0.022 each for cash	—	—	4,031,412	—	4,031,412
Issue of 16,000 ordinary shares of \$0.05 each upon exercise of warrants 2006 at \$0.11 per share	800	1,312	(352)	—	1,760
Expenses in connection with the warrants issue	—	—	(227,615)	—	(227,615)
Balance at 30 June 2001	36,650,000	1,312	3,803,445	(131,247)	40,323,510

The accompanying notes are an integral part of the financial statements.

STRIKE ENGINEERING LIMITED AND SUBSIDIARIES

(Incorporated in Singapore)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2001

(Amounts in Singapore dollars)

	2001 \$	2000 \$
Cash flow from operating activities		
Profit before tax	3,057,615	6,283,261
Adjustments:		
Amortisation of goodwill on consolidation	1,250,452	363,450
Bad trade debts written off	67,206	54,349
Depreciation of fixed assets	1,087,376	284,923
Fixed assets written off	13,323	8,047
Goodwill written off	900	—
Loss on disposal of subsidiary	838	—
(Gain) loss on disposal of fixed assets	(171,223)	8,162
Preliminary expenses written off	24,210	—
Provision for doubtful trade debts	908,371	237,235
Provision for foreseeable project losses	9,883	—
Provision for lower of cost and market value of quoted and other investments	6,127,000	45,500
Share of results of associated companies	(124,209)	194,873
Write back of provision for doubtful trade debts	(160,753)	—
Interest expense	504,320	147,147
Interest income	(103,403)	(83,398)
Translation adjustment	366,445	—
Operating profit before working capital changes	<u>12,858,351</u>	<u>7,543,549</u>
(Increase) decrease in:		
Preliminary expenses	(31,176)	(19,156)
Development properties	(30,160,097)	(13,075,891)
Stocks	1,447,540	(2,579,673)
Projects-in-progress, net of progress billings	(1,317,498)	2,731,619
Trade debtors	(183,734)	(49,967)
Other debtors, deposits and prepayments	2,908,188	(3,186,926)
Increase (decrease) in:		
Trade creditors	1,340,773	(1,109,152)
Other creditors and accruals	6,745,128	123,431
Intercompany balances, net	679,309	(374,342)
Due to directors	(3,439,290)	3,112,204
Bills payable to bank	<u>(1,224,178)</u>	<u>(294,465)</u>
Cash used in operations	<u>(10,376,684)</u>	<u>(7,178,769)</u>
Interest income received	103,403	83,398
Interest paid	(504,320)	(147,147)
Income taxes paid	<u>(4,281,553)</u>	<u>(1,599,251)</u>
Net cash used in operating activities	<u>(15,059,154)</u>	<u>(8,841,769)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	2001 \$	2000 \$
Cash flow from investing activities			
Proceeds from sale of fixed assets		2,683,870	32,656
Purchase of fixed assets	B	(2,012,323)	(7,598,114)
Net proceeds from disposal of associated company		40,220	—
Acquisition of associated company		—	(4,000,000)
Net cash flow from acquisition of subsidiaries	C	(8,551,868)	2,356,312
Net cash used in investing activities		<u>(7,840,101)</u>	<u>(9,209,146)</u>
Cash flow from financing activities			
Proceeds from term loans		32,510,000	16,550,000
Net proceeds from issue of shares, net of expenses		2,112	7,359,126
Net proceeds from issue of warrants, net of expenses		3,803,445	—
Contributions from minority shareholders of subsidiaries		435,000	—
Repayment of hire purchase liabilities		(327,910)	(205,398)
Repayment of term loans		(6,867,303)	(1,921,209)
Net cash generated from financing activities		<u>29,555,344</u>	<u>21,782,519</u>
Net increase in cash and cash equivalents		6,656,089	3,731,604
Cash and cash equivalents at beginning of year		<u>5,999,753</u>	<u>2,268,149</u>
Cash and cash equivalents at end of year	A	<u><u>12,655,842</u></u>	<u><u>5,999,753</u></u>

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:—

	2001 \$	2000 \$
Cash and bank balances	12,946,098	3,614,723
Fixed deposits	1,562,680	4,278,364
Bank overdrafts, secured	(1,852,936)	(1,893,334)
Cash and cash equivalents	<u><u>12,655,842</u></u>	<u><u>5,999,753</u></u>

B. FIXED ASSETS

During the financial year, the Group acquired fixed assets with an aggregate cost of \$3,108,834 (2000: \$7,965,935) of which \$1,096,511 (2000: \$367,821) was acquired by means of finance leases. Cash payments of \$2,012,323 (2000: \$7,598,114) were made to purchase fixed assets.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

C. ACQUISITION OF SUBSIDIARIES

The attributable net assets of subsidiaries acquired during the year are as follows:-

	2001	2000
	\$	\$
Fixed assets and investment property	2,207,658	3,397,332
Associated company	—	74,174
Cash and bank balances	1,165,387	2,936,314
Trade debtors	7,340,620	13,345,839
Stocks	—	1,453,623
Other debtors, deposits and prepayments	185,889	261,926
Quoted investments	—	7,505
Trade creditors	(1,052,375)	(6,700,915)
Other creditors and accruals	(431,320)	(424,029)
Provision for taxation	(540,454)	(1,251,652)
Intercompany balances, net	586,742	219,983
Due to directors, net	676,324	(1,675,032)
Term loans	(1,120,214)	(1,759,485)
Hire purchase liabilities	—	(173,646)
Deferred taxation	—	(63,600)
Minority interests	—	(275,363)
Reserve on consolidation	—	(1,402,741)
Net assets acquired	9,018,257	7,970,233
Add goodwill on consolidation	4,967,210	12,121,182
Minority interests	(4,268,212)	(3,886,413)
Total purchase consideration	9,717,255	16,205,002
Less purchase consideration satisfied via share issue	—	(15,625,000)
Purchase consideration satisfied via cash	9,717,255	580,002
Less: cash and bank balances of subsidiaries (Note 1)	(1,165,387)	(2,936,314)
Net cash flow from acquisition of subsidiaries	<u>(8,551,868)</u>	<u>(2,356,312)</u>
Note 1:		
Represented by cash and cash equivalents assumed:		
Cash and bank balances	1,165,387	2,056,066
Fixed deposits	—	936,427
Bank overdrafts	—	(56,179)
	<u>1,165,387</u>	<u>2,936,314</u>

The accompanying notes are an integral part of the financial statements.

STRIKE ENGINEERING LIMITED AND SUBSIDIARIES

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2001

(Amounts in Singapore dollars)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 22 Tagore Lane, Singapore 787480.

The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of provision of mechanical and electrical engineering services and dealing in electrical products.

The principal activities of the subsidiaries are as shown in Note 7 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, which are expressed in Singapore dollars, are prepared in accordance with Statements of Accounting Standard in Singapore and under the historical cost convention, modified by the revaluation of freehold land and building.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or sold during the year are consolidated for the periods from or to the date of acquisition or disposal. All intercompany balances and any unrealised profit or loss on intercompany transactions are eliminated on consolidation.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method. The financial statements of foreign associated companies are translated into Singapore dollars at rates of exchange ruling at the balance sheet date. Any unrealised profit or loss arising from transactions with associated companies is eliminated to the extent of the portion attributable to the Group.

When subsidiaries or associated companies are acquired, any difference between the consideration paid and the fair values of the net assets acquired is amortised to the consolidated profit and loss account in equal instalments over the period of 5 to 10 years.

The results of foreign subsidiaries are translated into Singapore dollars at the average exchange rates for the year and balance sheet items are translated at exchange rates ruling at the balance sheet date. Exchange differences arising on translating the opening net assets are taken directly to translation reserve until the disposal of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated in the financial statements of the Company at cost. Provision is made where there is a decline in value that is other than temporary.

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

An associated company is a company, not being a subsidiary, in which the Group has an interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

Fixed assets

Fixed assets are stated at cost or valuation, net of depreciation and any impairment loss. Fixed assets are depreciated using the straight-line method to write-off the cost or valuation over their estimated useful lives. The estimated useful lives have been taken as follows:-

	Years
Freehold properties	30
Leasehold properties	Over the leasehold period
Building	50
Machinery, tools and equipment	3-10
Motor vehicles	5-6
Computers	2-3
Office equipment	5-10
Furniture and fittings	5-10
Renovation	5-10

Leasehold properties are depreciated over their remaining lease period of 30 to 65 years. No depreciation is charged for freehold land.

There is no fixed policy with respect to the frequency of valuation of fixed assets. Fixed assets are revalued as and when deemed appropriate by the directors.

Where fixed assets are revalued, any surplus on revaluation is credited to asset revaluation reserve. A decrease in the net carrying amount of the asset revaluation reserve arising on revaluation of fixed assets is charged to the profit and loss account to the extent that it exceeds any surplus held in reserve relating to a previous revaluation of the same class of assets.

Fully depreciated assets are retained in the accounts until they are no longer in use.

Preliminary expenses

Preliminary expenses are stated at cost. These expenses are written off to the profit and loss statement upon commencement of commercial operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Development properties

Development properties refer to those properties that are intended for sale in the ordinary course of business. They include completed properties and properties in the course of development and are stated at the lower of cost and net realisable value less progress payments received. Development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit. All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

Investment property

Investment property is that which is held for its investment potential and income. Rental income is recognised on an accrual basis.

Investment property is stated at cost. Cost comprises the purchase price of the investment property. Repairs and maintenance costs are charged to the income statement in the period in which they are incurred.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Quoted investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis.

Dividend income is recorded on a receipt basis.

Stocks

Stocks are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

Finance leases

Fixed assets acquired under finance leases are capitalised and depreciated over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Revenue recognition

Revenue from projects is recognised as work progresses, using the percentage-of-completion method. The percentage of completion for a given project is determined after considering the relationship of value of work done to-date to total contract revenue for the project.

Costs of projects include raw materials, direct labour and other project related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision is made for any foreseeable losses as soon as they are known.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from sale of goods is recognised upon delivery of goods and acceptance by customers.

Maintenance revenue is recognised on a pro-rated basis over the period of the maintenance contract.

Income tax

Income tax expense is determined on the basis of tax effect accounting, using the liability method and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

Foreign currencies

Transactions in foreign currencies are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at exchange rates approximating those ruling at that date. All resulting exchange differences are recognised in the profit and loss statement.

Segments

For management purposes, the Group is organised on a world-wide basis into six major operating businesses. The divisions are the bases on which the Group reports its primary segment information.

Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for on an arm's length basis.

3. SHARE CAPITAL

	— Group and Company —	
	2001	2000
	\$	\$
Authorised		
— 2,000,000,000 (2000: 1,000,000,000) ordinary shares of \$0.05 each	<u>100,000,000</u>	<u>50,000,000</u>
Issued and fully paid		
— 733,000,000 (2000: 366,492,000) ordinary shares of \$0.05 each	<u>36,650,000</u>	<u>18,324,600</u>

During the financial year, the Company increased its authorised share capital from \$50,000,000 to \$100,000,000 via the creation of 1,000,000,000 ordinary shares of \$0.05 each.

In addition, the Company made a bonus issue of 366,492,000 ordinary shares of \$0.05 each by way of capitalisation of \$52,574 and \$18,272,026 from the Company's accumulated profits and share premium respectively and issued 16,000 ordinary shares of \$0.05 each upon the exercise of the warrants at \$0.11 per share.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. RESERVES

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Share premium	1,312	18,272,026	1,312	18,272,026
Capital reserve	3,803,445	—	3,803,445	—
Asset revaluation reserve	520,114	520,114	—	—
Translation reserve	516,078	1,142	—	—
Revenue reserve	2,713,306	7,248,935	(131,247)	6,929,580
	<u>7,554,255</u>	<u>26,042,217</u>	<u>3,673,510</u>	<u>25,201,606</u>

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

The capital reserve comprises a renounceable rights issue of warrants carrying the right to subscribe for new ordinary shares of \$0.05 each in the capital of the Company at an issue price of \$0.022 for each warrant on the basis of one warrant for every four ordinary shares held by the shareholders.

Asset revaluation reserve comprises the surplus arising from revaluation of freehold land and building.

