

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR **IMMEDIATE** ATTENTION.

If you are in any doubt about the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately. If you have sold all your shares in Berjaya Land Berhad, please hand this Circular together with the accompanying Form of Proxy, to the agent through whom the sale was contracted for transmission to the purchaser.

The approval of the Securities Commission for the Proposed Debt Conversion, Proposed Offer for Sale, Proposed Put Options by B-Land and the Proposed Increase in Authorised Share Capital (collectively known as the "Proposals") shall not be taken to indicate that the Securities Commission recommends the Proposals and that the shareholders should rely on their own evaluation to assess the merits and demerits of the Proposals. However, the Proposed Assumption by B-Group of the Proposed Put Options by B-Land and the Proposed Call Options by B-Group of the ICULS 1999/2009 are pending the approval of the Securities Commission.

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BERJAYA

BERJAYA LAND BERHAD

(Company No: 20 1765-A)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART A

1. Proposed debt conversion of up to RM1.2 billion bank loans and debts into:-
 - (a) up to RM1.1 billion nominal amount of 5% Berjaya Land Berhad ("B-Land") Irredeemable Convertible Unsecured Loan Stocks 1999/2009 at 100% of its nominal value ("ICULS 1999/2009") on a basis of RM1.00 nominal amount of ICULS 1999/2009 for every **RM1.00** debt owed by B-Land; and
 - (b) **64,516,129** new B-Land ordinary shares of RM1.00 each at an issue price of RM1.55 per share;
2. Proposed renounceable offer for sale by Lenders and the Turnkey Consortium for New Pantai Expressway of RM195.324 million nominal amount of ICULS 1999/2009 or such amount, which will be determined on the Entitlement Date, at 100% of its nominal value to Minority Shareholders of B-Land and all existing ICULS 1996/2001 holders of B-Land at 100% of its nominal value on the basis of RM3.00 nominal amount of ICULS 1999/2009 for every two (2) existing B-Land ordinary shares or RM4.70 nominal amount of ICULS 1996/2001 held;
3. The proposed grant of the put options by the B-Land to the Lenders of up to **RM808,129,000** nominal amount of ICULS 1999/2009 exercisable during the Put Option Exercise Period at an agreed formulated put option price ("Proposed Put Options by B-Land");
4. Proposed assumption by Berjaya Group Berhad of the Proposed Put Options by B-Land in (3) above; and
5. Proposed increase in the authorised share capital from **RM1,000,000,000** divided into **1,000,000,000** ordinary shares of RM1.00 each to **RM5,000,000,000** divided into **5,000,000,000** ordinary shares of **RM1.00** each by the creation of an additional **4,000,000,000** ordinary shares of RM1.00 each

and

NOTICE OF EXTRAORDINARY GENERAL MEETING

Advised by



Arab-Malaysian Merchant Bank Berhad

(23742-V) (Licensed Merchant Bank)

(A Member of the Arab-Malaysian Banking Group)

PART B

**INDEPENDENT ADVICE TO THE SHAREHOLDERS OF
BERJAYA LAND BERHAD
IN RELATION TO THE PROPOSALS CONTAINED IN THIS CIRCULAR**

Independent Adviser



UTAMA MERCHANT BANK BERHAD
(Company No.: 23878-X)

The Notice of an Extraordinary General Meeting to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan 3/155 B, Bukit Jalil 57000 Kuala Lumpur on 18 November 1999 at 9.45 a.m. or immediately after the conclusion or adjournment of the extraordinary general meeting of the Company to be convened for the proposed establishment of a new employees' share option scheme is set out in this Circular. Shareholders are advised to refer to the Notice of the Extraordinary General Meeting and the Form of Proxy which are enclosed. The Form of Proxy should be lodged at the registered office of the Company not less than 48 hours before the time stipulated for holding the meeting.

This Circular is dated 2 November 1999

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

Act	–	Companies Act, 1965 and all its related amendments
AFB	–	Affin Finance Berhad
AMBG	--	Arab-Malaysian Banking Group which consists of AMBB, AMFB and AMMB
AMBB	--	Arab-Malaysian Bank Berhad
AMFB	–	Arab-Malaysian Finance Berhad
AMMB	–	Arab-Malaysian Merchant Bank Berhad
Aseam	–	Aseambankers Malaysia Berhad
B-Ditan	–	Berjaya Ditan Sdn Bhd, formerly known as Kemajuan Jimat Sdn Bhd
B-Group	–	Berjaya Group Berhad
B-Land or the Company	–	Berjaya Land Berhad
B-Land Group or Group	–	B-Land and its subsidiary and associated companies
B-Toto	–	Berjaya Sports Toto Berhad
BFB	–	Bolton Finance Bhd
BVC	–	Berjaya Vacation Club Berhad, a wholly-owned subsidiary of B-Land
BNM	–	Bank Negara Malaysia
BSN	–	BSN Commercial Bank (Malaysia) Berhad
Board	–	The Board of Directors of B-Land
CCM	–	Credit Corporation (Malaysia) Berhad
CDS	–	Central Depository System
Creditors	–	Several of B-Land Group's existing creditors (including both the Turnkey Consortium for NPE and B-Ditan) who have agreed in principle to convert all or part of B-Land Group's debt amounting up to RM292 million into New ICULS.
Dian Kristal		Dian Kristal Sdn Bhd, a wholly-owned subsidiary company of BVC which in turn is a wholly owned subsidiary of B-Land

NPE		New Pantai Expressway, an intra-urban tolled highway in the Klang Valley
NPL	-	Non-performing loans
NTA		Net Tangible Assets
Ordinary Shares	-	Issued and fully paid ordinary shares of RM1 .00 each in B-Land
Option price for ICULS 1999/2009	-	The option price for ICULS for the put and call options of the New ICULS will be computed on a semi-annually compounded basis and shall take into account the RM1 .00 nominal value of the New ICULS and holding costs of the Lenders. The holding cost of the commercial/merchant banks is 10% per annum whereas the holding cost for the finance company is 11%
Option price for shares	-	The option price for shares for the put and call options of the New Shares will be computed on a semi-annually compounded basis and shall take into account the issue price of New Shares and the holding costs of AMBG. The holding cost of the commercial/merchant banks is 10% per annum whereas the holding cost for the finance company is 11%
PAMB	-	Perwira Affin Merchant Bank Berhad
PE Multiple	-	Price Earnings Multiple
PhileoAllied	-	Phileo Allied Bank (Malaysia) Berhad
Proposals	-	Proposed Debt Conversion, Proposed Offer for Sale and Proposed Put Options by B-Land, Proposed Increase in Authorised Share Capital and Proposed Assumptions by B-Group of the Proposed Put Options by B-Land collectively
Proposed Assumption by B-Group of the Proposed Put Options by B-Land	-	Proposed assumption by B-Group of the put option obligation of B-Land in respect of the remaining ICULS 1999/2009 held by the Lenders after the Proposed Offer for Sale
Proposed Debt Conversion	-	Proposed Debt Conversion to ICULS and Proposed Debt Conversion to Equity collectively
Proposed Debt Conversion to ICULS	-	Proposed debt conversion of up to RM1 , 1 00,000,000 bank loans and debts owing by B-Land and its subsidiary companies to various financial institutions and creditors into up to RM1, 1 00,000,000 nominal value of ICULS 1999/2009
Proposed Debt Conversion to Equity	-	Proposed debt conversion of RM100,000,000 bank loans owing by B-Land and its subsidiaries to AMBG into 64,5 16,129 new ordinary shares at an issue price of RM1.55 per share

Put Option Exercise Period	-	A period of seven (7) days each. the first such period shall start on the date falling on the second (2) anniversary from the date of the grant of the put option with successive periods at half-yearly intervals thereafter until the termination of the put option which shall occur on the seventh (7 th) day after the fifth (5 th) anniversary of its grant thereof
Proposed Offer for Sale (“OFS”)	-	Proposed renounceable offer for sale by Lenders and the Turnkey Contractors for NPE of RM195.324 million nominal amount of ICULS 1999/2009 or such amount, which will be determined on the Entitlement Date, at 100% of its nominal value to Minority Shareholders of B-Land and all existing ICULS 1996/2001 holders of B-Land at 100% of its nominal value on the basis of RM3.00 nominal amount of ICULS 1999/2009 for every two (2) existing B-Land ordinary share or RM4.70 nominal amount of ICULS 1996/2001 held, at an Entitlement Date to be announced
Proposed New ESOS	-	Proposed employees’ share option scheme of up to 10% of the Company’s share capital
Proposed Increase in Authorised Share Capital	-	Proposed increase in the authorised share capital of B-Land from RM 1,000,000,000 divided into 1,000,000,000 ordinary shares of RM 1.00 each to 5,000,000,000 ordinary shares of RM1.00 each by the creation of 4,000,000,000 ordinary shares of RM 1.00 each
Proposed Put Options by B-Land	-	Proposed put options on the remaining ICULS 1999/2009 held by the Lenders after the Proposed Offer for Sale entered into between B-Land and the Lenders which is exercisable at anytime during the Put Option Exercise Period, at the Option Price for ICULS 1999/2009
Proposed Put and Call Options by B-Group on New Shares	-	Proposed put and call options on the New Shares held by AMBB, AMFB and AMMB respectively entered into between B-Group and AMBB, AMFB and AMMB respectively
Registrar	-	Berjaya Registration Services Sdn Bhd
RHB	-	RHB Bank Berhad
RHB Sakura	-	RHB Sakura Merchant Bank Berhad
RM and sen	-	Ringgit Malaysia and sen respectively
ROC	-	Registrar of Companies
S C	-	Securities Commission
Turnkey Consortium for NPE		A consortium consisting of Gadang Holding Berhad (formerly known as Lai Sing Holdings Berhad), Mudajaya Corporation Berhad and LPS Binamaju Sdn Bhd. The consortium is a concessionaire to design, built, operate and transfer the New Pantai Expressway, an intra-urban tolled highway in the Klang Valley.

Trustee		PB Trustee Services Berhad
UMBB	-	Utama Merchant Bank Berhad
UMF	-	United Merchant Finance Berhad

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PART A

BERJAYA LAND BERHAD

(Company No: 20 1765-A)
(Incorporated in Malaysia)

Registered Office
Level 17, Menara Shahzan Insas
30 Jalan Sultan Ismail
50250 Kuala Lumpur

2 November 1999

Directors

Tan Sri Dato' Thong Yaw Hong (*Chairman*)
Tan Sri Dato' Seri Tan Chee Yioun (*Chief Executive Officer*)
Dato' Tan Chee Sing (*Managing Director*)
Khor Poh Waa
Robin Tan Yeong Ching
YTM Tengku Mustaffa Kamel Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah
Tan Sri Mohd Osman Bin Samsudin Cassim
Shuib Bin Ya'acob
Dr Ramachandran s/o Ratnasingam
Dato' Mohammed Adnan Bin Shuaib
Dato' Zaki Bin Azmi
Robert Yong Kuen Loke
Chan Kien Sing (Alternate Director to Tan Sri Dato' Thong Yaw Hong)
Ng Foo Leong (Alternate Director to Shuib Bin Ya'acob)
Chua Tee Hock (Alternate Director to Dr. Ramachandran s/o Ratnasingam)

To : The Shareholders of Berjaya Land Berhad

Dear Sir/Madam,

BERJAYA LAND BERHAD ("B-LAND" OR "THE COMPANY")

1. PROPOSED DEBT CONVERSION;
2. PROPOSED OFFER FOR SALE;
3. PROPOSED PUT OPTIONS BY B-LAND;
4. PROPOSED INCREASE IN **AUTHORISED** SHARE CAPITAL; AND
5. PROPOSED ASSUMPTION BY B-GROUP OF THE PROPOSED PUT OPTIONS BY 'B-LAND

1. INTRODUCTION

1.1. Announcements

On 3 March 1999, AMMB announced on behalf of the Board of Directors of B-Land the following:-

- i) the proposed conversion of up to **RM900** million of B-Land Group's existing bank loans, comprising principal sums and interests into New ICULS and New Shares. It is proposed that **RM100** million of the bank borrowings be converted into New Shares, whilst the balance of up to **RM800** million be converted into New ICULS. Several financial institutions have indicated their agreements in principle to convert their debts of at least **RM703** million into securities.

- ii) the proposed offer for sale of up to **RM1 01,426,000** New ICULS to all the shareholders of B-Land (other than B-Group, the holding company of B-Land and the holders of the RM 100 million worth of New Shares) on the basis of **RM1 .00** nominal amount of New ICULS for every one (1) existing B-Land share held at an offer price of **RM 1 .00** per **RM 1 .00** nominal amount of ICULS
- iii) the proposed put and call options by B-Land with the Lenders over a period of five (5) years and the proposed put and call options by B-Group with AMBB, AMFB and AMMB respectively over a period of five (5) years
- iv) the proposed increase in B-Land's authorised share capital of **RM1 ,000,000,000** divided into **1 ,000,000,000** ordinary shares of **RM1 .00** each to **RM5,000,000,000** divided into **5,000,000,000** ordinary shares of **RM1.00** each to cater for future new issues of share capital.

The BNM has on 5 October 1998 indicated that it has no objection in principle to the Proposed Debt Conversion subject to the financial institutions complying with the BNM guidelines and obtaining the necessary approvals from the relevant authorities.

On 30 April 1999, AMMB, on behalf of the Board of Directors of B-Land further announced that out of the RM800 million of debts under the Proposed Debt Conversion to be converted to New ICULS, RM50 million has been set aside for participation by the Creditors. The Creditors are not participating in the Proposed Offer for Sale and there will be no put and call arrangements in respect of the RM50 million nominal amount of ICULS 1999/2009. It was also announced that the Proposed Offer for Sale of the New ICULS will also be made to the existing ICULS 1996/2001 holders of B-Land.

On 4 June 1999, AMMB, on behalf of the Board further announced an increase in the aggregate quantum of the Proposed Debt Conversion from **RM900** million to up to **RM1.2** billion to cater for increased participation from additional Lenders and Creditors. The proposed additional debt conversion of up to **RM300** million involves two of the operating companies within the B-Land Group namely NPESB and Dian Kristal. It was also announced that the Turnkey Consortium for NPE has agreed to offer **RM30** million nominal amount of ICULS under the Proposed Offer For Sale. The basis and number of the New ICULS to be offered will be subject to change as the exact number can only be determined on the Entitlement Date to be announced in the future.

On 13 August 1999, AMMB, on behalf of the Board announced that the Proposals (except for the Proposed Assumption by B-Group of the Proposed Put Options by B-Land and the Proposed Call Option by B-Group on ICULS 1999/2009) have been approved by the SC, subject to the following terms and conditions:-

- a) The issue price of the New B-Land shares to be fixed based on the **5-day** weighted average market price of the shares of the Company on a date to be determined after SC's approval but before the shares are issued (Price Fixing Date) whilst the conversion price of the ICULS 1999/2009 to be fixed at a premium to that **5-day** weighted average market price of the shares of the Company prior to price fixing date. However, the Company may fix the conversion price of the ICULS 1999/2009 to be offered to the minority shareholders and holders of ICULS 1996/2001 at a discount to the market price of B-Land shares.

- b) B-Land/Arab-Malaysian are required to inform the SC of the final terms and conditions of the debt conversion scheme and together with UMBB being the independent adviser of B-Land are required to make adequate disclosures to the shareholders of B-Land in the circular and prospectus to be issued;
- c) B-Land is required to disclose in its quarterly financial reporting to the KLSE on the status of its debts and its short term obligations in respect of the B-Land ICULS 1999/2009 until the maturity date of the ICULS 1999/2009;
- d) approval of the FIC for the Proposals to be obtained; and
- e) at least 25% of the issued and paid-up share capital of B-Land and ICULS 1999/2009 to be held by the public shareholders upon the exercise of the proposed put and call options stated in section 5 of this Circular. (“25% Requirement”).

Subsequent to SC’s approval, B-Group, the holding company of B-Land has proposed to assume the put option obligation in respect of the remaining ICULS 1999/2009 held by the Lenders after the Proposed Offer for Sale in consideration of which B-Land will assign the proposed call option on the said B-Land ICULS 1999/2009 to B-Group.

On 13 September 1999, Arab-Malaysian submitted an application, on behalf of B-Land, to the SC seeking the approval of the SC on the Proposed Assumption by B-Group of the Proposed Put Option by B-Land and Proposed Call Options by B-Group on ICULS 1999/2009 and a waiver from the 25% Requirement. The application is pending the approval of the SC and other relevant authorities, if required.

The indicative basis of the Proposed Offer for Sale shall be RM3.00 nominal amount of ICULS 1999/2009 for every two (2) existing B-Land shares or RM4.70 of ICULS 19961200 1 held, on an Entitlement Date to be announced .

1.2. **The Approvals**

It is the intention of the Company that the total bank loans/debts together with accrued interest, if any, to be restructured would not exceed RM 1.2 billion.

The BNM has on 22 June 1999 approved the proposed conversion of up to RM 1.2 billion bank borrowings and debts owing by the Company into New ICULS and New Shares.

The SC and FIC vide their letters dated 9 August 1999 and 18 August 1999 respectively approved the Proposals (except for the Proposed Assumption by B-Group of the Proposed Put Option by B-Land and the Proposed Call Option by B-Group on ICULS 1999/2009). The SC’s approval are subject to certain conditions as stated in paragraph 1.1(iv) as contained in this Circular.

1.3. **The Lenders**

As at the date of this Circular, the Lenders have agreed in principle to participate in the Proposed Debt Conversion whereby approximately RM908 million bank loans and up to six (6) months accrued interests, RM874 million and RM34 million respectively, will be converted into RM808 million nominal amount of New ICULS and RM 100 million worth of New Shares.

These bank loans were extended by the financial institutions to B-Land and several of its subsidiary companies for working capital and investment purposes. Approximately 47.8% of the total debt and accrued interest of RM908 million to be restructured relates to AMBG. The actual amount of bank loans and accrued interest to be restructured pursuant to this exercise will be finalised after all relevant approvals are obtained.

1.4. The Creditors

As at the date of this Circular, approximately eighty (80) creditors have agreed in principle to participate in the Proposed Debt Conversion whereby approximately **RM240** million debts owing by B-Land and/or its subsidiaries will be converted into New ICULS.

1.5. Purpose of this Circular

This Circular serves to provide you with the relevant information on the Proposals and to seek your approval for the resolutions to be tabled at the EGM to be convened on 18 November 1999. The Notice of the EGM is set out in this Circular.

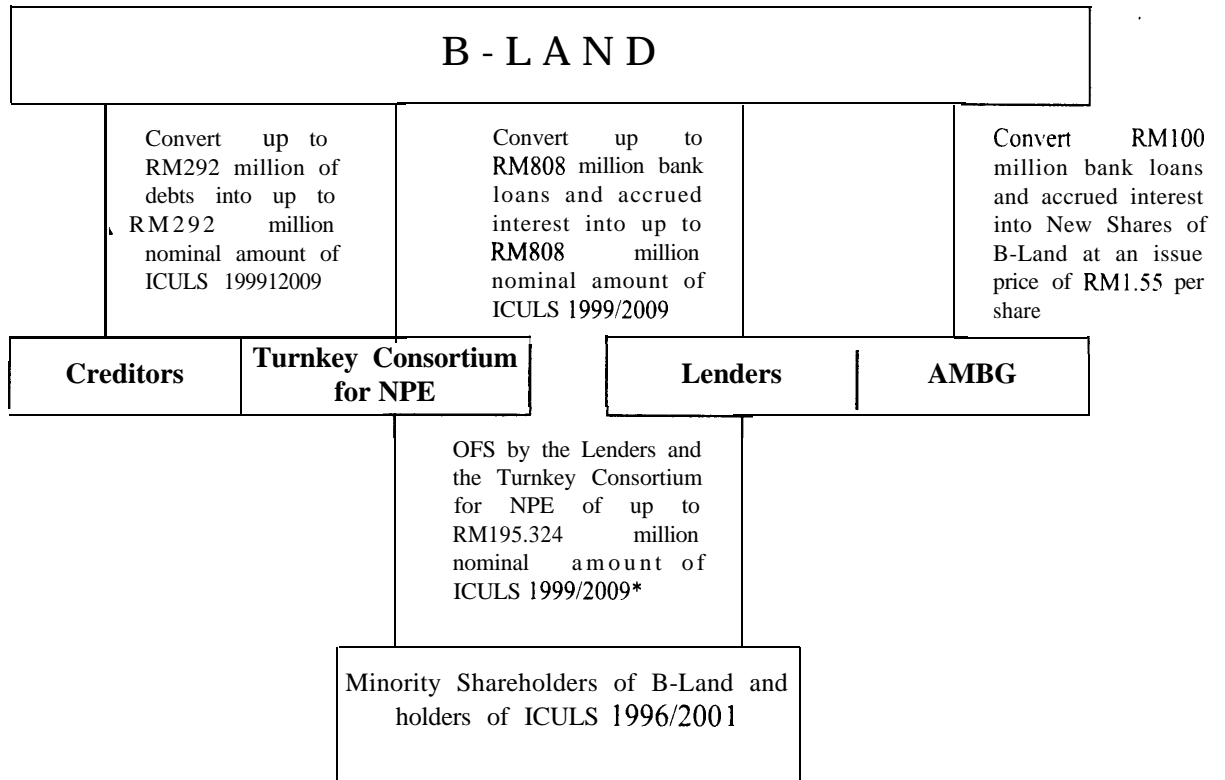
As AMBG is also one of the Lenders participating in the Proposals (except for the Proposed Increase in Authorised Share Capital), the Board has appointed UMBB to advise the shareholders of B-Land in respect of the Proposals.

UMBB has also been appointed to advise the minority shareholders of B-Land in view of the directors' and substantial shareholders' interest mentioned in Section 12 of this Circular.