In accordance with Statement of Accounting Standard No.1 (Revised 1999), movements in reserves for the Group and the Company are set out in the Statement of Changes in Equity of the Group and the Company respectively.

	Group	
	2001	2000
	\$	\$
Revenue reserve retained in:		
— the Company	(131,247)	6,929,580
— subsidiaries	2,729,373	514,228
— associated companies	115,180	(194,873)
	<u>2,713,306</u>	<u>7,248,935</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FIXED ASSETS

(a) Group

	At cost					
	Leasehold Properties	Machinery, tools and equipment	Motor Vehicles	Computers	Office Equipment	Furniture and fittings
	\$	\$	\$	\$	\$	\$
Cost or Valuation						
As at 1.7.2000	578,129	260,622	1,829,962	443,120	239,699	234,611
Reclassifications	24,491	5,811	—	8,211	(16,430)	(22,083)
Attributable to subsidiaries acquired during the year	1,423,600	—	190,367	—	651,133	—
Additions	293,735	205,996	1,442,207	468,733	309,915	182,404
Disposals	—	(6,500)	(199,504)	(2,957)	(3,885)	(2,808)
Written off	—	(41,630)	—	(4,900)	(10,158)	(11,610)
Translation adjustment	94,582	1,943	32,927	5,752	35,499	2,498
As at 30.6.2001	<u>2,414,537</u>	<u>426,242</u>	<u>3,295,959</u>	<u>917,959</u>	<u>1,205,773</u>	<u>383,012</u>
Accumulated depreciation						
As at 1.7.2000	81,471	187,501	925,733	299,306	147,473	115,317
Reclassifications	6,106	582	—	3,228	(3,860)	(6,056)
Attributable to subsidiaries acquired during the year	89,093	—	156,244	—	555,225	—
Charge for the year	36,909	51,220	496,133	178,276	80,394	66,974
Disposals	—	(3,234)	(173,540)	(1,417)	(3,217)	(1,872)
Written off	—	(35,319)	—	(4,900)	(9,532)	(5,225)
Translation adjustment	7,047	756	22,805	2,269	28,059	791
As at 30.6.2001	<u>220,626</u>	<u>201,506</u>	<u>1,427,375</u>	<u>476,762</u>	<u>794,542</u>	<u>169,929</u>
Charge for 2000	<u>9,901</u>	<u>14,502</u>	<u>170,354</u>	<u>33,159</u>	<u>12,239</u>	<u>13,540</u>
Net book value						
As at 30.6.2001	<u>2,193,911</u>	<u>224,736</u>	<u>1,868,584</u>	<u>441,197</u>	<u>411,231</u>	<u>213,083</u>
As at 30.6.2000	<u>496,658</u>	<u>73,121</u>	<u>904,229</u>	<u>143,814</u>	<u>92,226</u>	<u>119,294</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FIXED ASSETS (continued)

(a) Group (continued)

	At cost			At valuation		
	Renovation	Freehold Properties	Freehold Land	Building	Freehold land	Total
	\$	\$	\$	\$	\$	\$
Cost or Valuation						
As at 1.7.2000	338,692	2,756,323	9,971,655	557,600	2,000,000	19,210,413
Reclassifications	—	—	—	—	—	—
Attributable to subsidiaries acquired during the year	—	—	—	—	—	2,265,100
Additions	180,744	25,100	—	—	—	3,108,834
Disposals	—	—	(2,480,273)	—	—	(2,695,927)
Written off	(9,650)	—	—	—	—	(77,948)
Translation adjustment	4,014	—	—	—	—	177,215
As at 30.6.2001	513,800	2,781,423	7,491,382	557,600	2,000,000	21,987,687
Accumulated depreciation						
As at 1.7.2000	183,195	323,144	—	74,328	—	2,337,468
Reclassifications	—	—	—	—	—	—
Attributable to subsidiaries acquired during the year	—	—	—	—	—	800,562
Charge for the year	74,011	92,307	—	11,152	—	1,087,376
Disposals	—	—	—	—	—	(183,280)
Written off	(9,650)	—	—	—	—	(64,626)
Translation adjustment	1,209	—	—	—	—	62,936
As at 30.6.2001	248,765	415,451	—	85,480	—	4,040,436
Charge for 2000	6,135	13,941	—	11,152	—	284,923
Net book value						
As at 30.6.2001	265,035	2,365,972	7,491,382	472,120	2,000,000	17,947,251
As at 30.6.2000	155,497	2,433,179	9,971,655	483,272	2,000,000	16,872,945

The Group's freehold land and building have been revalued by a firm of independent professional valuers, Jones Lang LaSalle Property Consultants Pte Ltd as at 2 February 2001, on the basis of open market value for existing use. Had the freehold land and building been stated at cost less accumulated depreciation, the net book value of the freehold land and building as at 30 June 2001 would have been approximately \$1,442,000 (2000: \$1,449,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5. FIXED ASSETS *(continued)*

(a) Group *(continued)*

As at 30 June 2001, the Group had fixed assets under hire purchase with a net book value of approximately \$1,617,000 (2000: \$488,000).

Freehold properties of a subsidiary with a net book value of approximately \$2,341,000 (2000: \$Nil) are mortgaged to a bank for banking facilities granted to the subsidiary (Note 22).

The Group's leasehold properties with a net book value of approximately RM 1,249,000 and HK\$ 4,641,000 (2000: RM 645,000) respectively are mortgaged to the banks for banking facilities granted to the subsidiaries (Note 24).

The Group's freehold land and building with a net book value of approximately \$9,963,000 (2000: \$Nil) are mortgaged to certain banks for a transferable loan facility granted to the Company (Note 24).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FIXED ASSETS (continued)

(b) Company

	Leasehold properties	Machinery, tools and equipment	Motor vehicles	Computers	Office equipment	Furniture and fittings	Renovation	Freehold land	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
As at 1.7.2000	249,762	100,470	688,208	107,585	61,100	69,040	11,115	9,971,655	11,258,935
Additions	—	8,950	108,449	21,333	2,571	3,398	—	25,100	169,801
Disposals	—	(6,500)	(163,504)	—	—	—	—	(2,480,273)	(2,650,277)
Written off	—	(41,630)	—	—	—	—	—	—	(41,630)
As at 30.6.2001	<u>249,762</u>	<u>61,290</u>	<u>633,153</u>	<u>128,918</u>	<u>63,671</u>	<u>72,438</u>	<u>11,115</u>	<u>7,516,482</u>	<u>8,736,829</u>
Accumulated depreciation									
As at 1.7.2000	46,109	71,614	432,948	84,832	52,156	51,306	9,847	—	748,812
Charge for the year	7,685	10,271	94,664	16,270	3,017	7,198	423	521	140,049
Disposals	—	(3,234)	(153,040)	—	—	—	—	—	(156,274)
Written off	—	(35,319)	—	—	—	—	—	—	(35,319)
As at 30.6.2001	<u>53,794</u>	<u>43,332</u>	<u>374,572</u>	<u>101,102</u>	<u>55,173</u>	<u>58,504</u>	<u>10,270</u>	<u>521</u>	<u>697,268</u>
Charge for 2000	<u>7,685</u>	<u>10,863</u>	<u>99,530</u>	<u>14,306</u>	<u>5,003</u>	<u>7,271</u>	<u>423</u>	<u>—</u>	<u>145,081</u>
Net book value									
As at 30.6.2001	<u>195,968</u>	<u>17,958</u>	<u>258,581</u>	<u>27,816</u>	<u>8,498</u>	<u>13,934</u>	<u>845</u>	<u>7,515,961</u>	<u>8,039,561</u>
As at 30.6.2000	<u>203,653</u>	<u>28,856</u>	<u>255,260</u>	<u>22,753</u>	<u>8,944</u>	<u>17,734</u>	<u>1,268</u>	<u>9,971,655</u>	<u>10,510,123</u>

As at 30 June 2001, the Company had fixed assets under hire purchase with a net book value of approximately \$166,000 (2000: \$170,000).

Freehold land with a net book value of approximately \$7,491,000 (2000: \$7,491,000) is mortgaged to certain banks for a transferable loan facility granted to the Company (Note 24).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. INVESTMENT PROPERTY

Investment property of a subsidiary with a book value of HK3,321,949 (S\$777,336) is held under a long term lease and is rented out under an operating lease. The property is pledged to a bank for banking facilities granted to the subsidiary (Note 24).

7. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries comprises:-

	Company	
	2001	2000
	\$	\$
Unquoted equity shares at cost	29,113,361	19,063,729

(b) The Company and the Group had the following subsidiaries as at 30 June 2001:-

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			2001	2000	2001	2000
			%	%	\$	\$
<i>Held by the Company</i>						
Ligent Engineering Pte Ltd	Electrical contractors, suppliers of electrical hardware and fittings and the provision of electrical engineering services	Singapore	100	100	2,144,423	2,144,423
Victrad Enterprise (Pte) Ltd	Electrical contracting and the provision of project management services	Singapore	100	100	464,303	464,306
Lantrovision (S) Pte Ltd	Supply, design, installation and provision of consultancy services on network integration and structured cabling and those of electrical contractors and suppliers of electrical hardware and fittings	Singapore	50.46	51	15,625,000	15,625,000
Strike Development Pte Ltd	Property development	Singapore	51	51	510,000	510,000
Strike Construction Pte Ltd	Building construction and installation, provision of electrical and mechanical engineering services	Singapore	61.2	100	260,000	250,000
Gredanian Pte Ltd	Property development	Singapore	70	70	700,000	70,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. INVESTMENT IN SUBSIDIARIES *(continued)*

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			2001	2000	2001	2000
			%	%	\$	\$
Nete2 Asia Pte Ltd	Supply, installation and provision of consultancy services for tele-conferencing facilities and development of software and multimedia works	Singapore	51	—	51,000	—
**Gordon (HK) Designer and Engineer Ltd	Interior architecture, design and decoration services	Hong Kong	51	—	9,358,635	—
<i>Held by subsidiaries</i>						
Strike Coal and Mineral Pte Ltd	Wholesale trading, including imports and exports	Singapore	100	—	—	—
##Lantro (Japan) Ltd	Structure, design, installation and consulting of network system with computer communication technology	Japan	100	100	—	—
*Lantro (Malaysia) Sdn Bhd	Design and installation of computer cabling and trading of related accessories and peripherals	Malaysia	100	100	—	—
*Lantro (Penang) Sdn Bhd	Provision of cabling infrastructure services and selling cabling accessories	Malaysia	51	51	—	—
**Lantro Phils. Inc.	Provision of contracting services for voice, data and telecommunication works and maintenance services	Philippines	@	70	—	—
*Lantro (HK) Limited	Provision of system integration and network infrastructure services	Hong Kong	100	70	—	—
Spectrum Infocom International Pte Ltd	Telecommunication operator	Singapore	60	60	—	—
#Lantro Korea Co. Ltd	Planning and installation of cables for information and communication networks	Korea	70	—	—	—

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN SUBSIDIARIES (continued)

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			2001	2000	2001	2000
			%	%	\$	\$
# Lantro Co. Ltd (Hangzhou)	Manufacture and sale of structuralized cable laying system and multimedia technology	People's Republic of China	70	—	—	—
VRnet (S) Pte Ltd	Trading in computers, computer peripherals, all kinds of electronic components and products for various applications, planners, consultants, advisers and managers in relation to computer services	Singapore	55	—	—	—
**VRnet (M) Sdn Bhd	Provider of integrated IT infrastructure services	Malaysia	90	—	—	—
					29,113,361	19,063,729

* Audited by associate firms of Arthur Andersen Singapore.

** Audited by other auditors.

For the financial year ended 30 June 2001, these companies are newly incorporated and are not required to be audited under the laws of incorporation of their respective countries.

Not required to be audited under the laws of incorporation of the country.

@ On 2 January 2001, the Company's subsidiary reduced its equity stake in Lantro Phils. Inc. from 70% to 40%. Lantro Phils, Inc. thereafter became a 40% owned associated company of the Company's subsidiary.