**YOU ARE ADVISED TO READ BOTH THIS CIRCULAR AND THE INDEPENDENT
ADVICE LETTER BEFORE VOTING ON THE ORDINARY RESOLUTIONS
PERTAINING TO THE PROPOSALS.**

2. THE PROPOSALS

The mechanism for the Proposed Debt Conversion and the Proposed Offer for Sale are as follows:-



* The breakdown of the Proposed Offer for Sale is as follows:-

	RM'million nominal value of ICULS 1999/2009
Lenders	165.324
Turnkey Consortium for NPE	30.000
	195.324

The figure of RM195.324 million nominal amount of ICULS 1999/2009 is based on the shareholding of the Minority Shareholders of B-Land and the nominal amount of the ICULS 1996/2001 outstanding as at 8 October 1999. The exact amount of ICULS 1999/2009 to be offered can only be determined on the Entitlement Date to be announced.

3. PROPOSED DEBT CONVERSION

3.1. Principal Terms of the Proposed Debt Conversion to ICULS

The principal terms and conditions of the Proposed Debt Conversion to ICULS and features of the New ICULS are as follows:-

Proposed debts to be converted to ICULS	Up to a maximum of RM1.1 billion which comprises the principal amount of bank loans plus up to six (6) months interest to be capitalised (up to RM808 million) and amounts owing to several creditors (up to RM292 million)
Amount of New ICULS to be issued	Up to RM1.1 billion nominal amount of ICULS on the basis that RM1.00 debt will be converted into RM 1.00 nominal amount of ICULS 1999/2009
Basis of allotment	Allotment of up to RM 1.1 billion nominal value of ICULS 1999/2009 at 100% of its nominal value for the subscription by the Lenders and Creditors respectively for every RM1.00 debt owed by B-Land.
Issue Price	100% of the nominal value of the ICULS
Coupon Rate	5% per annum payable semi-annually in arrears
Tenure	10 years commencing on the date of issue thereof
Conversion Price	RM1.60. The Conversion Price was based on a premium of 5 sen over the last five (5) market days weighted average market price of B-Land shares up to 11 August 1999, being RM1.55. The price fixing was done in accordance with the conditions imposed by the SC as stated in paragraph 1.1 (iv)(a).
Conversion Mode	By surrendering the ICULS 1999/2009 with an aggregate nominal value of at least equivalent to the conversion price or by tendering the ICULS 1999/2009 at nominal value of RM1.00 each plus the balance of the conversion price in cash
Conversion Period	Conversion into new shares may take place at any time during the tenure of the ICULS 1999/2009
Conversion Rights	Each registered holder of the ICULS 1999/2009 shall have the right to convert such amount of the ICULS 1999/2009 held (being RM1.00 nominal value of such ICULS 1999/2009 or multiples thereof) into fully paid shares
Automatic Conversion	Any remaining ICULS 1999/2009 at the end of the tenure shall be automatically converted into new B-Land Ordinary Shares at the Conversion Price

- Ranking of the ICULS** : The ICULS 1999/2009 shall constitute unsecured obligations of B-Land and rank *pari passu* in all respects without priority amongst themselves but shall be subordinated to all other present and future unsecured and unsubordinated obligations of B-Land from time to time outstanding including all obligations and liabilities which have priority solely by Malaysian law
- Ranking of the shares issued upon conversion of the ICULS** : Shares issued and allotted upon conversion of ICULS 1999/2009 shall rank *pari passu* in all respects with the existing ordinary shares of the Company except that they will not rank for any dividends or other distributions declared in respect of the financial period prior to the financial period in which the shares are issued or any interim dividend or distribution, the declaration date of which is on or before the Conversion Date
- Trust Deed** : The ICULS 1999/2009 is constituted by a trust deed executed by B-Land and PB Trustee Services Berhad, a duly authorised trustee, who will act for the benefit of the ICULS 1999/2009 holders. The Trust Deed is subject to the approval of the KLSE.
- Listing of New ICULS** : To be sought on the Main Board of the KLSE

The Board is of the opinion that the Company, after the Proposals, would be in a position to maintain its financial commitment under the ICULS 1999/2009 and service the 5% coupon rate every year through internally generated funds generated from the profitable businesses of the Group as highlighted in section 8.8 of this Circular.

3.2. Principal Terms of the Proposed Debt Conversion to Equity

- Proposed debts to be converted to Equity** : RM100,000,000 of AMBG loan and interest to be converted into 64,516,129 new ordinary shares of RM1.00 each at an issue price of RM1.55 per share which comprises of principal amount of loans plus up to six (6) months interest to be capitalised. The new shares to be issued pursuant to the Proposed Debt Conversion to Equity will be credited directly into the respective CDS accounts of AMBG.
- Issue Price** : RM1.55. The issue price was based on the last five (5) market days weighted average market price of B-Land shares up to 11 August 1999. The price fixing was done in accordance with the conditions imposed by the SC as stated in paragraph 1.1 (iv)(a).

Ranking : Rank pari passu in all respects with the existing issued ordinary shares of B-Land save for any dividends declared prior to the date of allotment of the New Shares and save that they will not be entitled to any dividends or other forms of distributions which may be declared, made or paid in respect of the financial period prior to the financial period in which the New Shares are issued or for any interim dividends or distributions that may be declared prior to the date of allotment of the new ordinary shares. The holders of New Shares are also not entitled to the Proposed Offer for Sale.

Listing of New Shares : To be sought on the Main Board of the KLSE

4. **PROPOSED OFFER FOR SALE**

The Lenders and the Turnkey Consortium for NPE will offer RM 195.324 million nominal amount of ICULS 1999/2009 or such amount, which will be determined on the Entitlement Date, for sale on a renounceable basis, to the Minority Shareholders of B-Land and the existing ICULS 1996/2001 holders after the Proposed Debt Conversion at an offer price of RM 1.00 per RM 1.00 nominal amount ICULS on the basis of RM3.00 nominal amount of ICULS 1999/2009 for every two (2) existing B-Land share or RM4.70 nominal amount of ICULS 1996/2001 held on an Entitlement Date to be announced. The Turnkey Consortium for NPE will offer for sale a fixed amount of RM30 million nominal amount of ICULS 1999/2009, while the balance of the ICULS 1999/2009 to be offered for sale will be from the Lenders.

The exact number of ICULS 1999/2009 to be offered under the Proposed Offer For Sale can only be determined on the Entitlement Date to be announced in the future.

The Proposed Offer for Sale will provide an opportunity to the Minority Shareholders and holders of ICULS 1996/2001 of B-Land to invest in the New ICULS so that the dilution in their shareholdings in the equity of the Company can be mitigated.

In determining the Minority Shareholders' of B-Land and the existing ICULS 1996/2001 holders' entitlements for the ICULS 1999/2009, any fractional entitlements will be disregarded.

The ICULS 1999/2009 and the new shares to be issued upon the conversion of the ICULS 1999/2009 will be credited directly into the respective CDS account of the Minority Shareholders of B-Land and/or existing ICULS 1996/2001 holders, no physical certificates will be issued. However, a notice of allotment will be despatched to the Minority Shareholders of B-Land and/or existing ICULS 1996/2001 holders by the Registrar.

The Company will within twenty (20) market days from the final application closing date allot the ICULS 1999/2009 and new shares to be issued upon the conversion of ICULS 1999/2009 and despatch the notice of allotment to the entitled Minority Shareholders B-Land and all existing ICULS 1996/2001 holders of B-Land.

Proceeds of the Offer For Sale will accrue entirely to the respective Lenders and Turnkey Consortium for NPE. Any fees incidental to the Proposed Offer for Sale will be borne by B-Land to encourage Lenders and Turnkey Consortium for NPE to participate in the Company's debt restructuring scheme.

5. PROPOSED PUT AND CALL OPTIONS

5.1. Proposed Put and Call Options on ICULS 1999/2009

5.1.1. Proposed Put Options by B-Land on ICULS 1999/2009 to the Lenders

The principal terms and conditions of the put options relating to the New ICULS are as follows:-

Put Option on the New ICULS	B-Land shall grant a put option to the Lenders to purchase 100% of the ICULS 1999/2009 issued to the Lenders or such number of ICULS 1999/2009 remaining with the Lenders respectively after the Proposed Offer for Sale
Put Option Exercise Period	At any time during a period of seven (7) days each, the first such period shall start on the date falling on the second (2) anniversary from the date of the grant of the put option with successive periods at half-yearly intervals thereafter until the termination of the put option which shall occur on the seventh (7 th) day after the fifth (5 th) anniversary of its grant thereof.
Put Option Security	The put option on ICULS 1999/2009 shall be secured by a first-or-third-party (as a case may be) fixed charge in the Lenders' favour over the existing security, currently already pledged to the existing Lenders. There are no changes to the security amount/type. The securities that are currently charged to the existing Lenders include shares and properties. Any release of security thereunder shall be at the Lender's sole discretion.

5.1.1.1. Proposed Assumption by B-Group of the Proposed Put Options by B-Land

To further facilitate B-Land's Proposed Debt Conversion exercise, B-Group has proposed to assume the put obligation in respect of the remaining ICULS 1999/2009 held by the Lenders after the Proposed Offer for Sale, on the same terms and conditions as stated in paragraph 5.1.1. above.

However, B-Land will remain primarily responsible for the fulfilment of its obligations under the Proposed Put Options by B-land with the Lenders. In any case, the put option on ICULS 1999/2009 shall be secured by a first-or-third-party (as a case may be) fixed charge in the Lenders' favour over the existing security, currently already pledged to the existing Lenders.

Should B-Group fail to assume any portion of the ICULS 1999/2009 put by the Lenders to B-Land, B-Group will be liable to B-Land. However, the Proposed Call Options by B-Group with the Lenders will continue in respect of only the remaining ICULS 1999/2009 held by the Lenders after the Proposed Offer for Sale and exercise of the Proposed Put Option by B-Land.

B-Land will source the necessary funds to meet the Proposed Put Option if it has not been assumed by B-Group, through internally generated sources and/or borrowings. In the event B-Land takes up the put obligation, the Company will endeavour to arrange for placement of the ICULS 1999/2009 to third parties to reduce its exposure under the ICULS.