8. ASSOCIATED COMPANIES

(a) Investment in associated companies comprises:-

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Unquoted equity shares at cost	172,326	9,108,044	—	9,000,000
Goodwill on acquisition	(50,926)	(5,549,464)	—	—
	121,400	3,558,580	—	9,000,000
Share of post-acquisition reserves	115,180	(194,873)	—	—
	236,580	3,363,707	—	9,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. ASSOCIATED COMPANIES (continued)

(b) Details of associated companies are as follows:-

Name of associated company	Principal activities	Country of Incorporation and place of business	Effective equity interest held by the Group	
			2001	2000
			%	%
<i>Held by a subsidiary</i>				
*Lantro (Thailand) Co. Ltd	Design and installation of computer cabling and trading of related accessories and peripherals	Thailand	49	49
*Lantro Phils, Inc.	Provision of contracting services for voice, data and telecommunication	Philippines	40	@
*VRnet (Thailand) Co., Ltd	Trading of computers and computer peripherals and provision of computer consulting services	Thailand	49	—

* Audited by other auditors.

@ On 2 January 2001, the Group reduced its equity stake in Lantro Phils. Inc. from 70% to 40%. Lantro Phils. Inc. thereafter became a 40% owned associated company.

9. GOODWILL ON CONSOLIDATION

	Group	
	2001	2000
	\$	\$
Goodwill on consolidation arising from acquisition of subsidiaries and associated companies, net of reserve on consolidation	15,843,979	16,251,402
Less accumulated amortisation	(1,435,411)	(363,450)
	<u>14,408,568</u>	<u>15,887,952</u>

Movements in accumulated amortisation during the year are as follows:-

	Group	
	2001	2000
	\$	\$
At beginning of year	363,450	—
Amortisation for the year	1,250,452	363,450
Attributable to acquisition of subsidiaries	5,292	—
Attributable to disposal of an associated company	(183,783)	—
At end of year	<u>1,435,411</u>	<u>363,450</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. OTHER INVESTMENTS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Quoted investments at cost				
Equity shares	9,000,000	—	9,000,000	—
Provision for lower of cost and market value	(6,120,000)	—	(6,120,000)	—
	<u>2,880,000</u>	<u>—</u>	<u>2,880,000</u>	<u>—</u>
Market value of quoted investments				
Equity shares	<u>2,880,000</u>	<u>—</u>	<u>2,880,000</u>	<u>—</u>

11. DEVELOPMENT PROPERTIES

	Group	
	2001	2000
	\$	\$
Cost of land	37,540,727	9,388,487
Interest capitalised during the year	1,422,146	136,665
Development and related costs	4,273,115	3,550,739
	<u>43,235,988</u>	<u>13,075,891</u>

12. STOCKS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Finished goods, at cost	2,862,496	4,258,192	128,335	234,415
Less provision for stock obsolescence	(185,404)	(133,560)	—	—
	<u>2,677,092</u>	<u>4,124,632</u>	<u>128,335</u>	<u>234,415</u>

Movements in provision for stock obsolescence during the year are as follows:-

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
At beginning of year	133,560	—	—	—
Provision for the year	51,297	133,560	—	—
Translation difference	547	—	—	—
At end of year	<u>185,404</u>	<u>133,560</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. PROJECTS-IN-PROGRESS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Project costs	112,638,696	107,892,166	87,983,289	91,424,409
Attributable profits	21,893,813	14,418,748	13,919,653	12,182,128
Less provision for foreseeable project losses	(636,644)	(955,826)	(585,394)	(904,576)
	133,895,865	121,355,088	101,317,548	102,701,961
Less progress billings received and receivable	(118,610,206)	(107,719,407)	(92,610,976)	(92,467,274)
	15,285,659	13,635,681	8,706,572	10,234,687

Movements in provision for foreseeable project losses during the financial year are as follows:-

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
At beginning of year	955,826	955,826	904,576	904,576
Provision for the year	9,883	—	9,883	—
Write off against provision	(329,065)	—	(329,065)	—
At end of year	636,644	955,826	585,394	904,576

14. TRADE DEBTORS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Trade debtors	22,470,522	14,997,014	157,914	635,159
Less provision for doubtful trade debts	(1,032,563)	(268,585)	—	—
	21,437,959	14,728,429	157,914	635,159

Movements in provision for doubtful trade debts during the year are as follows:-

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
At beginning of year	268,585	—	—	—
Attributable to acquisition of subsidiaries	—	31,350	—	—
Provision for the year	908,371	237,235	—	—
Write back of provision for the year	(160,753)	—	—	—
Translation difference	16,360	—	—	—
At end of year	1,032,563	268,585	—	—

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Other debtors	651,103	237,132	33,766	21,750
Deposits	361,920	2,828,498	14,998	33,460
Prepayments	103,183	65,239	7,770	15,922
Unbilled receivables	10,218	686,566	—	—
Advances to staff	51,655	81,848	38,400	48,000
Interest receivable	590	1,688	—	—
	<u>1,178,669</u>	<u>3,900,971</u>	<u>94,934</u>	<u>119,132</u>

16. DUE FROM SUBSIDIARIES (NON-TRADE)/ASSOCIATED COMPANIES (NON-TRADE)/AFFILIATED COMPANIES (NON-TRADE)/DUE TO DIRECTORS

These balances are unsecured and are repayable on demand. The balances due to directors and from associated companies and affiliated companies are interest-free whereas the balances due from subsidiaries of \$12,244,154 (2000: \$Nil) bears interest at 4% (2000: Nil%) per annum.

17. QUOTED INVESTMENTS

	Group	
	2001	2000
	\$	\$
Quoted shares at cost	115,340	115,340
Provision for lower of cost and market value	(97,335)	(90,335)
	<u>18,005</u>	<u>25,005</u>
Market value	<u>15,000</u>	<u>23,500</u>

Movements in provision for the lower of cost and market value of quoted investments during the year are as follows:-

	Group	
	2001	2000
	\$	\$
At beginning of year	90,335	44,835
Provision for the year	7,000	45,500
At end of year	<u>97,335</u>	<u>90,335</u>

18. FIXED DEPOSITS

Fixed deposits of the subsidiaries amounting to \$550,000 (2000: \$1,050,000) were pledged to banks for banking facilities granted to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. PROGRESS BILLINGS IN EXCESS OF COSTS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Progress billings received and receivable	21,527,170	14,755,791	16,862,506	13,820,874
Less project costs	(18,602,212)	(13,053,193)	(14,485,009)	(12,328,458)
Less attributable profits	(1,709,410)	(829,413)	(1,545,696)	(795,744)
	<u>1,215,548</u>	<u>873,185</u>	<u>831,801</u>	<u>696,672</u>

20. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Other creditors	684,655	569,566	390	—
Accrued operating expenses	2,148,918	474,262	414,193	234,913
Amount payable in relation to acquisition of subsidiary	5,593,764	—	5,593,764	—
Rental deposits	13,759	—	—	—
Advance from customers	86,514	—	—	—
Deferred revenue	74,901	—	—	—
	<u>8,602,511</u>	<u>1,043,828</u>	<u>6,008,347</u>	<u>234,913</u>

21. SHORT TERM BANK LOANS, UNSECURED

The short term bank loans are unsecured and bear interest at approximately 3.90% to 4.25% (2000: 2.94% to 4.79%) per annum.

22. SHORT TERM BANK LOANS, SECURED

Details of the short term loans are as follows:-

- (a) Short term loans of a subsidiary amounting to \$8,750,000 bear interest at 1.5% per annum above the bank's cost of funds and are repayable on a monthly basis. The loans are secured by:-
 - (i) a first legal mortgage over the subsidiary's development properties;
 - (ii) a legal assignment of the last 15% of the sale proceeds of the development properties; and
 - (iii) a corporate guarantee from the Company.
- (b) Short term revolving bank loans of a subsidiary amounting to \$950,000 which bear interest at 4% per annum are secured by way of a legal mortgage on the subsidiary's freehold properties with a net book value of approximately \$2,341,000 and a corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. LEASE OBLIGATIONS

Group

	Payments	Interest	Principal
	\$	\$	\$
2001			
1 year to 5 years	925,874	138,774	787,100
Later than 5 years	<u>138,720</u>	<u>18,964</u>	<u>119,756</u>
	1,064,594	157,738	906,856
Not later than 1 year	<u>367,373</u>	<u>54,732</u>	<u>312,641</u>
	<u><u>1,431,967</u></u>	<u><u>212,470</u></u>	<u><u>1,219,497</u></u>
2000			
1 year to 5 years	374,047	59,723	314,324
Not later than 1 year	<u>168,184</u>	<u>31,613</u>	<u>136,571</u>
	<u><u>542,231</u></u>	<u><u>91,336</u></u>	<u><u>450,895</u></u>
Company			
2001			
1 year to 5 years	60,839	8,642	52,197
Later than 5 years	<u>9,276</u>	<u>1,670</u>	<u>7,606</u>
	70,115	10,312	59,803
Not later than 1 year	<u>41,725</u>	<u>3,625</u>	<u>38,100</u>
	<u><u>111,840</u></u>	<u><u>13,937</u></u>	<u><u>97,903</u></u>
2000			
1 year to 5 years	38,158	4,820	33,338
Not later than 1 year	<u>36,618</u>	<u>4,365</u>	<u>32,253</u>
	<u><u>74,776</u></u>	<u><u>9,185</u></u>	<u><u>65,591</u></u>

24. BANK TERM LOANS (SECURED)

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Bank loans	21,561,352	7,308,440	—	5,554,825
Transferable loan facility	<u>10,560,000</u>	—	<u>10,560,000</u>	—
	32,121,352	7,308,440	10,560,000	5,554,825
Due within one year	<u>7,081,784</u>	<u>1,128,918</u>	343,776	<u>1,064,962</u>
Due after one year or more	<u><u>25,039,568</u></u>	<u><u>6,179,522</u></u>	<u><u>10,216,224</u></u>	<u><u>4,489,863</u></u>

Bank term loans

- (a) A bank loan of \$20,000,000 (2000: \$Nil) bears interest at the bank's prevailing prime lending rate of 5.5% per annum and is repayable in 5 equal half yearly instalments of \$3,300,000 commencing October 2001 and a final instalment of \$3,500,000. The loan is secured by:—
- a first legal mortgage over a subsidiary's development property;
 - legal assignment of all rights, title interest and benefits of the subsidiary in the development property; and
 - corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. BANK TERM LOANS (SECURED) (continued)

- (b) A bank loan of RM878,479 (2000: RM439,384) is secured by way of a fixed charge over the leasehold land and building of a subsidiary with a net book value of approximately RM1,249,000 and a joint and several guarantee by the directors of the subsidiary. The loan bears interest at 8.25% per annum and is repayable in 180 equal monthly instalments commencing October 1996.
- (c) A bank loan of HK\$4,873,396 (2000: Nil) is secured by way of a fixed charge over the subsidiary's investment property and leasehold land and buildings with a net book value of approximately HK\$3,322,000 and HK\$4,641,000 respectively. The loan bears interest at 1% below the bank's prevailing prime rate and is repayable over 120 monthly instalments and is fully repayable on maturity in 2010.

Transferable loan facility

The transferable loan facility of \$12,000,000 is granted to the Company at a discount of 12% amounting to approximately \$1,440,000. The discount, being the difference between the principal amount of the transferable loan facility and its present value on recognition, will be expensed over 4 years (the duration of the transferable loan facility) using the effective interest rate method through the profit and loss account.

The loan is secured by way of a legal mortgage on the Group's freehold land and building with a net book value of approximately \$9,963,000.

	\$
Present value of the transferable loan facility	10,560,000
Value of interest discount	<u>1,440,000</u>
	<u><u>12,000,000</u></u>

The interest charged on the transferable loan facility is as follows:-

Year	Rate of interest
1	Swap Offered Rate minus 1% p.a.
2	Swap Offered Rate minus 0.75% p.a.
3 & 4	Swap Offered Rate minus 0.5% p.a.

The loan is repayable in 12 equal quarterly instalments of \$1,000,000 commencing 9 May 2002.