5.1.2. Proposed Call Options by B-Group on ICULS 1999/2009 to the Lenders

The principal terms of the call options relating to the New ICULS are as follows:-

Call Option on the New ICULS	: The Lenders respectively shall grant a call option to sell to B-Group 100% of the ICULS 1999/2009 issued or any such number of ICULS 1999/2009 remaining with the Lenders after the Proposed Offer for Sale
Call Option Exercise Period	At anytime within five (5) years from the date of the grant of the Call Option on the New ICULS
Call Option Security	None

5.1.3. Put / Call Option Purchase Consideration for ICULS 1999/2009

Put and Call Option Purchase Consideration for New ICULS	: Purchase consideration takes into account:- <ul style="list-style-type: none">• holding costs of 10% p.a. for banks or 11% p.a. for finance companies on a semi-annually compounded basis;• the 5% p.a. coupon rate; and date of exercise of the relevant Put/Call Option on New ICULS.
	Purchase consideration per ICULS 1999/2009 shall be computed as the aggregate of: <ul style="list-style-type: none">i) RM1ii) holding cost for banks or finance companies as shown below; and

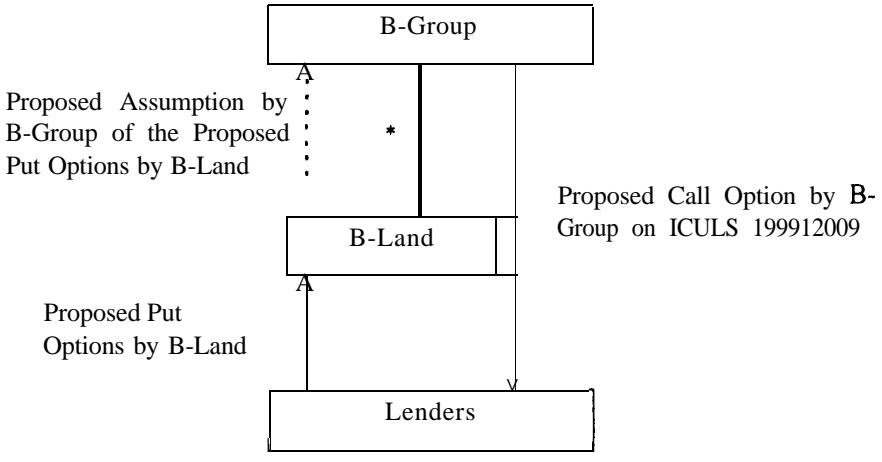
Interest Period (half yearly interval corresponding to the coupon payment of the ICULS 1999/2009 on a semi - annual basis)	Holding cost (expressed in sen) based on 10% per annum	Holding cost (expressed in sen) based on 11% per annum
	2. 500000000	3. 000000000
2	5. 125000000	6. 165000000
3	7. 881250000	9. 504075000
4	10. 775312500	13. 026799125
5	13. 814078125	16. 743273077
6	17. 004782031	20. 664153096
	20. 355021133	24800681516
8	23. 872772189	29. 164719000
9	27. 566410799	33. 768778545
10	31. 444731339	38. 626061365

iii) adjusted for interest accrued on the sum of(i) and (ii) above based on the actual number of days elapsed from the end of the period referred to in (ii) above

The Put Option Exercise Period will commence from Interest Period 5 onwards whilst the Call Option Exercise Period will commence from Interest Period 1 onwards.

51.4. **Diagram on the Proposed Put and Call Options on the ICULS 1999/2009**

The mechanism for the Proposed Put and Call Options on the New ICULS is illustrated below:-



* B-Group holds 81.70% equity interest in B-Land as at 8 October 1999

5.2. Proposed Put and Call Option on Equity

5.2.1. The Principal Term and Conditions of the Put and Call Options relating to the New Shares are as follows:-

Put Option on the New Shares : B-Group shall grant a put option to purchase 100% of New Shares to be issued to AMBB, AMFB and AMMB respectively

Put Option Exercise Period : At any time during a period of seven (7) days each, the first such period shall start on the date falling on the second (2) anniversary from the date of the grant of the put option with successive periods at half-yearly intervals thereafter until the termination of the put option which shall occur on the seventh (7th) day after the fifth (5th) anniversary of its grant thereof.

Call Option on the New Shares : AMBB, AMFB and AMMB shall respectively grant a call option to sell to B-Group 90% of the New Shares issued to AMBB, AMFB and AMMB

Call Option Period : At anytime within five (5) years from the date of the grant of the Call Option on the New Shares

Put/Call Option Purchase Consideration for New Shares : Purchase consideration takes into account:-

- holding costs of 10% p.a. (for AMMB and AMBB) or 11% p.a. (for AMFB) on a semi-annually compounded basis; and
- date of exercise of the relevant Put/Call Option on the New Shares

Purchase consideration per share shall be computed as the product of:-

- i) issue price of the New Shares, i.e. RM 1.55;
- ii) holding cost for banks or finance companies as show below; and

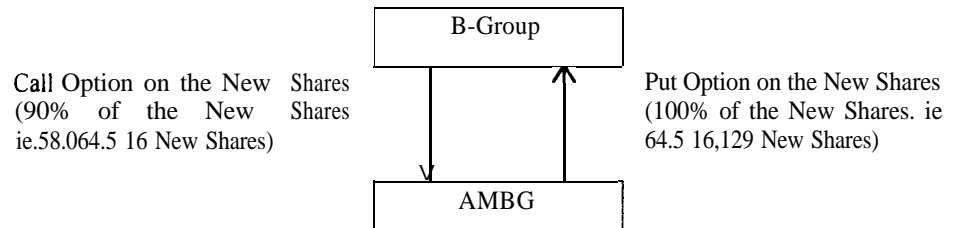
Interest Period (half yearly interval corresponding to the coupon payment of the ICULS 1999/2009 on a semi-annual basis)	Holding cost Factor based on 10% per annum	Holding cost Factor based on 11% per annum
1	1.0500000	1.0550000
2	1.1025000	1.1130250
3	1.1576250	1.17424138
4	1.21550625	1.23882465
5	1.27628156	1.306900 1
6	1.34009564	1.37884281
	1.40710042	1.45467916
8	1.47745544	1.5346865 1
9	1.55132822	1.61909427
10	1.62889463	1.70814446

- iii) adjusted for interest accrued on the sum of (i) and (ii) above based on the actual number of days elapsed from the end of the period referred to in (ii) above

The Put Option Exercise Period will commence from Interest Period 5 onwards whilst the Call Option Exercise Period will commence from Interest Period 1 onwards.

5.2.2. **Diagram on the Proposed Put and Call Options on New Shares**

The mechanism for the Proposed Put and Call Options by B-Group is illustrated below:-



6. **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The present authorised share capital of the Company is RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each of which RM693,246,394 have been issued and are fully paid-up or credited as fully paid up. In order to accommodate the issue of New Shares arising from the Proposed Debt Conversion and to cater for future new issues of share capital, the Board of B-Land proposes to increase the authorised share capital of the Company from RM1,000,000,000 to RM5,000,000,000 by the creation of 4,000,000,000 new ordinary shares of RM1.00 each.

7. **CONDITIONS TO THE PROPOSALS**

The Proposals (which are inter-conditional) are subject to the following approvals being obtained from:-

- i. the SC, which was obtained on 9 August 1999; however, the Proposed Assumption by B-Group of the Proposed Put Options by B-Land and the Proposed Call Option by B-Group on ICULS 1999/2009 and waiver from the 25% Requirement are pending SC's approval.
- ii. the FIC, which was obtained on 18 August 1999 for the conversion of RM 1.1 billion of borrowings and debts into ICULS 1999/2009 and New Shares. However, subsequent to the approval Lenders and Creditors have increased the amount of debts and borrowings for participation in the Proposed Debt Conversion. In view of this, B-Land will seek the approval of the FIC for the increase of debts and borrowings for participation in the Proposed Debt Conversion to up to RM1.2 billion.
- iii. the BNM, which were obtained on 22 June 1999;
- iv. KLSE for the admission of the New ICULS, listing and quotation for the New Shares and New ICULS to be issued pursuant to the Proposed Debt Conversion and the new ordinary shares of RM1.00 each in B-Land to be issued pursuant to the conversion of the New ICULS;
- v. Shareholders of the Company at the forthcoming EGM to be convened;
- vi. Shareholders of B-Group for the Proposed Put and Call Options by B-Group on New Shares, the Proposed Call Option by B-Group on the New ICULS 1999/2009 and the Proposed Assumption by B-Group of the Proposed Put Options of B-Land in respect of the New ICULS at the EGM of B-Group to be convened;

- vii. the ROC for the Trust Deed to be executed for the New ICULS and Offering Circular for the Proposed Offer for Sale; and
- viii. any other relevant authority (if required).

8. FINANCIAL EFFECTS OF THE PROPOSALS

8.1. Assumptions and Basis

The financial effects of the Proposals have been prepared based on the following assumptions:-

- (i) Debts to be converted amounting to RM1.2 billion of which RM1.00 million of bank loans are to be converted into 64,516,129 new ordinary shares of RM1.00 each at an issue price of RM1.55 per share, RM808 million of bank loans and RM292 million due to creditors are to be converted to RM808 million and RM292 million nominal amount of ICULS 1999/2009 respectively;
- (ii) Issue Price of RM1.55 per share (as per announcement on 13 August 1999) for the Proposed Debt Conversion to Equity; and
- (iii) Conversion Price of RM1.60 per share (as per announcement on 13 August 1999) for the ICULS 1999/2009.

8.1.1. Basis for arriving at the Issue Price of RM1.55 per share for the Proposed Debt Conversion to Equity

The issue price for the 64,516,129 New Shares is at RM 1.55 per share. The basis of the pricing is based on the 5-days weighted average market price of up to 11 August 1999 in line with the conditions of the SC. The holders of these new B-Land shares will not be entitled for the New ICULS to be offered via the Proposed Offer for Sale.

The issue price of RM1.55 per share represents a net PE multiple of 4.95 times based on the net EPS of 31.3 sen for the financial year ended 30 April 1999. The audited group NTA per share as at 30 April 1999 is approximately RM2.65. The issue price of RM1.55 represents a discount of RM1.10 or 41.5% from the audited Group NTA per share of RM2.65.

8.1.2. Basis for Arriving at the Conversion Price of RM1.60 for conversion of New ICULS into New Ordinary B-Land Share

The conversion for the New ICULS can be made by surrendering the New ICULS with an aggregate nominal value equivalent to at least the conversion price or by tendering the New ICULS at nominal value of RM1.00 each plus the balance of the conversion price in cash. The conversion price of RM1.60 per share was based on a premium over the 5-day weighted average market price of B-Land shares up to 11 August 1999 of RM1.55. The conversion price of RM1.60 represents a premium of 5 sen thereto.

8.2. Share Capital

The share capital of B-Land will be enlarged to at least RM1,448.638 million comprising 1,448.638 million ordinary shares of RM1 .00 each upon completion of the Proposed Debt Conversion, as follows:-

	No. of shares (million)	
	#(a)	*(b)
As at 8.10.99	693.246	693.246
Issue of shares in relation to debt conversion of RM100 million	64.516	64.516
	<u>757.762</u>	<u>757.762</u>
Conversion of RM7.933 million ICULS 1996/2001	3.376	3.967
Conversion of RM 1.100 billion ICULS 1999/2009	687.500	1.100.000
Enlarged share capital	<u>1,448.638</u>	<u>1,861.729</u>

#(a) On the assumption that:-

- (i) RM2.3.5 nominal amount of ICULS 1996/2001 is to be surrendered-for conversion for one (1) new share
- (ii) RM1.60 nominal amount of ICULS 1999/2009 is to be surrendered for conversion for one (1) new share

*(b) On the assumption that:-

- (i) RM2.00 nominal amount of ICULS 1996/2001 plus 35 sen cash is to be surrendered for conversion for one (1) new share
- (ii) RM1.00 nominal amount of ICULS 1999/2009 plus 60 sen cash is to be surrendered for conversion for one (1) new share

The effects of the Proposed New ESOS has not been shown above.

The Proposed Offer For Sale, Proposed Put Options by B-Land and Proposed Assumption by B-Group of the Proposed Put Options by B-Land will not have any effect on the share capital of B-Land.