25. TURNOVER

Turnover comprises the following:-

	<u>Group</u>		<u>Company</u>	
	2001	2000	2001	2000
	\$	\$	\$	\$
Revenue from projects	79,648,157	42,996,568	11,938,895	30,090,635
Sale of goods and services	<u>12,190,514</u>	<u>2,010,918</u>	<u>3,249,428</u>	<u>1,089,541</u>
	<u><u>91,838,671</u></u>	<u><u>45,007,486</u></u>	<u><u>15,188,323</u></u>	<u><u>31,180,176</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PERSONNEL EXPENSES

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Wages, salaries and bonuses	7,828,885	1,401,182	723,112	838,525
Central Provident Fund contributions	782,792	196,657	100,898	98,611
Other social expenses	265,835	58,571	42,197	33,076
Directors' remuneration	2,710,336	1,044,779	732,200	663,880
	<u>11,587,848</u>	<u>2,701,189</u>	<u>1,598,407</u>	<u>1,634,092</u>

27. PROFIT (LOSS) FROM OPERATIONS

This is determined after charging (crediting) the following:-

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Amortisation of goodwill on consolidation	1,250,452	363,450	—	—
Auditors' remuneration				
— auditors of the Company	123,000	55,000	39,000	25,000
— other auditors	66,775	6,465	—	—
Non-audit fees				
— auditors of the Company	54,400	66,150	54,400	50,500
Bad trade debts written off	67,206	54,349	324	1,680
Depreciation	1,087,376	284,923	140,049	145,081
Directors' remuneration				
— directors of the Company	869,886	692,990	682,200	618,880
— directors of subsidiaries	1,790,450	306,789	—	—
Directors' fees				
— directors of the Company	50,000	45,000	50,000	45,000
Fixed assets written off	13,323	8,047	6,310	8,047
Foreign exchange (gain) loss — net	(105,957)	(10,100)	894	5,915
Goodwill written off	900	—	—	—
Loss on disposal of a subsidiary	838	—	—	—
(Gain) loss on sale of fixed assets	(171,223)	8,162	(169,420)	1,698
Operating lease expenses	561,946	188,392	—	67,500
Personnel expenses (Note 26)*	11,587,848	2,701,189	1,598,407	1,634,092
Preliminary expenses written off	24,210	—	—	—
Provision for doubtful trade debts	908,371	237,235	—	—
Provision for foreseeable project losses	9,883	—	9,883	—
Provision for lower of cost and market value of quoted investments	7,000	45,500	—	—
Provision for stock obsolescence	51,297	133,560	—	—
Write back of provision for doubtful trade debts	(160,753)	—	—	—

* This includes the amount shown as directors' remuneration.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. DIRECTORS' REMUNERATION

The remuneration of directors in the various remuneration bands is as follows:-

	2001			2000		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
\$500,000 and above	—	—	—	—	—	—
\$250,000 to \$499,999	1	—	1	—	—	—
\$0 to \$249,999	3	4	7	6	2	8
	<u>4</u>	<u>4</u>	<u>8</u>	<u>6</u>	<u>2</u>	<u>8</u>

29. FINANCIAL EXPENSES — NET

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Interest expense				
— hire purchase	56,450	13,634	5,472	10,442
— term loans	204,073	123,611	606,093	97,283
— bank overdrafts	202,548	681	81,296	—
— bills payable to banks	41,249	9,221	41,249	7,980
Bank charges	115,948	6,256	59,868	2,302
	<u>620,268</u>	<u>153,403</u>	<u>793,978</u>	<u>118,007</u>
Interest income				
— bank balances	(54,365)	(1,883)	—	(194)
— fixed deposits	(49,038)	(81,515)	(20,317)	(71,296)
— subsidiaries	—	—	(428,953)	—
	<u>516,865</u>	<u>70,005</u>	<u>344,708</u>	<u>46,517</u>

30. EXCEPTIONAL ITEM

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Provision for the lower of cost and market value of other investments (quoted)	6,120,000	—	6,120,000	—
	<u>6,120,000</u>	<u>—</u>	<u>6,120,000</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. TAX

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Current tax				
— current year	3,533,642	1,827,893	—	1,457,114
— overprovision in respect of prior year	(152,819)	—	—	—
Deferred tax				
— current year	(7,046)	—	—	—
— overprovision in respect of prior year	(1,107)	—	—	—
	3,372,670	1,827,893	—	1,457,114

The Company

There is no current year tax charge for the Company as it is in a tax loss position.

The Group

The Group has unutilised tax losses and unabsorbed capital allowances of approximately \$2,112,000 (2000: \$90,000) available for offset against future taxable profits, subject to compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate and agreement with the tax authorities. The potential deferred tax assets arising from these unutilised tax losses and unabsorbed capital allowances have not been recognised in the financial statements in accordance with the accounting policy as stated in Note 2 to the financial statements.

32. (LOSS)EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's loss attributable to members of the Company of \$4,483,055 (2000: profit attributable to members of the Company of \$3,856,732) by the weighted average number of shares in issue during the year of 732,987,249 shares (2000: weighted average of 639,831,016 shares).

Diluted earnings per share is the same as basic earnings per share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share.

33. RELATED PARTY INFORMATION

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:—

	Group	
	2001	2000
	\$	\$
Income		
Sales to an associated company	653,774	128,396
Management fee income from affiliated companies	6,932	—
Expenses		
Purchases from an associated company	305,172	—
Rental expenses paid to directors of subsidiaries	27,860	—

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities, unsecured

	Group		Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Contingent liabilities not provided for in the financial statements:				
— Bankers' guarantee	1,411,793	4,715,924	—	—
— Performance bonds indemnity	1,049,180	—	1,049,180	—
— Corporate guarantees	26,093,711	—	26,093,711	—

(b) Non-cancellable operating lease commitments

The Group has various operating lease agreements for offices. Most leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2001	2000
	\$	\$
Future minimum lease payments		
— not later than 1 year	449,000	88,000
— 1 year through 5 years	375,000	9,000
	<u>824,000</u>	<u>97,000</u>

35. SUBSEQUENT EVENTS

Subsequent to year end, the following events took place:-

- (i) A subsidiary, Ligent Engineering Pte Ltd acquired 540 ordinary shares of RP1,000,000 each representing a 90% equity interest in Strike Sarana Buana (PT) Asing for a total consideration of RP540,000,000.
- (ii) The shareholders of a subsidiary, Lantrovision (S) Pte Ltd ("Lantrovision") approved, inter alia, the following:-
 - (a) the increase in the authorised share capital of Lantrovision from S\$1,000,000 comprising 1,000,000 ordinary shares of S\$1 each to S\$50,000,000 comprising 50,000,000 ordinary shares of S\$1 each;
 - (b) the bonus issue of 3,638,400 ordinary shares of \$1 each by way of capitalisation of S\$102,000 from its share premium account and S\$3,536,400 from Lantrovision's accumulated profits ;
 - (c) the sub-division of each ordinary share of S\$1 each in the authorised and issued and paid-up share capital of Lantrovision into 50 ordinary shares of S\$0.02 each;
 - (d) the adoption of the Lantrovision Share Option Scheme (the "Scheme") and that the Directors be authorised to issue and allot shares upon the exercise of options granted under the Scheme provided that the total number of shares allotted and issued under the Scheme does not exceed 5% of the issued share capital of Lantrovision for the time being;

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

35. SUBSEQUENT EVENTS *(continued)*

- (e) the conversion of Lantrovision into a public limited company and the change of its name to Lantrovision (S) Ltd;
- (f) the adoption of a new set of Articles of Association for the Company;
- (g) the issue of 39,180,000 new shares of S\$0.02 each pursuant to the Placement, which when fully allotted, issued and fully paid, will rank pari passu in all respects with the existing ordinary shares of Lantrovision;
- (h) subject to the provisions of Section 161 of the Companies Act, Cap. 50 and the provisions of the revised Articles of Association of the Company upon their becoming effective, the directors of Lantrovision are authorised with effect from the date of listing and quotation of all the issued shares of Lantrovision on the Singapore Exchange Securities Trading Limited to allot and issue such further shares at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the directors may, in their absolute discretion, deem fit provided that the aggregate number of shares proposed to be issued shall not exceed 50 per cent of the issued share capital of Lantrovision immediately prior to the proposed issue, and provided that the aggregate number of such shares to be issued other than on a pro-rata basis to the then existing shareholders of Lantrovision shall not exceed 20 per cent of the issued share capital of Lantrovision immediately prior to the said issue. Such a general mandate shall only remain in force until:-
 - (i) the conclusion of the first annual general meeting of the listed Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions, or
 - (ii) the shareholders of Lantrovision by an ordinary resolution in a general meeting revoke or vary such general mandate, whichever is earlier; and
- (i) the shareholders' mandate authorising members of the Lantrovision Group to enter into certain transactions with persons which are considered as "interested persons" under Chapter 9A of the SGX-ST Listing Manual.

36. SEGMENT INFORMATION

(a) Business segments

The Group is organised on a worldwide basis into six main operating segments, namely:-

- Electrical engineering
- Mechanical engineering and others
- Information technology cabling
- Networking
- Architecture and design
- Property development

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

36. SEGMENT INFORMATION *(continued)*

Inter-segment pricing is on an arm's length basis.

2001	Electrical	Mechanical	Information	Networking	Architecture	Property	Group
	engineering	engineering	technology		and design	development	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	15,148	9,131	60,451	639	6,470	—	<u>91,839</u>
Profit (loss) from operations	(757)	(574)	10,352	(525)	1,090	(16)	9,570
Financial expenses — net							(516)
Share of results of associated companies							124
Exceptional item							(6,120)
Tax							(3,373)
Minority interests							<u>(4,168)</u>
Loss after tax							<u>(4,483)</u>
Assets	15,473	9,327	44,658	1,896	17,465	43,421	132,240
Other investments							<u>2,880</u>
							<u>135,120</u>
Liabilities, representing total segment liabilities	17,693	10,048	14,931	732	2,963	29,519	<u>76,886</u>
Capital expenditure							3,109
Depreciation and amortisation							2,338
2000			Electrical	Mechanical	Information		Group
			engineering	engineering	technology		\$'000
			\$'000	and others	Cabling		
				\$'000	\$'000		
Turnover			25,349	10,087	9,571		<u>45,007</u>
Profit from operations			3,743	1,305	1,500		6,548
Financial expenses — net							(70)
Share of results of associated companies							(195)
Tax							(1,828)
Minority interest							<u>(599)</u>
Net profit							<u>3,856</u>
Assets			34,596	19,096	37,066		90,758
Investment in associated companies							<u>3,364</u>
							<u>94,122</u>
Liabilities, representing total segment liabilities			21,491	8,552	14,766		<u>44,809</u>
Capital expenditure							7,966
Depreciation and amortisation							648

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

36. SEGMENT INFORMATION *(continued)*

(b) Geographical segments

Turnover is based on the location of customers regardless of where the goods are produced. Assets and additions to property, plant and equipment are based on the location of those assets.

	Turnover		Assets		Capital expenditure	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Singapore	54,492	42,027	100,411	88,881	2,412	7,408
Malaysia	13,035	1,944	6,786	2,995	499	319
Hong Kong	8,453	686	5,324	1,497	49	159
China	7,967	—	18,401	—	29	—
Others	7,892	350	4,198	749	120	80
	<u>91,839</u>	<u>45,007</u>	<u>135,120</u>	<u>94,122</u>	<u>3,109</u>	<u>7,966</u>

37. COMPARATIVES

Where necessary, the prior year financial statements have been restated to conform with the current year's presentation in accordance with the new presentation requirements of Statement of Accounting Standard No. 1 (Revised 1999), Presentation of Financial Statements, Statement of Accounting Standard No. 15 (Revised 1999), Leases and Statement of Accounting Standard No. 23 (Revised 1999), Segment Reporting.

The following is a reproduction of the Company's announcement dated 8 March 2002.

HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

Half-year financial statement on consolidated results for the six months ended 31 December 2001. These figures have not been audited.

	← Group →			← Company →		
	← S\$'000 →		%	← S\$'000 →		%
	Latest half year 31/12/01	Previous half year 31/12/00	Change	Latest half year 31/12/01	Previous half year 31/12/00	Change
1.(a) Turnover	44,121	42,016	5.0	11,253	8,158	37.9
1.(b) Investment income	0	0	0	0	0	0
1.(c) Other income including interest income	387	506	(23.5)	472	270	74.8
2.(a) Operating profit/(loss) before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	2,719	5,494	(50.5)	48	(81)	nm
2.(b)(i) Interest on borrowings	(243)	(351)	(30.8)	(511)	(262)	95.0
2.(b)(ii) Depreciation and amortisation	¹ (1,014)	¹ (940)	7.9	(67)	(70)	(4.3)
2.(b)(iii) Foreign exchange gain/(loss)	(21)	(6)	250.0	(1)	(2)	(50.0)
2.(c) Exceptional items	0	0	0	0	0	0
2.(d) Operating profit/(loss) before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	1,441	4,197	(65.7)	(531)	(415)	28.0
2.(e) Income derived from associated companies	879	63	1,295.2	0	0	0
2.(f) Less income tax	(763)	(1,360)	(43.9)	0	0	0
2.(g)(i) Operating profit/(loss) after tax before deducting minority interests	1,557	2,900	(46.3)	(531)	(415)	28.0
2.(g)(ii) Less minority interests	(971)	(2,053)	(52.7)	0	0	0
2.(h) Operating profit/(loss) after tax attributable to members of the company	586	847	(30.8)	(531)	(415)	28.0
2.(i)(i) Extraordinary items	0	0	0	0	0	0
2.(i)(ii) Less minority interests	0	0	0	0	0	0
2.(i)(iii) Extraordinary items attributable to members of the company	0	0	0	0	0	0

	← Group →			← Company →		
	← S\$'000 →		%	← S\$'000 →		%
	Latest half year 31/12/01	Previous half year 31/12/00	Change	Latest half year 31/12/01	Previous half year 31/12/00	Change
2.(i)(iv) Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v) Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi) Transfer to Reserve Fund	0	0	0	0	0	0
2.(j) Operating profit/(loss) after tax and extraordinary items attributable to members of the company	586	847	(30.8)	(531)	(415)	28.0

Note:-

nm — not meaningful

	← Group Figures →	
	31-12-2001	31-12-2000
1 Depreciation	\$503,987	\$399,568
Amortisation of goodwill on consolidation	\$510,290	\$540,458
	<u>\$1,014,277</u>	<u>\$940,026</u>

	← Group Figures →	
	Latest half year 31/12/01	Previous half year 31/12/00
3.(a) Earnings per share based on 2(h) above after deducting any provision for preference dividends:-		
(i) Based on existing issued share capital	0.08 cents #	0.12 cents *
(ii) On a fully diluted basis	0.08 cents #	0.12 cents *
3.(b) Earnings per share based on 2(j) above:-		
(i) Based on existing issued share capital	0.08 cents #	0.12 cents *
(ii) On a fully diluted basis	0.08 cents #	0.12 cents *
3.(c) Net tangible asset backing per ordinary share	4.84 cents	4.77 cents

Notes:-

Earnings per share on existing and fully diluted share capital is calculated based on the weighted average share capital of 733,000,000 shares.

* Earnings per share on existing and fully diluted share capital is calculated based on the weighted average share capital of 732,984,000 shares after adjusting for the second bonus issue of 1 new share for 1 existing share.

4.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years
NIL

4.(b) Amount of any pre-acquisition profits
NIL

4.(c) Amount of profits on any sale of investments and/or properties
NIL

4.(d) Any other comments relating to Paragraph 4
NIL

5.(a) Review of the performance of the company and its principal subsidiaries

Company turnover increased by 37.9% from \$8.2 million to \$11.3 million. Similarly, Group turnover increased by 5.0% from \$42.0 million to \$44.1 million when compared with the corresponding period. Lantrovision (S) Ltd (“Lantrovision”), which was formerly the Group’s principal subsidiary and which became a 42.83% associated company effective 2 November 2001, contributed \$17.8 million sales, representing approximately 40.3% of the Group turnover for the period ended 31 December 2001. Gordon (HK) Designer and Engineer Limited (“Gordon”) which was acquired in February 2001 contributed \$5.9 million sales, representing approximately 13.2% of the Group turnover for the period ended 31 December 2001.

Despite the increased turnover, profit after tax attributable to the members of the Company decreased from \$0.8 million to \$0.6 million, a 30.8% decrease compared to the previous corresponding period. Lantrovision contributed \$2.1 million in profits, which exceeds the total profit after tax of the Group for the period ended 31 December 2001. This was partially offset by losses incurred by the Company and its other subsidiaries of \$1.0 million caused by the lower profit margins earned from projects. There was also an amortisation of goodwill amounting to \$0.5 million, which arose mainly from the acquisition of Lantrovision.

5.(b) A statement by the Directors of the Company on whether “any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued”. If none, to include a negative statement.

Except as disclosed herein, the Directors are not aware of any item, transaction or event of a material or unusual nature which has arisen that would affect substantially the results of the Group and the Company from the six months ended 31 December 2001 to the date of this announcement.

6. Commentary on current year prospects

The Group is now a group of companies providing mechanical and electrical engineering services, structured cabling, e-commerce solutions, property development and building construction services.

The Directors expect the traditional building related businesses for the next six months to be sluggish due to the continued weakness in private sector construction activity and a general slowdown in public construction works. However, the Directors still expect growth and returns from its subsidiary, Gordon and associated company, Lantrovision.

Lantrovision is in the dynamic business of structured cabling and has shown good results despite the poor performance from other sectors of the economy. Based on results of its China activities and in anticipation of China’s growing economy, Lantrovision will further expand its activities there.

Gordon, a company engaged in the business of providing interior architecture, design and decoration services in China and Hong Kong is expected to show positive returns. Gordon’s activities depend on China’s continued economic expansion.

Given the uncertain economic conditions, the positive contributions from the above-mentioned subsidiary and associated company would be affected by the weak traditional building related businesses in Singapore. Consequently, the Directors expect the next six months to be a difficult period for the Group.

7. Dividend

- (a) Any dividend declared for the present financial period? None
- (b) Any dividend declared for the previous corresponding period? None
- (c) Date payable
NIL

- (d) Books closing date
NIL
- (e) Any other comments relating to Paragraph 7
NIL

8. Details of any changes in the company's issued share capital
NIL

9. Comparative figures of the group's borrowings and debt securities

- (a) Amount repayable in one year or less, or on demand

← As at 31/12/2001 →		← As at 30/06/2001 →	
← S\$'000 →			
Secured	Unsecured	Secured	Unsecured
13,472	9,999	17,094	5,021

- (b) Amount repayable after one year

← As at 31/12/2001 →		← As at 30/06/2001 →	
← S\$'000 →			
Secured	Unsecured	Secured	Unsecured
26,593	0	25,946	0

- (c) Any other comments relating to Paragraph 9
NIL

10. Balance Sheet

	← Group →		← Company →	
	← S\$'000 →			
	31/12/2001	31/12/2000	31/12/2001	31/12/2000
SHAREHOLDERS' FUND				
Ordinary Share Capital	36,650	36,649	36,650	36,649
Capital Reserve	6,000	0	3,800	0
Share Premium	1	0	1	0
Asset Revaluation Surplus	520	520	0	0
Translation Reserves	397	(34)	0	0
Accumulated profits/(losses)	3,299	8,044	(663)	6,462
	46,867	45,179	39,788	43,111
Minority Interests	5,314	7,455	0	0
	52,181	52,634	39,788	43,111
<i>Represented by:</i>				
Subsidiary Companies	0	0	9,874	19,755
Associated Companies	12,437	138	15,625	0
Other Investment	2,880	8,618	2,880	9,000
Goodwill on Consolidation	11,347	10,177	0	0
Deferred Expenditure	26	26	0	0
Fixed Assets	12,761	15,186	7,947	8,031
Investment Property	2,137	0	0	0

	← Group →		← Company →	
	← S\$'000 →			
	31/12/2001	31/12/2000	31/12/2001	31/12/2000
Current Assets	70,956	65,367	27,403	24,540
Current Liabilities	(33,724)	(46,169)	(15,421)	(18,123)
Net Current Assets	37,232	19,198	11,982	6,417
Non Current Liabilities	(26,639)	(709)	(8,520)	(92)
	52,181	52,634	39,788	43,111

BY ORDER OF THE BOARD

Wong Siew Chuan
Company Secretary

8 March 2002

**LETTER FROM THE AUDITORS IN RELATION TO
THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
AS OF 31 MARCH 2002 AND FOR THE FINANCIAL PERIOD
FROM 1 JULY 2001 TO 31 MARCH 2002**

30 May 2002

The Board of Directors
Strike Engineering Limited
22 Tagore Lane
Singapore 787480

Dear Sirs

This letter has been prepared for inclusion in the Abridged Prospectus (the "Prospectus") of Strike Engineering Limited (the "Company") to be dated 30 May 2002 in connection with:-

- I. the renounceable rights issue of between a minimum of 146,600,000 and up to a maximum of 183,246,000 new ordinary shares of \$0.05 each in the capital of the Company (the "Rights Shares"), with between a minimum of 146,600,000 and up to a maximum of 183,246,000 free detachable warrants (the "Warrants"), each Warrant carrying a right to subscribe for 1 ordinary share of \$0.05 each in the capital of the Company (the "Share"), at \$0.05 for each Rights Share payable in full on acceptance and/or application on the basis of 1 Rights Share with 1 free detachable warrant for every 5 existing Shares held by shareholders of the Company as at 5.00 p.m. on 28 May 2002, fractional entitlements being disregarded;
- II. A minimum of 146,600,000 and up to a maximum of 183,246,000 new Shares to be issued upon the exercise of the Warrants;
- III. Up to 10,026,630 Adjustment Warrants (the "Adjustment Warrants"); and
- IV. Up to 10,026,630 new Shares to be issued upon exercise of the Adjustment Warrants.

We have reviewed the unaudited financial information of the Company and its subsidiaries (the "Group") as of 31 March 2002 and for the period from 1 July 2001 to 31 March 2002 as set out on page 106 of the Prospectus. The financial information is the responsibility of the Company's management. Our responsibility is to issue a report on the financial information based on our review.

We conducted our review in accordance with the Singapore Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the unaudited consolidated financial information of the Group set out on page 106 of the Prospectus is not presented fairly, in all material respects, in accordance with the accounting policies normally adopted by the Group.

Yours faithfully

Arthur Andersen
Certified Public Accountants
Singapore

Max Loh Khum Whai
Partner-in-charge

SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Our Directors confirm that the unaudited profit and loss account of the Group for the 9 months ended 31 March 2002 and the unaudited balance sheet as at 31 March 2002 set out below have been prepared on the basis of accounting policies normally adopted by the Group.

Unaudited Consolidated Profit and Loss Statement for the 9 months ended 31 March 2002

	\$'000
Turnover	51,995
Cost of sales	(39,304)
Gross profit	<u>12,691</u>
Other operating income	437
Distribution and selling expenses	(970)
Administrative expenses	(7,727)
Other operating expenses	(1,632)
Profit from operations	<u>2,799</u>
Financial expenses — net	(256)
	<u>2,543</u>
Share of results of associated companies	1,342
Profit before tax	<u>3,885</u>
Tax	(1,319)
Profit after tax	<u>2,566</u>
Minority interests	(1,870)
Net profit attributable to Members of the Company	<u><u>696</u></u>

Unaudited Consolidated Balance Sheet as at 31 March 2002

	\$'000
Shareholder's equity	44,808
Minority interests	6,213
	<u>51,021</u>
Associated companies	12,410
Other investment	2,944
Goodwill on consolidation	9,043
Deferred expenditure	26
Fixed assets	12,676
Investment property	2,119
Current assets	<u>69,383</u>
Current liabilities	(31,848)
Net current assets	<u>37,535</u>
Non-current liabilities	(25,732)
	<u><u>51,021</u></u>

The following is a reproduction of the Company's announcement dated 14 May 2002.

THIRD-QUARTER FINANCIAL STATEMENT ANNOUNCEMENT

Third-quarter financial statement on consolidated results for the nine months ended 31 March 2002. These figures have not been audited.