8.3. Proforma Group NTA, Shareholders Fund (Net Assets), Gearing and Current Ratios

Based on the audited consolidated balance sheet of B-Land Group as at 30 April 1999, the effect of the Proposed Debt Conversion on the NTA of the Group, shareholders funds (net assets), gearing and current ratios are as follows:-

(RM in Billions)	As at	Proforma I	Proforma II	
	30.4.1999		(after Proforma I)	
			(a)	(b)
Issued and paid-up share capital	0.693	0.758	1.449	1.862
Share Premium	0.83 1	0.866	1.283	1.532
Reserves	1.618	1.618	1.618	1.617
Shareholders' Funds	3.142	3.242	4.350	5.011
Less: Intangibles [Note (a)]	1.307	1.312	1.312	1.312
NTA	1.835	1.930	3.038	3.699
NTA per share (RM) [Note (b)]	2.65	2.55	2.10	1.99
Net assets per share (RM)	4.53	4.28	3.00	2.69
Total Borrowings (as at 30.4.1999) (RM' billion) (excluding ICULS 1996/200 1) [Note (c)]	1.84	0.97	0.97	0.97
Gearing ratio (against Shareholders' Funds) -time	0.59	0.30	0.22	0.19
Current assets (at 30.4.99) (RM' billion)	2.360	2.354	2.354	3.016
Current liabilities (at 30.4.99) (RM' billion)	1.359	1.124	1.124	1.124
Current ratio (times)	1.74	2.09	2.09	2.68

Notes :

- Proforma I* - after issue of new B-Land shares at RM1.5.5 per share to AMBG and after issue of RM1.10 billion ICULS 1999/2009 to the Lenders and Creditors
- Proforma II(a)-*
- i) RM2.3.5 nominal value of ICULS 1996/2001 is to be surrendered for conversion for one (1) new share
 - ii) RM1.60 nominal value of ICULS 1999/2009 is to be surrendered-for conversion for one (1) new share
- Proforma II(b) -*
- i) RM2.00 nominal value of ICULS 1996/2001 plus 35 sen cash is to be surrendered for one (1) new share
 - ii) RM1.00 nominal value of ICULS 1999/2009 plus 60 sen cash is to be surrendered for one (1) new share

The effects of the Proposed New ESOS has not been shown above. The Proposed Offer For Sale, Proposed Put Options by B-Land and Proposed Assumption by B-Group of the Proposed Put Options by B-Land will not have any effect on the Proforma Group NTA of B-Land.

Note (a)

	As at 30.4.1999	Proforma I	Proforma II	
			(a)	(b)
* Intangibles				
Deferred Expenditure as at 30.4.99	0.013	0.013	0.013	0.013
Expenses in connection with the Proposed Debt Conversion and Proposed Offer for Sale capitalised		0.005	0.005	0.005
Adjusted deferred expenditure	0.013	0.018	0.018	0.018
Goodwill on consolidation	1.294	1.294	1.294	1.294
Intangibles	1.307	1.312	1.312	1.312

Note (b)

The net tangible assets includes the net premium on acquisition of associated companies amounting to RM69,822,000.

Note (c)

	RM'billion
Total borrowings as at 30 April 1999	1.844
6 months interest capitalised subsequent to 30 April 1999	0.034
Total borrowings	<u>1.878</u>
Proposed Debt Conversion	<u>0.908</u>
Total borrowings after the Proposed Debt Conversion	<u><u>0.970</u></u>

8.4. Substantial Shareholders

The substantial shareholders of B-Land as at 8 October 1999 according to the Register of Substantial Shareholders and their respective shareholdings before and after the Proposals are as follows:-

	<i>Existing as at 8 October 1999</i>				<i>Stage Z - After Proposed Debt Conversion</i>				<i>Stage II - After Proposed Offer for Sale</i>			
	<i>Existing share capital - 693,246,394 ordinary shares</i>				<i>Enlarged share capital - 757,762,523 ordinary shares</i>				<i>Enlarged share capital - 757,762,523 ordinary shares</i>			
	<i>Direct</i>		<i>Indirect</i>		<i>Direct</i>		<i>Indirect</i>		<i>Direct</i>		<i>Indirect</i>	
Teras Mewah Sdn Bhd	429,709,762*	61.99%		0.00%	429,709,762*	56.71%		0.00%	429,709,762*	56.71%		0.00%
Bizurai Bijak (M) Sdn Bhd	21,928,000*	3.16%		0.00%	21,928,000*	2.89%		0.00%	21,928,000*	2.89%		0.00%
Juara Sejati Sdn Bhd	104,970,666*	15.14%		0.00%	104,970,666*	13.85%		0.00%	104,970,666*	13.85%		0.00%
Bejaya Group Berhad		0.00%	566,406,447(a)	81.70%	-	0.00%	566,406,447(a)	74.75%	-	0.00%	566,406,447(a)	74.75%
Tan Sri Dato' Seri Tan Chee Yioun	19,316,561	2.79%	566,462,447(b)	81.71%	19,316,561	2.55%	566,462,447(b)	74.75%	19,316,561	2.55%	566,462,447(b)	74.75%
The Lenders"	-	-	-	-	64,516,129	8.51%			64,516,129	8.51%		
The Creditors	-	-	-	-	-	-	-	-	-	-	-	-
Stage III												
<i>Upon full conversion of ICULS 1999/2009</i>												
	<i>Scenario (a)</i>				<i>Scenario (b)</i>							
	<i>Enlarged share capital - 1,448,638,575 ordinary shares</i>				<i>Enlarged share capital - 1,861,729,385 ordinary shares</i>							
	<i>Direct</i>		<i>Indirect</i>		<i>Direct</i>		<i>Indirect</i>					
Teras Mewah Sdn Bhd	429,709,762*	29.66%		0.00%	429,709,762*	23.08%		0.00%				
Bizurai Bijak (M) Sdn Bhd	21,928,000*	1.51%		0.00%	21,928,000*	1.18%		0.00%				
Juara Sejati Sdn Bhd	104,970,666*	7.25%		0.00%	104,970,666*	5.64%		0.00%				
Bejaya Group Berhad	-	0.00%	566,406,447(a)	39.10%	-	0.00%	566,406,447(a)	30.42%				
Tan Sri Dato' Seri Tan Chee Yioun	37,425,837	2.58%	566,462,447(b)	39.10%	48,291,403	2.59%	567,462,447(b)	30.48%				
The Lenders"	466,269,255+	32.19%			707,321,130+	37.99%						
The Creditors	163,669,375+	11.30%			261,871,000+	14.07%						

Note 1: In the event of the following :-

- B-Group fully takes up AMBG's Put Option on the New Shares; and
- the exercise of the put option on the New ICULS by the Lenders or the call option by B-Group on the New ICULS,

B-Group's shareholdings in B-Land will be increased to 71.29% or **1,032,675,702** ordinary shares of RM 1.00 each upon full conversion of ICULS 1999/2009.

Note 2: In the event of the following:-

- B-Group exercises the Call Option on the New Shares; and
- the exercise of the put option on the New ICULS by the Lenders or the call option by B-Group on the New ICULS,

B-Group's shareholdings in B-Land will be increased to 68.07% or **1,267,275,964** ordinary shares of RM1.00 each upon full conversion of ICULS 1999/2009.

- (a) Deemed interest by virtue of its 100% interests in Teras Mewah Sdn Bhd, Juara Sejati Sdn Bhd, Bizurai Bijak (M) Sdn Bhd, Espeetex Sdn Bhd and its interests in the related companies Berjaya General Insurance Berhad, Prime Credit Leasing Sdn Bhd and Inter-Pacific Securities Sdn Bhd
- (b) Deemed interested by virtue of his interest in Berjaya Group Berhad and his deem interest in Desiran Unggul Sdn Bhd, a wholly owned subsidiary of Intan Utilities Berhad
- * Includes shares held through several nominee companies
- ^ Based on an indicated issue price of RM1.55 per share

Scenario (a) On the assumption that RM1.60 nominal amount of ICULS 1999/2009 is to be surrendered for conversion for one(1) new share
On the assumption that RM2.35 nominal amount of ICULS 1996/2001 is to be surrendered for conversion for one(1) new share
+ After conversion of the remaining 642,805,001 ICULS 1999/2009 with the Lenders subsequent to the Proposed Offer for Sale.
❖ After conversion of the remaining 261,871,000 ICULS 1999/2000 with the Creditors subsequent to the Proposed Offer for Sale

Scenario (b) On the assumption that RM1.00 nominal amount of ICULS 1999/2009 plus 60 sen cash is to be surrendered for conversion for one (1) new share
On the assumption that RM2.00 nominal amount of ICULS 1996/2001 plus 35 sen cash is to be surrendered for conversion for one (1) new share
+ After conversion of the remaining 643,805,001 ICULS 1999/2009 with the Lenders subsequent to the Proposed Offer for Sale.
❖ After conversion of the remaining 261,871,000 ICULS 1999/2000 with the Creditors subsequent to the Proposed Offer for Sale

8.5. Earnings

The Proposed Debt Conversion is expected to significantly reduce the Group's bank borrowings by approximately RM908 million and creditors outstanding by RM292 million and result in a net interest savings of approximately RM16.298 million for the financial year ending 30 April 2000. This is expected to strengthen the financial position of the Group. In addition, the dilution in the EPS of the Group will be minimal when the New Shares are issued. Similarly the issuance of ICULS 1999/2009 would not have any immediate material effect on the EPS of the Group for the financial year 30 April 2000 but the future impact of the conversion of the ICULS 1999/2009 on the EPS of the Group cannot be ascertained at present.

8.6. Cashflow

The Proposed Debt Conversion would improve the cashflow position of the Group for a minimum period of two (2) years, as the Group's interest servicing would be reduced from the current floating rate of eight to ten percent (8% to 10%) per annum to a fixed five percent (5%) per annum under the ICULS 1999/2009. This would translate into net interest savings of approximately RM 16.298 million for the financial year ending 30 April 2000.

8.7. Dividends

The Company declared and paid a total gross dividend of 12% less income tax at 28% for the financial year ended 30 April 1998. As announced, the Board of Directors has recommended a final dividend of 5% per share less 28% income tax for the financial year ended 30 April 1999 which has been approved at the annual general meeting held on 25 October 1999 and will be paid on 28 December 1999 (no interim dividend was paid for the said financial year). Barring any unforeseen circumstances, the Board of Directors of the Company expects that the Company will be able to declare a gross dividend of 5 % for the financial year ending 30 April 2000.

8.8. Prospects

Property Development

The property market, which has in the past 10 years chalked up impressive gains, finally succumbed to the uncertainties that overwhelmed the economy in late 1997 and 1998. The total number of property transactions dropped by 32.3% over the previous year, compared with almost no change for 1997/1996. In terms of property sector, transactions in the residential sector dropped by 30.0% the commercial sector by 44.1%, the industrial sector by 48.1%, the agricultural sector by 22.1% and the development sector by 47.4%.

(Source : Property Market Report 1998/1999)

In the past few months, the Government has introduced various policies and incentives to underscore the role of the property sector as a critical component of its economic recovery plan. This included a one-month concerted drive to sell about RM5 billion worth of unsold properties at significant discounts to the house-buyer.

(Source : Property Market Report 1998/1999)

A majority of the on-going projects of B-Land is concentrated in the Klang Valley. For the last financial year, B-Land completed 620 units of properties. Currently, B-Land has about 697 units of properties comprising a mixture of residential and commercial properties under various stages of construction and about 86% of these units are due for completion before the turn to the millennium.