	← Group →			← Company →		
	← S\$'000 →		%	← S\$'000 →		%
	Latest 3 rd Q year 31/03/02	Latest half year 31/12/01	Change	Latest 3 rd Q year 31/03/02	Latest half year 31/12/01	Change
1.(a) Turnover	51,995	44,121	17.8	13,148	11,253	16.8
1.(b) Investment income	0	0	0	0	0	0
1.(c) Other income including interest income	530	387	36.9	693	472	46.8
2.(a) Operating profit/(loss) before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	4,259	2,719	56.6	(55)	48	nm
2.(b)(i) Interest on borrowings	(324)	(243)	33.3	(708)	(511)	38.6
2.(b)(ii) Depreciation and amortisation	¹ (1,369)	¹ (1,014)	35.0	(98)	(67)	46.3
2.(b)(iii) Foreign exchange gain/(loss)	(23)	(21)	9.5	(1)	(1)	0
2.(c) Exceptional items	0	0	0	0	0	0
2.(d) Operating profit/(loss) before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	2,543	1,441	76.5	(862)	(531)	62.3
2.(e) Income derived from associated companies	1,342	879	52.7	0	0	0
2.(f) Less income tax	(1,319)	(763)	72.9	0	0	0
2.(g)(i) Operating profit/(loss) after tax before deducting minority interests	2,566	1,557	64.8	(862)	(531)	62.3
2.(g)(ii) Less minority interests	(1,870)	(971)	92.6	0	0	0
2.(h) Operating profit/(loss) after tax attributable to members of the company	696	586	18.8	(862)	(531)	62.3
2.(i)(i) Extraordinary items	0	0	0	0	0	0
2.(i)(ii) Less minority interests	0	0	0	0	0	0
2.(i)(iii) Extraordinary items attributable to members of the company	0	0	0	0	0	0

	← Group →			← Company →		
	← S\$'000 →		%	← S\$'000 →		%
	Latest 3 rd Q year 31/03/02	Latest half year 31/12/01	Change	Latest 3 rd Q year 31/03/02	Latest half year 31/12/01	Change
2.(i)(iv) Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v) Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi) Transfer to Reserve Fund	0	0	0	0	0	0
2.(j) Operating profit/(loss) after tax and extraordinary items attributable to members of the company	696	586	18.8	(862)	(531)	62.3

Note:-

nm — not meaningful

	← Group Figures →	
	31-03-2002	31-12-2001
1 Depreciation	\$623,373	\$503,987
Amortisation of goodwill on consolidation	\$745,842	\$510,290
	<u>\$1,369,215</u>	<u>\$1,014,277</u>

	← Group Figures →	
	Latest 3 rd Q year 31/03/02	Latest half year 31/12/01
3.(a) Earnings per share based on 2(h) above after deducting any provision for preference dividends:-		
(i) Based on existing issued share capital	0.09 cents #	0.08 cents #
(ii) On a fully diluted basis	0.09 cents #	0.08 cents #
3.(b) Earnings per share based on 2(j) above:-		
(i) Based on existing issued share capital	0.09 cents #	0.08 cents #
(ii) On a fully diluted basis	0.09 cents #	0.08 cents #
3.(c) Net tangible asset backing per ordinary share	4.88 cents	4.84 cents

Note:-

Earnings per share on existing and fully diluted share capital is calculated based on the weighted average share capital of 733,000,000 shares.

4.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

NIL

4.(b) Amount of any pre-acquisition profits

NIL

4.(c) Amount of profits on any sale of investments and/or properties

NIL

4.(d) Any other comments relating to Paragraph 4

NIL

5.(a) Review of the performance of the company and its principal subsidiaries

Company turnover for the nine months ended 31 March 2002 increased by \$1.9 million (16.8%) from \$11.3 million reported for the last six months ended 31 December 2001. Similarly, Group turnover increased by \$7.9 million (17.8%) from \$44.1 million reported for the last six months ended 31 December 2001. Lantrovision (S) Ltd (“Lantrovision”), which formerly was the Group’s principal subsidiary became a 42.83% associated company on 2 November 2001, contributed \$17.8 million sales, representing approximately 34.2% of Group turnover for the period ended 31 March 2002. Gordon (HK) Designer & Engineer Ltd (“Gordon”), the Group’s current principal subsidiary contributed \$8.2 million sales, representing approximately 15.8% of Group turnover for the period ended 31 March 2002.

In line with the increased turnover, profit after tax attributable to the members of the Company (“Group Profit”) for the nine months ended 31 March 2002 increased slightly by \$0.1 million (18.8%) as compared to the last six months ended 31 December 2001 of \$586,000. Lantrovision’s contribution of \$2.0 million in profits exceeded the Group Profit for the period ended 31 March 2002. Gordon contributed \$0.5 million in profits. These were partially offset by losses of \$1.1 million, caused by the lower profit margins earned from projects, incurred by the Company and its other subsidiaries. The amortisation of goodwill amounting to \$0.7 million, arising mainly from the acquisition of Lantrovision, further eroded profits.

5.(b) A statement by the Directors of the Company on whether “any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued”. If none, to include a negative statement.

Except as disclosed herein, the Directors are not aware of any item, transaction or event of a material or unusual nature which has arisen from 1 April 2002 to the date of this announcement that would affect substantially the results of the Group and the Company for the nine months ended 31 March 2002.

6. Commentary on current year prospects

The Group is now a group of companies providing mechanical and electrical engineering services, structured cabling, e-commerce solutions, property development and building construction services.

The Directors expect the traditional building related businesses for the next three months to be sluggish due to the continued weakness in private sector construction activity and a general slowdown in public construction works. However, the Directors still expect profit contributions from its subsidiary, Gordon and associated company, Lantrovision.

Lantrovision is in the dynamic business of structured cabling and has shown good results despite the poor performance from other sectors of the economy. Based on results of its China activities and in anticipation of China’s growing economy, Lantrovision will further expand its activities there.

Gordon, a company engaged in the business of providing interior architecture, design and decoration services in China and Hong Kong is expected to show positive returns. Gordon’s activities depend on China’s continued economic expansion.

Given the uncertain economic conditions, the positive contributions from the above-mentioned subsidiary and associated company would be affected by the weak traditional building related businesses in Singapore. Nevertheless, the Directors expect the performance for the Group to be sustained in the next three months.

7. Dividend

- (a) Any dividend declared for the nine months ended 31 March 2002? None
- (b) Any dividend declared for the six months ended 31 December 2001? None
- (c) Date payable
NIL
- (d) Books closing date
NIL
- (e) Any other comments relating to Paragraph 7
NIL

8. Details of any changes in the company's issued share capital
NIL

9. Comparative figures of the group's borrowings and debt securities

- (a) Amount repayable in one year or less, or on demand

← As at 31/03/2002 →		← As at 31/12/2001 →	
← S\$'000 →			
Secured	Unsecured	Secured	Unsecured
14,311	8,628	13,472	9,999

- (b) Amount repayable after one year

← As at 31/03/2002 →		← As at 31/12/2001 →	
← S\$'000 →			
Secured	Unsecured	Secured	Unsecured
25,686	0	26,593	0

- (c) Any other comments relating to Paragraph 9
NIL

10. Balance Sheet

	← Group →		← Company →	
	← S\$'000 →			
	31/03/2002	31/12/2001	31/03/2002	31/12/2001
SHAREHOLDERS' FUNDS				
Ordinary Share Capital	36,650	36,650	36,650	36,650
Capital Reserve	3,908	3,930	3,779	3,800
Share Premium	1	1	1	1
Asset Revaluation Surplus	520	520	0	0
Translation Reserves	270	397	0	0
Accumulated profits/(losses)	3,459	3,299	(994)	(663)
	<hr/> 44,808	<hr/> 44,797	<hr/> 39,436	<hr/> 39,788
Minority Interests	6,213	5,314	0	0
	<hr/> 51,021	<hr/> 50,111	<hr/> 39,436	<hr/> 39,788

	← Group →		← Company →	
	← S\$'000 →			
	31/03/2002	31/12/2001	31/03/2002	31/12/2001
<i>Represented by:</i>				
Subsidiary Companies	0	0	9,874	9,874
Associated Companies	12,410	12,437	15,625	15,625
Other Investment	2,944	2,880	2,880	2,880
Goodwill on Consolidation	9,043	9,277	0	0
Deferred Expenditure	26	26	0	0
Fixed Assets	12,676	12,761	7,892	7,947
Investment Property	2,119	2,137	0	0
Current Assets	69,383	70,956	25,527	27,403
Current Liabilities	(31,848)	(33,724)	(14,742)	(15,421)
Net Current Assets	37,535	37,232	10,785	11,982
Non Current Liabilities	(25,732)	(26,639)	(7,620)	(8,520)
	51,021	50,111	39,436	39,788

BY ORDER OF THE BOARD

Wong Siew Chuan
Company Secretary
14 May 2002

GENERAL AND STATUTORY INFORMATION

1. NATURE OF BUSINESS

The principal activities of the Group are set out on pages 35 to 41 of this Abridged Prospectus.

2. RELATED CORPORATIONS

The names of the corporations which by virtue of Section 6 of the Act are deemed to be related to the Company as at 30 June 2001 are set out in the notes to the financial statements on pages 83 to 86 of this Abridged Prospectus.

3. SHARE CAPITAL

(a) The share capital of the Company as at the Latest Practicable Date was as follows:-

	No. of Shares	\$
Authorised share capital	2,000,000,000	100,000,000
Issued and fully paid-up share capital	733,000,000	36,650,000

(b) As at the Latest Practicable Date, there is only one class of shares in the Company which are ordinary shares of par value of \$0.05 each. The rights and privileges of the Shares are stated in the Articles of Association of the Company which is available for inspection as mentioned on page 121 below under "Documents For Inspection". There are no founder, management or deferred shares.

(c) Save as disclosed below, no Shares in, or debentures of, the Company has been issued, agreed or proposed to be issued, as fully or partly paid-up otherwise than in cash, within the two years preceding the Latest Practicable Date:-

Date of Issue	Description
13 December 2000	Issue of 366,492,000 bonus Shares by capitalising \$52,574 and \$18,272,026 from the Company's retained profits and share premium respectively

(d) Save for the Warrants, Adjustment Warrants and Warrants 2006, no person has, or is entitled to be granted, an option to subscribe for any Shares in, or debentures of, the Company as at the Latest Practicable Date.