The residential developments include Greenfields Apartments situated in the Klang Valley which was launched in late 1995. Phase I (326 units) has been completed and Phase 2 (156 units) is expected to be completed by the end of 1999. Out of the total 482 units launched, about 91% has been sold for a total sales value of about RM93.7 million.

B-Land's first industrial development, Berjaya Industrial Park Phase 1, located in Jalan Kebun, Klang consists of 36 industrial lots spreading over a net land area of 104.25 acres, was completed in 1998. Within the same development, 108 units of single storey link houses were launched since May 1998 and to date about 76% have been sold. In May 1999, 141 units of double storey link houses were launched and to date about 73% have been sold. The single and double storey link houses have generated a total sales value of about RM28.2 million.

The property market for the immediate future, except for the medium to low medium residential sub-sector, is expected to soften further due to over supply. The residential property market is expected to benefit from the easing of lending rates in the financial system and therefore, the lowering of base lending rates. With lower base lending rates and availability of financing for residential properties priced below RM150,000, the demand for affordable residential properties is expected to remain high.

With the available 3,000 units of medium-cost price range properties in B-Land's development portfolio, the property division is targeting to play a major role in the supply of medium-cost price range properties to accommodate the anticipated growing demand.

Property Investment

B-Land's property investment division mainly comprises the following properties :-

- KL Plaza;
- Plaza Berjaya;
- Kota Raya; and
- Berjaya Megamall, Kuantan

The occupancy rates of the above complexes (excluding Berjaya Megamall, Kuantan) ranges from 70% to 92% as at May 1999. The management of B-Land expects the average occupancy rate to stabilise to approximately 70% within the next 12 months.

Generally, the industry outlook for the retail market is that it has weakened over the past one year and is expected to remain weak for the next 2 years as it is undergoing a consolidation stage. This is because the revival of the retail industry would depend largely on the state of the economy. Meanwhile, the location, realistic rental rates, tenant mix and an innovative management complex team are amongst major factors to the survival of shopping complexes.

Hotel, Resort And Recreation

Vacation Timeshare

B-Land's involvement in the vacation timeshare industry is through its subsidiary company, Berjaya Vacation Club Berhad.

The Malaysian vacation time-share industry in general recorded strong growth for the past three years from 1995 to 1997. The number of members buying the membership programmes increased from 3,394 in 1995 to 3,900 in 1996 and 5,108 in 1997. In terms of value, the increase was from RM60 million in 1995 to RM68 million in 1996 and to RM88.29 million in 1997.

(Source : *Malaysian Holiday Timeshare Developers ' Federation*)

The industry has an encouraging outlook due to the following factors:-

- Time penetration level of timeshare in Malaysia is 13.5 per 10,000 persons as compared to 28 per 10,000 persons in Australia and 79 per 10,000 persons in New Zealand. These statistics indicate that the Malaysian vacation time share industry may have potential for growth in the future;
- The growing affluence of the Malaysian society. The time share product is cost effective and provides a hedge against inflation; and
- Shift in consumer preference from the traditional package tours to timeshare where the holiday goers will be able to travel at their own pace.

Due to the positive factors above and the over-supply of hotels and holiday resorts. Berjaya Vacation Club anticipates greater competition in the future as more hoteliers and property developers enter the timeshare industry.

Hotels and Resorts

The hotel industry grows in tandem with the growth of the tourism industry.

However, the following factors have affected the growth of the tourism industry in Malaysia:-

- The regional economic crisis, which resulted in a slowdown in tourist arrivals;
- The political uncertainties and strikes in Thailand and Indonesia which has affected tourist arrivals to the Indonesia-Malaysia-Thailand Growth Triangle;
- The El Nino effect on Malaysian weather during the first six months of 1998 where Malaysia was named the second hottest country in the world had affected tourist arrivals. It is anticipated that the La Nina effect would also have a negative effect on the tourism industry;
- The depreciation of other regional currencies has also affected the local tourism industry as other regional destinations have similarly become cheaper destinations; and
- Smog from the forest fires in Indonesia which affected the air quality of the entire region in early 1998.

Despite of the slower regional growth, Malaysia's tourism sector is expected to be insulated to some extent due to the following factors:-

- i) The relative strength of the Singaporean Dollar will help sustain tourist arrivals from Singapore. In previous years, up to 50% of Malaysia's inter-region arrivals was from Singapore;
- ii) Improved access from Europe and the USA as more scheduled flights to Malaysia is envisaged. In addition, Malaysia signed an "Open Air Agreement" with the USA last year which is expected to improve arrivals; and
- iii) The success of the 16th Commonwealth Games held in September 1998 is expected to result in increased awareness of Malaysia as a tourist destination.

(Source : *RAM Rating Review, May 1998*)

B-Land's subsidiary companies operate and manage 16 hotels and resorts in 7 countries with a total of 2,670 rooms; 8 establishments in Malaysia, 3 in Seychelles, 1 each in Mauritius, Ghana, Fiji, Sri Lanka and the United Kingdom.

Toto Betting

B-Land's involvement in the gaming sector is through its subsidiary company, B-Toto which operates the 4-Digit and Jackpot games. Overseas, Prime Gaming Philippines, Inc, a subsidiary company, manages a computerised on-line lottery system on the island of Luzon in the Philippines, under a lease agreement. In Ghana, an associated company was appointed as a consultant cum project manager by the Department of National Lotteries.

(Source : *RAM Rating Review, May 1998*)

The operating environment for legalised gaming operators, better known as legalised Number Forecast Operators ("NFOs"), in Malaysia is tightly regulated. There has been a moratorium on the number of outlets and new games since 1992. This situation is expected to remain status quo since it is unlikely that any new applications for gaming licences or expansion of existing operations are expected to be approved. As such the gaming industry will remain dominated by the three major players in the industry i.e, Magnum Corporation Berhad ("Magnum"), Tanjong Plc ("Tanjong") and BToto.

(Source : *RAM Rating Review, May 1998*)

Among the NFOs, B-Toto is the largest with 681 outlets throughout Malaysia. Magnum has 476 outlets while Tanjong has 347 outlets. B-Toto also has a broader variety of games offering jackpot games as well as the traditional 4-Digit games, which is the mainstay of the other two NFOs. In terms of market share, B-Toto is the second largest behind Magnum, with 32% share of the market. Magnum is estimated to command a market share of 45% and Tanjong an estimated 23%. Over the last 5 to 6 years, B-Toto has been able to take advantage of its larger number of outlets and broader variety of games to gain market share at the expense of its competitors. Its current market share is a marked improvement from the 17% it commanded in 1992 when it was the smallest of the NFOs.

(Source : *RAM Rating Review, May 1998*)

However, revenue growth has slowed down in the current year as a result of the economic downturn. Nevertheless, B-Toto still anticipates a low single digit revenue growth rate for the current year compared with rates of 20% per annum and above for the past three years before the financial crisis hit Asia.

9. RATIONALE FOR THE PROPOSALS

9.1 **Put option - an exit route for the Lenders**

Whilst the Proposed Put Option will serve as an exit for the Lenders, it will provide a breathing space for the Company since the Lenders are subject to a moratorium period of two (2) years before the latter are entitled to sell the New ICULS to B-Land/B-Group or New Shares to B-Group (the holding company of B-Land). By virtue of this back stop exit measure, B-Land's Board of Directors can concentrate on improving the business operations of the Company during the immediate challenging years.

9.2 **Interests of Minority Shareholders and existing ICULS 1996/2001 holders taken into account**

The Proposed Offer for Sale is aimed at providing an opportunity for the minority shareholders and holders of ICULS 1996/2001 of B-Land to invest in the New ICULS to be offered by the Lenders and the Turnkey Consortium for NPE. The New ICULS will be offered at a price of RM 1 .00 for RM 1 .00 nominal amount of New ICULS to each minority shareholder of B-Land on the basis of RM3.00 nominal amount of new ICULS for two (2) existing B-Land share held, and to each ICULS 1996/2001 holders of B-Land on the basis of RM3.00 nominal amount of New ICULS for RM4.70 nominal amount of ICULS 1996/2001 held. The Proposed Offer for Sale would enable the Minority Shareholders of B-Land and holders of ICULS 1996/2001 to purchase the New ICULS to minimise the dilutive effects on their shareholdings in the Company after the completion of the Proposed Debt Conversion.

9.3 To improve cashflow of the Group for two (2) years

The Proposed Debt Conversion is a securitisation exercise undertaken to improve the Group's cashflow position and to reduce the Group's current liabilities to the creditors.

It will improve the Group's cashflow position for at least a two (2) year period and allow the Company time to turnaround its operations. The Put Option Exercise Period on the New ICULS and New Shares will only start on the second (2nd) anniversary from the date of the grant of the put options. During the two year moratorium period, B-Land will be servicing the ICULS 1999/2009 interest of 5% per annum which amounts up to RM55 million per annum, without having to be burdened by the put options. However, upon commencement of the Put Option Exercise Period, B-Land would need to have sufficient funds to fulfil its obligations under the Proposed Put Option by B-Land (if not assumed by B-Group) and at the same time service the ICULS 1999/2009 interest.

The Proposed Debt Conversion will enhance the Group's ability to weather the current economic slowdown as the Proposed Debt Conversion involves approximately 47.37% of the total borrowings and 24.02% of the total current liabilities of B-Land Group.

As at 30 April 1999, the Group has a total current liabilities of RM1.36 billion whilst total borrowings stood at RM1.84 billion comprising the following:-

	RM' billions
Short term borrowings	0.437
Long term borrowings	1.407
	1.844

After the Proposed Debt Conversion, the shareholders' funds of the Company will be effectively strengthened by at least RM1 billion after full conversion of the ICULS 1999/2009. The current shareholders' funds is approximately RM3 billion and through the conversion of up to RM908 million of bank borrowings into New ICULS and New Shares and up to RM292 million debts owing to creditors into New ICULS, the Group's borrowings will be reduced from RM1.84 billion to RM0.97 billion and the Group's current liabilities will be reduced from RM1.36 billion to RM 1.12 billion. This will consequently improve the gearing position of the Group from the existing 0.59 times to 0.19 times and the current ratio be improved from the existing 1.74 times to 2.68 times. As at 8 October 1999 the Group's total borrowings (excluding ICULS 1996/2001) amounted to RM1.850 billion as shown below:-

	RM' billions
Short term borrowings	0.398
Long term borrowings	1.452
	1.850

The performance of businesses operating in Malaysia has been adversely affected by the prolonged regional currency crisis that has afflicted East Asia since September 1997. The falling stock market and asset prices, lack of confidence, tight liquidity, uncertainties with regard to economic and employment prospects were among the main reasons cited for the decline in domestic demand. B-Land Group, with operations mainly in the service and property sectors was likewise affected by the economic slowdown. Demand for hotel and tourism continues to remain low while the demand for property (in particular commercial and retail properties) is heading for consolidation due to oversupply and weaken demand.

The Group is thus taking the opportunity to strengthen its financial position by raising equity and convertibles via the Proposed Debt Conversion so that it will be well placed to benefit from the economic upturn which the country is currently experiencing.