4. FINANCIAL HIGHLIGHTS

A summary of the Group's profit and loss accounts based on the audited consolidated financial statements for each of the past three (3) financial years is set out below:-

Financial year ended 30 June	Profit before taxation (\$'000)	Profit/(loss) after taxation (\$'000)	Exceptional items (\$'000)	Gross earnings/(loss) per Share (cents)	Gross rate of dividend (%)
1999	6,710	4,969	—	0.97	5.0
2000	6,283	3,857	—	0.60	—
2001	3,058	(4,483)	(6,120)	(0.61)	—

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Directors' and Substantial Shareholders' Interests in Shares

The interests of the Directors and the interests of the Substantial Shareholders of the Company (that is, persons with interest in Shares of 5% and above) in the Shares as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings maintained pursuant to Sections 164 and 88 of the Act respectively, as at the Latest Practicable Date are as follows:-

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Yeo Jiew Yew ⁽¹⁾	112,200,000 ⁽²⁾	15.31%	—	—
Chua Koh Ming	64,936,000 ⁽³⁾	8.86%	—	—
Umar Abdul Hamid	13,396,108 ⁽⁴⁾	1.83%	50,400,000 ⁽⁵⁾	6.88%
Lew Syn Pau ⁽⁶⁾	1,198,568 ⁽⁶⁾	0.16%	—	—
Tan Kim Chew	—	—	—	—
Lim Soon Hock	—	—	4,000 ⁽⁷⁾	0.00%
Lum Chue Tat	25,912,000 ⁽⁸⁾	3.54%	696,000 ⁽⁹⁾	0.09%
Then Khek Koon	12,078,000 ⁽¹⁰⁾	1.65%	4,000 ⁽¹¹⁾	0.00%
Name of Substantial Shareholders excluding Directors				
Sim Yew Heng ⁽¹⁾	70,000,000	9.55%	—	—
UAH Investments Pte Ltd	50,400,000 ⁽¹²⁾	6.88%	—	—
Denis Low Siew Kheng ⁽¹³⁾	28,778,324 ⁽¹⁴⁾	3.93%	50,400,000 ⁽¹³⁾	6.88%

Notes:-

- (1) Mr Yeo Jiew Yew and Mr Sim Yew Heng are siblings.
- (2) All held in the name of Citibank Nominees Singapore Pte Ltd as a custodian.
- (3) Of which 600,000 Shares are held in the name of Overseas Union Trust (Nominees) Pte Ltd.
- (4) Of which 5,000,000 Shares are held in the name of Phillip Securities Pte Ltd and 8,305,000 Shares are held in the name of SBS Nominees Pte Ltd.
- (5) Mr Umar Abdul Hamid, an Executive Director of the Company, is deemed to be interested in the 50,400,000 Shares held by UAH Investments Pte Ltd by virtue of section 7 of the Act due to his 51% direct interest in UAH Investments Pte Ltd.
- (6) Mr Lew Syn Pau, an Independent Director of the Company, holds 5% of the issued share capital of UAH Investments Pte Ltd. All the 1,198,568 Shares are held in the name of Citibank Nominees Singapore Pte Ltd.
- (7) Mr Lim Soon Hock is deemed to be interested in the 4,000 Shares held by Plan-B Technologies Pte Ltd by virtue of section 7 of the Act due to his 25.7% direct interest in Plan-B Technologies Pte Ltd.
- (8) Of which 3,200,000 Shares are held in the name of Citibank Consumer Nominees Pte Ltd and 10,000,000 Shares are held in the name of United Overseas Bank Nominees Pte Ltd.
- (9) Mr Lum Chue Tat is deemed to be interested in the 696,000 Shares held by his spouse Kong Ling Ling.
- (10) All the 12,078,000 Shares are held in the name of Mayban Nominees (S) Pte Ltd.

- (11) Mr Then Khék Koon is deemed to be interested in the 4,000 Shares held by Plan-B Technologies Pte Ltd by virtue of section 7 of the Act due to his 25.7% direct interest in Plan-B Technologies Pte Ltd.
- (12) Of which 20,500,000 Shares are held in the name of Hong Leong Finance Nominees Pte Ltd and 29,900,000 Shares are held in the name of Southern Nominees (S) Sdn Bhd.
- (13) Mr Denis Low Siew Kheng holds 44% direct interest in UAH Investments Pte Ltd. He is deemed to be interested in the 50,400,000 Shares held by UAH Investments Pte Ltd and therefore a deemed substantial shareholder of the Company by virtue of Section 7 of the Act.
- (14) Of which 18,000,000 Shares are held in the name of HL Bank Nominees (S) Pte Ltd and 10,543,324 are held in the name of Southern Nominees (S) Sdn Bhd.

Directors' Interests in the Warrants 2006

The interests of the Directors in the Warrants 2006 as recorded in the Register of Directors' Shareholdings maintained pursuant to Section 164 of the Act, as at the Latest Practicable Date are as follows:-

Name of Directors	Direct Interest		Deemed Interest	
	No. of Warrants 2006	%	No. of Warrants 2006	%
Yeo Jiew Yew	—	—	—	—
Chua Koh Ming	—	—	—	—
Umar Abdul Hamid	777	0.00%	3,586,000 ⁽¹⁾	1.96%
Lew Syn Pau ⁽²⁾	299,642 ⁽²⁾	0.16%	—	—
Tan Kim Chew	—	—	—	—
Lim Soon Hock	—	—	1,000 ⁽³⁾	0.00%
Lum Chue Tat	6,478,000 ⁽⁴⁾	3.54%	174,000 ⁽⁵⁾	0.09%
Then Khék Koon	—	—	1,000 ⁽⁶⁾	0.00%

Notes:-

- (1) Mr Umar Abdul Hamid, an Executive Director of the Company, is deemed to be interested in the 3,586,000 Warrants 2006 held by UAH Investments Pte Ltd by virtue of section 7 of the Act due to his 51% direct interest in UAH Investments Pte Ltd.
- (2) Mr Lew Syn Pau, an Independent Director of the Company, holds 5% of the issued share capital of UAH Investments Pte Ltd. All the 299,642 Warrants 2006 are held in the name of Citibank Nominees Singapore Pte Ltd.
- (3) Mr Lim Soon Hock is deemed to be interested in the 1,000 Warrants 2006 held by Plan-B Technologies Pte Ltd by virtue of Section 7 of the Act due to his 25.7% direct interest in Plan-B Technologies Pte Ltd.
- (4) Of which 800,000 Warrants 2006 are held in the name of Citibank Consumer Nominees Pte Ltd and 5,000,000 Warrants 2006 are held in the name of United Overseas Bank Nominees Pte Ltd.
- (5) Mr Lum Chue Tat is deemed to be interested in the 174,000 Warrants 2006 held by his spouse Kong Ling Ling.
- (6) Mr Then Khék Koon is deemed to be interested in the 1,000 Warrants 2006 held by Plan-B Technologies Pte Ltd by virtue of Section 7 of the Act due to his 25.7% direct interest in Plan-B Technologies Pte Ltd.

6. INFORMATION ON DIRECTORS

- (a) The names, ages, addresses and occupations of the Directors as at the Latest Practicable Date are as follows:-

Name	Age	Address	Principal Occupation
Yeo Jiew Yew	46	11 Ardmore Park #05-03 Singapore 259957	Managing Director
Umar Bin Abdul Hamid	41	93 Kelulut Hill Singapore 805834	Director
Chua Koh Ming	42	Blk 112 Potong Pasir Ave 1 #01-654 Singapore 350112	Director

Name	Age	Address	Principal Occupation
Lim Soon Hock	51	2 Jalan Pasiran Singapore 308456	Director
Lum Chue Tat	35	346 West Coast Road Singapore 127416	Director
Then Khek Koon	47	28 Scotts Road #12-04 Singapore 228223	Director
Lew Syn Pau	47	20 Leonie Hill #02-26 Tower Blk B Singapore 239222	Independent Director
Tan Kim Chew	65	32 Li Hwan Close Singapore 557155	Independent Director

- (b) The following provisions of the Articles of Association of the Company relate to the remuneration of the Directors:-

Article 80

ALTERNATE DIRECTORS. Any Director may from time to time and at any time appoint any person (approved by a majority of the other Directors for the time being and who shall not be a person who is already a Director of the Company and who is not already an alternate Director of the Company) to be an alternate Director of the Company, and may at any time remove the alternate Director so appointed by him from office. An alternate Director so appointed shall be entitled to receive remuneration from the Company and to receive notices of and attend all meetings of the Directors, and to vote as a Director at any such meeting at which the Director appointing him is not present, and generally in the absence of his appointor to perform all the functions of his appointor as a Director. Any fee paid by the Company to the alternate Director shall be deducted from the remuneration payable to his appointor. All appointments and removals of alternate Directors made by any Director in pursuance of the provisions of appointments and removals of alternate Directors made by any Director in pursuance of the provisions of this Article shall be in writing under the hand of the Director making the same and left at the Office. The nomination of an alternate Director shall be valid if made by cable or telegram; PROVIDED ALWAYS THAT such nomination shall be confirmed within three months from the date of such cable or telegram by a written nomination complying with the abovementioned requirements, and any act done by the alternate Director nominated in such cable or telegram between the date thereof and the date of the receipt within the prescribed period by the Company of the written nomination shall be as valid and effectual as if such alternate Director had been duly appointed in the first instance, whether such written nomination shall be received by the Company within the prescribed period or not.

Article 81

DIRECTORS' REMUNERATION. Fees payable to the Directors shall from time to time be determined by the Company in general meeting and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Unless otherwise directed by the said ordinary resolution, such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office. Fees payable to non-executive directors shall be by a fixed sum and not by way of commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover. The Directors shall also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the execution of their duties

including any such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration, in addition to his ordinary remuneration, and such special remuneration may be by way of salary, commission, participation in profits or otherwise, as may be arranged provided that for executive directors such special remuneration shall not be by way of commission on or percentage of turnover and for non-executive directors such special remuneration shall not be by way of commission on or percentage of profits or turnover.

Article 82

DIRECTOR MAY BE INTERESTED IN OTHER COMPANIES. A Director of the Company may be or become a Director of other officer of, or otherwise be interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise directs.

Article 84

CHAIRMAN, DEPUTY CHAIRMAN AND VICE-CHAIRMAN. The Directors may from time to time elect one of their body to be Chairman, another of their body to be Deputy Chairman and another of their body to be Vice-Chairman in each case for a fixed term not exceeding five years or without any limitation as to the period for which any such Director is to hold the office to which he is appointed and on such terms as they think fit. Without prejudice to any claim a Director so appointed to any one of these offices may have for damages for breach of any contract of service between him and the Company, his appointment shall be subject to determination ipso facto if he ceases for any cause to be a Director, or if the Directors resolve that his term of office be determined. A Director holding any such office as aforesaid shall receive such remuneration as the Directors may determine but shall not under any circumstances be remunerated by a commission on or percentage of turnover.

Article 85

MANAGING DIRECTORS. The Directors may from time to time and at any time appoint one or more of their body to be Managing Director or Managing Directors for a term not exceeding five years upon such terms and at such remuneration (whether by way of salary or commission or participation in profits, or by any or all of these modes or otherwise) as they may think fit, and a Director so appointed shall not, while holding that office, be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire, but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director. A Managing Director shall at all times be subject to the control of the Directors.

Article 92

DIRECTORS MAY HOLD OTHER OFFICE OR PROFIT. A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

Article 93

DIRECTORS MAY ACT PROFESSIONALLY. A Director may act by himself or his firm in any professional capacity for the Company (except as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

7. EXPENSES

The estimated expenses of the Rights Issue, including the management and related expenses, amount to approximately \$260,000 and will be borne by the Company.

8. COMMISSIONS

Save as disclosed in paragraph 9(o) below, no commissions, discounts or brokerages have been paid or other special terms granted within the two (2) years prior to the Latest Practicable Date or payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions, for any Shares in, or debentures of, the Company.

9. MATERIAL CONTRACTS

The dates of, parties to and general nature of the material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries during the two (2) years preceding the date of this Abridged Prospectus are as follows:-

- (a) Shareholders' Agreement dated 28 June 2000 entered into between (1) the Company, (2) Lim See Tiong ("Lim") and (3) Foo Kee Teo ("Foo") containing terms and provisions in relation to *inter alia* the subscription by the Company of 70,000 ordinary shares of \$1.00 each in the capital of Gredanian Pte Ltd ("Gredanian") and the further subscription by each of Lim and Foo of 14,999 ordinary shares in Gredanian at par and for cash.
- (b) Shareholders' Agreement dated 28 July 2000 entered into between (1) the Company, (2) Ng Kheng Ing ("Ng") and (3) Lim Tow Seng ("LTS") containing terms and provisions in relation to *inter alia*, (a) the further subscription by the Company of 50,998, and subscription by Ng and LTS of 27,000 and 22,000 ordinary shares of \$1.00 each in the capital of Nete2 Asia respectively and (b) the advance of a \$2,000,000 interest-free loan from the Company to Nete2 Asia.
- (c) Option granted by the Company on 9 October 2000 to and accepted by Firetronics Pte Ltd ("Firetronics") on 18 October 2000 whereby Firetronics agreed to purchase the property at 415 Tagore Industrial Avenue Singapore 787804 for a consideration of \$2,660,000.
- (d) Separate letters of undertaking by the Principal Shareholders all dated 11 December 2000 in favour of the Company whereby each of them undertook to subscribe and pay for or procure subscription and payment for their respective entitlements to the Warrants 2006 which amount to a total of 92,691,750 Warrants 2006. In addition, they had each undertaken to make and/or procure that excess applications would be made for a specified number of Warrants 2006 amounting in aggregate to a total of 90,554,250 Warrants 2006.
- (e) Shareholders' Agreement dated 29 December 2000 entered into between (1) the Company, (2) Ng Yek Meng ("Ng"), (3) Lim and (4) Foo pursuant to which (a) the Company agreed to subscribe for an additional 10,000 ordinary shares of \$1.00 each in the capital of Strike Construction and (b) Lim, Foo and Ng agreed to subscribe for an aggregate of 165,000 ordinary shares in Strike Construction, at par and for cash. The agreement also provides that Ng shall be granted the option to subscribe for an additional 75,000 shares in Strike Construction at par and for cash within 3 years from the date of the agreement.

- (f) Transferable Loan Facility Agreement dated 26 January 2001 entered into between (1) the Company, (2) KBC Bank, (3) Bangkok Bank Public Company Limited, (4) The Bank of East Asia Limited, Singapore Branch and (5) Southern Bank Berhad, Singapore Branch pursuant to which KBC Bank agreed (as agent for the Lenders (as defined in the agreement)) to extend a \$12,000,000 transferable loan facility to the Company subject to the terms and conditions therein (the “TLF”).
- (g) Shareholders’ Agreement dated 31 January 2001 entered into between (1) the Company, (2) Chung Ho Fai (“Chung”), (3) Ma Kin Chi and (4) Gordon pursuant to which the Company agreed to purchase 2,550,000 ordinary shares of HK\$1.00 each in the capital of Gordon from Chung for a cash consideration of approximately HK\$50,490,000 (such consideration to be subject to adjustments based on the profitability of Gordon as provided in the agreement).
- (h) Two separate mortgages both dated 9 February 2001 executed by the Company and Victrad Enterprise (Pte) Ltd, in favour of KBC Bank as agent for the Lenders (as defined in the TLF as described in paragraph (f) above) over commercial and industrial offices at 22 Tagore Lane, Singapore 787480 and 422 Tagore Industrial Avenue, Singapore 787806 to secure monies owing in respect of the TLF.
- (i) Management Agreement dated 9 March 2001 entered into between the Company and KBC Bank whereby KBC Bank agreed to manage the rights issue in respect of the Warrants 2006.
- (j) Deed Poll dated 9 March 2001 executed by the Company constituting the terms and conditions of the Warrants 2006.
- (k) Warrant Agency Agreement dated 9 March 2001 entered into between the Company and Lim Associates (Pte) Ltd pursuant to which Lim Associates (Pte) Ltd was appointed as the warrant agent in respect of the Warrants 2006.
- (l) Sale and Purchase Agreement dated 27 November 2001 entered into between (1) Ligent, (2) Sumanto Widjaja, (3) Hendry Kosiadi Ko and (4) Nicholas Hamid pursuant to which Ligent, subject to the requisite approvals being obtained from Indonesian authorities, agreed to acquire 4,080 ordinary shares of RP100,000 each in the capital of PT Sinar Arthaniaga for a total cash consideration of RP408,000,000 (being equivalent to \$71,000).
- (m) Separate letters of undertaking by the Principal Shareholders all dated 1 April 2002 in favour of the Company whereby each of them undertook to subscribe and pay for or procure subscription and payment for their respective Rights Share entitlements which amount to a total of 298,536,000 Rights Shares. In addition, UAH Investments Pte Ltd (“UAH”) has also given an undertaking to subscribe and pay for and/or procure subscription and payment for its Rights Share entitlement arising from any Shares issued as a result of UAH exercising any of its Warrants 2006.
- (n) A guarantee dated 2 April 2002 given by the shareholders of UAH pursuant to which they have jointly and severally guaranteed the undertaking of UAH to subscribe and pay for or procure subscription and payment for its Rights Share entitlement.
- (o) Underwriting Agreement dated 1 April 2002 entered into between the Company and DMG whereby DMG agreed to underwrite the balance of between a minimum of 86,892,800 and a maximum of 122,821,600 Rights Shares not subject to the undertakings given by the Principal Shareholders referred to in paragraph (m) above and as amended and supplemented by a supplemental letter between the parties dated 30 April 2002. DMG will be paid an underwriting commission of 1% of the total subscription price (\$0.05 for each Rights Share) of all the Rights Shares other than the Rights Shares agreed to be taken up by the Principal Shareholders pursuant to their respective undertakings.

- (p) Joint Venture Agreement dated 18 April 2002 entered into between the Company and the Economic Committee of Myitkyina, State of Kachin, Union of Myanmar. The salient terms and conditions of the agreement include:-
 - (i) the setting-up of a full licensed bank named Development Bank of Strike, in Myitkyina, State of Kachin, Union of Myanmar wherein the Company shall have a 75% stake; and
 - (ii) the initial funding of US\$600,000 (being equivalent to \$1.11 million) to be provided by the Company for the infrastructure and for working capital requirements of the bank.
- (q) Management Agreement dated 24 May 2002 entered into between the Company and KBC Bank whereby KBC Bank agreed to manage the Rights Issue.
- (r) Deed Poll dated 24 May 2002 executed by the Company constituting the terms and conditions of the Warrants.
- (s) Warrant Agency Agreement dated 24 May 2002 entered into between the Company and Lim Associates (Pte) Ltd pursuant to which Lim Associates (Pte) Ltd was appointed as the warrant agent in respect of the Warrants.
- (t) Letter of Undertaking by UAH dated 24 May 2002 in favour of the Company which supersedes and replaces the undertaking given by UAH on 1 April 2002 referred to in paragraph 9(m) pursuant to which UAH undertook to subscribe and/or procure subscribers for 10,080,000 Rights Shares with Warrants and make applications for 200,000 excess Rights Shares with Warrants.
- (u) A guarantee dated 28 May 2002 given by the shareholders of UAH which supersedes and replaces the guarantee referred to in paragraph 9(n) pursuant to which they have jointly and severally guaranteed the performance by UAH of the undertaking referred to in 9(t).

10. MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or claims either as a plaintiff or defendant which might materially affect the financial position of the Group taken as a whole. The Directors are not aware of any proceedings or claims pending or threatened against the Company or any of its subsidiaries during the previous 12 months, or any facts likely to give to any proceedings or claims, which might materially and adversely affect the financial position of the Group.

11. CONSENTS AND DISCLAIMERS

- (a) Arthur Andersen has given and has not withdrawn its written consent to the issue of this Abridged Prospectus with the inclusion of its name, the Auditors' Report set out in Appendix III, and its letter ("Letter") in relation to the unaudited consolidated financial information as of 31 March 2002 and for the financial period from 1 July 2001 to 31 March 2002 set out in Appendix V, and all references thereto in the form and context in which it appears in this Abridged Prospectus. Save for the Auditors' Report and the Letter, it does not make, or purport to make, any statement in this Abridged Prospectus and is not aware of any statement in this Abridged Prospectus which purports to be based on a statement made by it and it makes no representation express or implied regarding, and takes no responsibility for, any statements in or omissions from this Abridged Prospectus.
- (b) KBC Bank has given and has not withdrawn its written consent to the issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which it appears in this Abridged Prospectus. Save for the statement made in Paragraph 12 below — "Manager's Responsibility Statement", it does not make, or purport to make, any statement in this Abridged Prospectus and is not aware of any statement in this Abridged Prospectus which purports to be based on a statement made by it and it makes no representation express or implied regarding, and takes no responsibility for, any statements in or omissions from this Abridged Prospectus.

- (c) DMG & Partners Securities Pte Ltd, Lim Associates (Pte) Ltd, Rajah & Tann and the Principal Bankers have each given and have not withdrawn their respective written consents to the issue of this Abridged Prospectus with the inclusion of their respective names and all references thereto, in the form and context in which they appear in this Abridged Prospectus. Each of them does not make, or purport to make, any statement in this Abridged Prospectus and is not aware of any statement in this Abridged Prospectus which purports to be based on a statement made by it and each of them makes no representation express and implied regarding, and takes no responsibility for, any statements in or omissions from this Abridged Prospectus.

None of the abovementioned parties has authorised or caused the issue of this Abridged Prospectus.

12. MANAGER'S RESPONSIBILITY STATEMENT

KBC Bank acknowledges that, to the best of its knowledge and belief, having made reasonable enquiries and based on information furnished to it by the Company, this Abridged Prospectus constitutes true and full disclosure of all material facts of the Rights Issue and it is not aware of any material facts on the Rights Issue the omission of which would make any such information contained in this Abridged Prospectus misleading in any material respect.

13. DIRECTORS' RESPONSIBILITY STATEMENT

This Abridged Prospectus and all documents relating to the Rights Issue have been seen and approved by all the Directors (including those who have delegated detailed supervision of this Abridged Prospectus) who collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Abridged Prospectus are fair and accurate in all material respects as at the date hereof and there are no material facts the omission of which would make any statement in this Abridged Prospectus and the attached documents misleading.

14. GENERAL

- (a) Save as disclosed in this Abridged Prospectus, the financial position and operations of the Group are not and have not been affected by any of the following:—
- (i) known trends or demands, commitments, events or uncertainties that will or might materially increase or decrease the Group's liquidity;
 - (ii) material commitments by the Group for capital expenditure;
 - (iii) unusual or infrequent events or transactions or significant economic changes that have materially affected the amount of reported income from operations;
 - (iv) known trends or uncertainties that have had or are reasonably expected to have a material favourable or unfavourable impact on revenues or operating income of the Group; or
 - (v) any substantial increase in the revenue or profits of the Group.
- (b) No Rights Shares with Warrants shall be allotted on the basis of this Abridged Prospectus later than six (6) months after the date of issue of this Abridged Prospectus.
- (c) No property has been or is proposed to be purchased or acquired by the Company or any of its subsidiaries which is to be paid for wholly or partly out of the proceeds of the Rights Issue or the contract for the purchase or acquisition of which has not been completed as at the date of issue of this Abridged Prospectus, other than property, the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of the Company or its subsidiaries, the contract not being made in contemplation of the Rights Issue nor the Rights Issue in consequence of the contract.

- (d) The Rights Shares, Warrants and New Shares are to be issued by the Company pursuant to Clause 3 of the Memorandum of Association of the Company.

15. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 22 Tagore Lane, Singapore 787480 during normal business hours for a period of six (6) months from the date of this Abridged Prospectus:-

- (a) Memorandum and Articles of Association of the Company;
- (b) Directors' Report set out in this Abridged Prospectus;
- (c) Annual Reports of the Company, containing the audited financial statements of the Company and the Group for the financial years ended 30 June 2000 and 2001 respectively;
- (d) Material contracts referred to in paragraph 9 above; and
- (e) Letters of consent referred to in paragraph 11 above.

LIST OF AUTHORISED TRADING CENTRES AND PARTICIPATING BANKS

AUTHORISED TRADING CENTRES:-

Stockbroking Firms

DBS Vickers Securities Pte Ltd

8 Cross St
#02-00 PWC Building
Singapore 048424

G K Goh Stockbrokers Pte Ltd

50 Raffles Place
#33-00 Singapore Land Tower
Singapore 048623

Keppel Securities Pte Ltd

10 Hoe Chiang Road
#08-01 Keppel Towers
Singapore 089315

Kim Eng Securities Pte Ltd

9 Temasek Boulevard
#39-00 Suntec City Tower Two
Singapore 089315

OUB Securities Pte Ltd

50 Collyer Quay
#01-01 Overseas Union House
Singapore 049321

Phillip Securities Pte Ltd

95 South Bridge Road
#11-17 Pidemco Centre
Singapore 058717

UOB Kay Hian Securities Private Limited

80 Raffles Place
#30-01 UOB Plaza 1
Singapore 048624

DBS Branches

Ang Mo Kio
Balestier
Bedok
Bukit Timah
Buono Vista
Choa Chu Kang
Clementi
Crawford
Hougang
Jurong
Queensway
Serangoon Gardens
Shenton Way
South Bridge
Suntec City
Tampines
Thomson
Toa Payoh
Woodlands
World Trade Centre

PARTICIPATING BANKS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM:-

The Development Bank of Singapore Ltd (including POSB)

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited and its subsidiaries,

Far Eastern Bank Limited and Industrial & Commercial Bank Limited