9.4 **A “win-win” proposal for all parties**

The Proposed Debt Conversion is a unique voluntary restructuring scheme whereby neither the Group nor the Lenders or the Creditors will be worse off as every RM1.00 of the borrowings or debts owing will be converted into either a RM1.00 nominal value of ICULS 1999/2009 or a New Share at an issue price of RM1.55. This is a “win-win” proposal for all, namely the Company, the Lenders as well as the Creditors. It will benefit the Company because with the additional capitalisation and lesser interest servicing, viable businesses will be well placed to ride out the improving economic conditions.

10. RISKS FACTORS

Potential Dilution In Shareholding

The Proposed Debt Conversion is a form of securitisation exercise undertaken by the Company which will substantially reduce bank borrowings and current liabilities as well as strengthen the cashflow and capital base of the Group. It provides the Company with the opportunity to improve its financial position, while taking into account the potential dilution in the shareholdings for existing shareholders.

The conversion of up to RM100 million bank borrowings to New Shares of B-Land, will have an immediate dilution effect on the existing shareholders’ interests in the Company. Whilst the New ICULS, which incorporate an equity feature, may be converted into ordinary shares within 10 years from the date of issue of the securities.

However, the Proposed Offer for Sale would enable the Minority Shareholders of B-Land and holders of ICULS 1996/2001 to lessen the impact of the dilution effect on their shareholdings in the Company after the completion of the Proposed Debt Conversion. B-Group, which will not be entitled for the Proposed Offer for Sale, will have the options to call on 90% of the New Share and/or the remaining New ICULS with the Lenders to mitigate dilution on its shareholdings as and when it chooses to exercise the call options.

Apart from the above, the following factors (**which do not impose additional risk to the Company other than what it is exposed to at present**) should be noted:-

a) Interest Servicing

Pursuant to the Proposed Debt Conversion, B-Land would be required to service up to RM1.1 billion of ICULS 1999/2009 that carries an interest of five percent (5%) per annum on a semi-annual basis. In addition, B-Land is primarily responsible for the Proposed Put Options by B-Land in which the Option Price for the ICULS 1999/2009 is calculated based on the holding cost of ten percent (10%) or eleven percent (11%) per annum.

The Board is of the opinion that the Company, after the Proposals, would be in a position to sustain interest payments on the ICULS 1999/2009. Subsequent to the Proposed Debt Conversion, B-Land would be able to plan its cashflow requirement more efficiently as the interest on the ICULS 1999/2009 is fixed at 5% per annum.

b) Ability of B-Land / B-Group to fulfil its obligations under the Proposed Put Options by B-Land

To further facilitate B-Land’s Proposed Debt Conversion exercise, B-Group has proposed to assume the put obligation in respect of the remaining ICULS 1999/2009 held by the Lenders after the Proposed Offer for Sale, on the same terms and conditions as stated in paragraph 5.1 .1. above. However, B-Land will still remain primarily responsible for the fulfilment of its obligations under the Proposed Put Options by B-land with the Lenders.

The Proposed Put Options by B-Land is secured by way of a first-or-third party (as the case may be) fixed charge in the Lenders' favour over the existing security, currently already pledged to the existing Lenders.

The Company will source the funds to meet the Proposed Put Option by B-Land if not assumed by B-Group, through internally generated sources and/or borrowings. In the event B-Land takes up the put obligation, the Company will endeavour to arrange for placement of the ICULS 1999/2009 to third parties. The put option arrangements was arranged between the Lenders and B-Land as part of the negotiated voluntary scheme of restructuring.

11. INTER-COMPANY LOANS

As at 30 April 1999, B-Group, the holding company of B-Land, owed RM953.917 million to the B-Land Group of which RM192.738 million is owed to B-Toto group of companies. B-Toto is a subsidiary company of B-Land. These amounts were extended over a period of time and were used within the B-Group for working capital purposes, investments and repayment of bank borrowings. This was put in place for effective cashflow management within B-Group. These amounts are essentially unsecured, interest bearing advances (8% to 10% per annum) and are without any fixed terms of repayment. B-Group has indicated that it has several options to consider in relation to raising the financing to reduce these inter-company loans. These options include, internally generated funds (through asset sales or earnings retention), borrowings or other external financing arrangement, capital injection from shareholders fund or a combination of some or all of the foregoing. The amounts due to the B-Land Group may also be set off against future dividend payments and inter company expenses.

12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

B-Land is a subsidiary company of B-Group. NPESB is a subsidiary company of B-Land. Dian Kristal is a wholly-owned subsidiary of BVC, which in turn is a wholly owned subsidiary of B-Land. A member of the Turnkey Consortium for NPE is LPS Binamaju Sdn Bhd ("LPS Binamaju"). Bizurai Bijak (M) Sdn Bhd, a wholly owned subsidiary of B-Group, has a 10% equity interest in LPS Binamaju and 3.2% equity interest in B-Land.

Tan Sri Dato' Seri Tan Chee Yioun is the Chairman/Chief Executive Officer of B-Group, Chief Executive Officer of B-Land and a Director of BVC. Dato' Tan Chee Sing is the Managing Director of B-Group and B-Land. He is also a director of BVC and B-Ditan. Robin Tan Yeong Ching is an Executive Director of BGroup and B-Land. He is also a director of B-Ditan. Adam Bin Bachek is a director of B-Group and also a director of Gadang Holdings Berhad ("Gadang"), another member of the Turnkey Consortium for NPE. Robert Yong Kuen Loke is a director of B-Land and B-Group. Chan Kien Sing, who is an alternate director in B-Land is also a director of B-Group.

The abovementioned directors' direct and indirect shareholdings in B-Group, B-Land and Berjaya Ditan as at 8 October 1999 are as follows:-

<u>B-Group</u>	<u>No. of Shares held</u>		<u>%</u>
	<u>Direct Interest</u>	<u>Indirect Interest</u>	
Tan Sri Dato' Seri Tan Chee Yioun	305,035,215	* 145,508,246	35.20
Dato' Tan Chee Sing	36,181,000	** 679,000	2.88
Robin Tan Yeong Ching	46,000		0.00
Robert Yong Kuen Loke	545,000		0.04
Chan Kien Sing	175,000		0.01
Adam Bin Bachek			

* Deemed interested by virtue of his interest in Berjaya Resources Holdings Sdn Bhd and B&B Enterprise sdn Bhd and his deemed interest in Nautilus Corporation Sdn Bhd through B&B Enterprise Sdn Bhd.

** Deemed interested by virtue of his deemed interest in Nautilus Corporation Sdn Bhd.

<u>B-Land</u>	<u>Direct Interest</u>	<u>No. of Shares held</u>	
		<u>Indirect Interest</u>	<u>%</u>
Tan Sri Dato' Seri Tan Chee Yioun	19,3 16,561	* 566,462,447	81.71
Dato' Tan Chee Sing	180,750		0.03
Robert Yong Kuen Loke	417,000		0.06
Robin Tan Yeong Ching			
Chan Kien Sing			

* *Deemed interested by virtue of his interest in Berjaya Group Berhad and his deem interest in Desiran Unggul Sdn Bhd, a who&owned subsidiary of Intan Utilities Berhad.*

<u>B-Ditan</u>	<u>Direct Interest</u>	<u>No. of Shares held</u>	
		<u>Indirect Interest</u>	<u>%</u>
Nerine Tan Sheik Ping			
Dato' Tan Chee Sing		35,000,000*	50.00
Robin Tan Yeong Ching			

* *Deemed interested by virtue of his interests in Dijaya Corporation Berhad and Bakat Rampai Sdn Bhd*

Robin Tan Yeong Ching and Nerine Tan Sheik Ping are the children of Tan Sri Dato' Seri Tan Chee Yioun, while Dato' Tan Chee Sing is the brother of Tan Sri Dato' Seri Tan Chee Yioun. Tan Sri Dato' Seri Tan Chee Yioun holds 35,000,000 ordinary shares of RM1 .00 representing 50% equity interest in B-Ditan.

Tan Sri Dato' Seri Tan Chee Yioun has indirect interest of 7 18,747 ordinary shares of RM 1 .00 each representing 14.37% equity interest in LPS Binamaju Sdn Bhd, a member of the Turnkey Consortium for NPE, by virtue of his interest in KL Linear City Sdn Bhd and his deem interest in Bizurai Bijak (M) Sdn Bhd, a wholly owned subsidiary of B-Group.

The above directors and/or substantial shareholders of B-Land are thus deemed interested in the Proposals except for the Proposed Put Options by B-Land and Proposed Increase in Authorised Share Capital and have abstained themselves from any deliberations at the board meeting of B-Land and shall abstain from voting in respect of their respective direct and indirect shareholdings, if any, at the EGM of B-Land to be convened.

Save as disclosed above, none of the Directors, substantial shareholders and persons connected to the directors and substantial shareholders of B-Group, B-Land and B-Ditan have any interest in the Proposals.

13. INDEPENDENT ADVISER

Given that AMMB is one of the financial institutions involved in the Proposed Debt Conversion, the Board of Directors of B-Land has appointed UMBB as independent advisor to advise the shareholders of B-Land on the Proposals. UMBB has also been appointed to advise the minority shareholders of B-Land in view of the directors and substantial shareholders interests mentioned above. The advice of UMBB is contained in Part B of this Circular.

14. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposals and the advice of UMBB, your directors are of the opinion that the Proposals are in the interest of the Group and accordingly they recommend that you vote in favour of the ordinary resolutions to be tabled at the forthcoming EGM.

15. EXTRAORDINARY GENERAL MEETING

For the purpose of approving the Proposals, an EGM, the notice of which is enclosed with this Circular, is to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan 3/155 B, Bukit Jalil, 57000 Kuala Lumpur on 18 November 1999 at 9.45 a.m. or immediately after the conclusion or adjournment of the extraordinary general meeting of the Company to be convened for the proposed establishment of a new employees' share option scheme and any adjournment thereof.

You will also find enclosed with this Circular, a form of proxy which you are requested to complete, sign and return in accordance with the instruction printed thereon as soon as possible, so as to arrive at the Registered Office of the Company not less than 48 hours before the time set for the Meeting. The completion and return of the form of proxy does not preclude you from attending and voting in person at the meeting if you are able to do so.

16. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of the Board of Directors

TAN SRI DATO' THONG YAW HONG
Chairman

PART B

INDEPENDENT ADVICE TO THE SHAREHOLDERS OF BERJAYA LAND BERHAD IN RELATION TO: -

- I) **Proposed debt conversion of up to RM1.2 billion bank loans and debts into :-**
- (a) up to RM1.1 billion nominal amount of 5% B-Land Irredeemable Convertible Unsecured Loan Stocks 1999/2009 at 100% of its nominal value (“ICULS 1999/2009”) on a basis of RM1.00 nominal amount of ICULS 1999/2009 for every RM1.00 debts owed by B-Land (“Proposed Debt Conversion to ICULS”); and
 - (b) 64516,129 new B-Land ordinary shares of RM1.00 each at an issue price of RM1.55 per share (“Proposed Debt Conversion to Equity”);
- (collectively the “*Proposed Debt Conversion”)
- II) **Proposed renounceable offer for sale by the Lenders of B-Land and Turnkey Consortium for New Pantai Expressway of RM195.324 million nominal amount of ICULS 1999/2009 or such amount, which will be determined on the Entitlement Date, at 100% of its nominal value to Minority Shareholders of B-Land and all existing ICULS 1996/2001 holders of B-Land at 100% of its nominal value on the basis of RM3.00 nominal amount of ICULS 1999/2009 for every two (2) existing B-Land ordinary shares or RM4.70 nominal amount of ICULS 1996/2001 held (“Proposed Offer for Sale”);**
- III) **The proposed grant of put options by the Lenders to B-Land of up to RM808,129,000 nominal amount of ICULS 1999/2009 exercisable during the put option exercise period, at an agreed formulated put option price (“Proposed Put Option”);**
- IV) **Proposed increase in authorised share capital from RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each to RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each by the creation of an additional 4,000,000,000 ordinary shares of RM1.00 each (“Proposed Increase in Authorised Share Capital”);**
- V) **Proposed Assumption by Berjaya Group Berhad (“B-Group”) of the Proposed Put Option in (III) above (“Proposed Assumption”).**

Collectively the “Proposals”

UTAMA MERCHANT BANK BERHAD

(238 78-x)
(Incorporated in Malaysia)

Registered Office:
27th Floor, Central Plaza
Jalan Sultan **Ismail**
50250 Kuala Lumpur

2 November 1999

To : THE SHAREHOLDERS OF BERJAYA LAND BERHAD

Dear Sir/Madam,

- I) **PROPOSED DEBT CONVERSION;**
- II) **PROPOSED OFFER FOR SALE;**
- III) **PROPOSED PUT OPTION;**
- IV) **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND**
- V) **PROPOSED ASSUMPTION.**

COLLECTIVELY THE "PROPOSALS"

1. INTRODUCTION

On 3 March 1999, 30 April 1999, 4 June 1999 and 13 August 1999, Arab-Malaysian Merchant Bank Berhad ("AMMB") had, on behalf of the Board, announced to the KLSE that the Company proposed to implement the following **proposals**:-

- i) Proposed Debt Conversion;
- ii) Proposed Offer for Sale;
- iii) Proposed Put Option;
- iv) Proposed Increase in Authorised Share Capital; and
- v) Proposed Assumption

Collectively the "Proposals".

Please refer to Part A Section 1 of this Circular to Shareholders ("Circular") for details on the above Proposals and conditions imposed by authority(ies).

AMMB has been appointed as the Adviser for the above Proposals. AMMB is a member of the Arab-Malaysian Banking Group ("AMBG") comprising AMBB, AMFB and AMMB. AMBG is a party to items (i), (ii), (iii) and (v) as approximately 47.8% of the total debt and accrued interest of RM908 million to be restructured relate to AMBG.

In view that B-Group and AMBG are interested parties mentioned above and directors' and substantial shareholders' interests as disclosed in Section 5 of this Independent Advice Letter and pursuant to the requirement of Rule 118 of the Kuala Lumpur Stock Exchange's "Main Board Listing Requirements", the Board of Directors of B-Land has appointed Utama Merchant Bank Berhad ("UMBB") as the Independent Adviser to give its views on the Proposals.

This Independent Advice Letter was prepared for inclusion in this Circular dated 2 November 1999, as set out in Part A of this Circular.

The purpose of this Independent Advice Letter, apart from setting out the relevant information relating to the Proposals, is to provide the shareholders of B-Land with our independent evaluation together with our recommendation thereon. Hence, our scope of evaluation as set out hereafter is confined only to the financial terms of the Proposals and not the merits or otherwise of the commercial decisions regarding the Proposals.

We recommend that any individual shareholder or any specific group of shareholders of B-Land who may require specific advice within the context of their individual objective, financial situation and particular need should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

SHAREHOLDERS OF B-LAND ARE ADVISED TO READ BOTH THIS INDEPENDENT ADVICE LETTER TOGETHER WITH THE INFORMATION SET OUT IN PART A OF THE CIRCULAR CAREFULLY AND SHOULD CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE EGM OF THE COMPANY TO BE CONVENED AT LANGKAWI ROOM, BUKIT JALIL GOLF AND COUNTRY RESORT, JALAN 3/155 B, BUKIT JALIL, 57000 KUALA LUMPUR ON 18 NOVEMBER 1999 AT 9.45 A.M. OR IMMEDIATELY AFTER THE CONCLUSION OR ADJOURNMENT OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY TO BE CONVENED FOR THE PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME.

Our scope of work as the Independent Adviser and our sources of information are as follows:-

UMBB's role as an independent adviser in relation to the Proposals is to provide an independent evaluation and our recommendation thereon to the shareholders of B-Land on the fairness and reasonableness of the financial terms of the Proposals.

The scope of evaluation is confined only to the financial terms and not the merits or otherwise of the commercial decisions regarding the Proposals.

UMBB has not been involved in the formulation of the Proposals or any negotiation pertaining to the terms and conditions of the Proposals. We have relied on the accuracy of the information furnished to us and we have received full cooperation from the relevant parties concerned.

2. EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have considered the following: -

- Details of the Proposals;
- Rationale for the Proposals;
- Evaluation of new B-Land ordinary shares and ICULS 1999/2009;
- Financial effects of the Proposals; and
- Prospects.

2.1 Details of the Proposals

- I) Proposed Debt Conversion;
- II) Proposed Offer for Sale;
- III) Proposed Put Option;
- IV) Proposed Increase in Authorised Share Capital; and
- V) Proposed Assumption

Collectively the “Proposals”.

Please refer to Part A Sections 1 to 6 of this Circular for details on the above Proposals.

2.2 Rationale for the Proposals

Please refer to Part A Section 9 of this Circular for the rationale of the Proposals.

As mentioned in Part A of the Circular, the Proposed Debt Conversion is a securitisation exercise undertaken by the Company which will substantially reduce debts and strengthen the cashflow and capital base of the Group. It provides the Company with the opportunity to improve its financial position, while taking into account the potential dilution in the shareholdings for existing shareholders.

UMBB concurs that the rationale is justifiable to warrant the positive consideration of the shareholders.

2.3 Evaluation of New B-Land Ordinary Shares and ICULS 1999/2009

2.3.1 Evaluation of New B-Land ICULS 1999/2009

As part of the Proposed Debt Conversion, an amount of up to **RM808.129** million of amount owing to the Lenders and up to **RM291.871** million owing to Turnkey Consortium and creditors of NPE and Dian Kristal and other creditors will be converted to up to **RMI . 1 billion of RM1 .00** nominal amount of **ICULS 1999/2009**. The exact amount to be converted will be determined at a later date. Please refer to Part A Section 3 and 5 of this Circular for details of the terms and conditions of the **ICULS 1999/2009** to be issued.

The conversion of the new ICULS 1999/2009 can be made by surrendering the new ICULS 1999/2009 with an aggregate nominal value of at least the equivalent to the conversion price or by tendering the new ICULS 1999/2009 at nominal value of RM1.00 each plus the balance of the conversion price in cash. The conversion price of RM1.60 per share was based on a premium over the five (5) days weighted average market price of B-Land shares up to 11 August 1999 (the date prior to the Price Fixing Date of 12 August 1999) of RM 1.55. As the conversion price of RM1.60 represents a premium of 5 sen over the five (5) days weighted average market price of B-Land shares prior to the Price Fixing Date of 12 August 1999, we are of the opinion that the conversion price of RM 1.60 is fair and reasonable.

i) Conversion from Floating to Fixed Interest Rate

The coupon rate of the ICULS 1999/2009 to be issued is fixed at five (5%) percent payable semi-annually in arrears whereas the existing interest rates of debts outstanding to the Lenders are based on floating rates. With the issue of the new ICULS 1999/2009, the Company would be able to manage its **cashflow** position better and concentrate on its core business.

In addition, the proposed issue of new ICULS 1999/2009 is expected to translate into an interest savings of approximately RM 16.298 million for the year ending 30 April 2000, based upon the difference in interest rate of approx. 5.0% between the fixed interest rate of 5% and the average borrowing costs of 10%.

ii) Put and Call Options

As part of the Proposals, Put and Call options of up to RM808.129 million new ICULS 1999/2009 was proposed between B-Land and the Lenders. Please refer to Part A Section 5.1 of this Circular for details of the Put and Call options on new ICULS 1999/2009.

The Option Price in relation to the Proposed ICULS 1999/2009

The option price for the ICULS 1999/2009 is determined based on the holding costs of 10% per annum for banks or 11% for finance companies on a semi-annually compounded basis, taking into account the 5% per annum coupon rate and the date of exercise of the relevant options.

B-Land commenced its negotiation with the Lenders in November 1998, pertaining to the proposed Put and Call options by B-Land, whereby the holding costs of banks were determined to be 10% per annum while that of finance company is 11% per annum. The respective holding costs were calculated based on the ruling Base Lending Rate ("BLR") thereon.

As the basis for computing the option price for the Put and Call options has been determined, B-Land will have greater certainty as to the quantum and costs to be incurred.

The Proposed Assumption

Subsequently, under the Proposed Assumption, B-Group, the holding company of B-Land proposed to assume the Put option obligation in respect of the remaining ICULS 1999/2009 after the Proposed Offer for Sale. B-Group will also be granted a Call option on the said B-Land ICULS 1999/2009 by the Lenders.

There will not be any put and call arrangements between B-Land and/or B-Group with the creditors and Turnkey Consortium for NPE and B-Ditan under the Proposed Debt Conversion.

Based on the above arrangements, when the Lenders “put” their ICULS 1999/2009 to B-Land, B-Group is obligated to purchase the said ICULS 1999/2009 from the Lenders. In the event that B-Group, for whatsoever reason, fails to fulfil their obligation under the Put option, B-Land is still obliged to purchase the said ICULS 1999/2009.

Please refer to Part A Section 5.1.1.1 of this Circular for further details of the Proposed Assumption.

Advantages of the Put and Call Options on ICULS 1999/2009

The advantages of the Put and Call options on the ICULS 1999/2009 are as follows:-

- a) It serves as the back stop exit for the Lenders which will add more certainty to the Company because the Lenders are subject to a moratorium period of two (2) years before they can sell the B-Land ICULS 1999/2009 to B-Group.
- b) ICULS 1999/2009 remaining with Lenders after the Proposed Offer for Sale can only be “put” to B-Group during the term of the Put and Call options. This effectively limits the potential dilution of B-Group’s shareholdings in B-Land. B-Group also has the option to “call” on the ICULS 1999/2009 when it is ready so as to limit the potential dilution of its shareholdings in B-Land.

B-Group has proposed to acquire all or any of the ICULS 1999/2009 or such balance thereof from the Lenders pursuant to a written notification made by B-Land from time to time or at any time during the Put option period as a consequence of the exercise of the Put option by the Lenders. An agreement will be entered between B-Land and B-Group to give effect to the above at a later date (the “Agreement”).

Shareholders should take note that notwithstanding the above Agreement, B-Land shall remain primarily responsible for the fulfilment of its obligations under the Proposed Put option by B-Land with the Lenders on the new ICULS 1999/2009. B-Group will however be liable to B-Land for its failure to assume the Put option obligation under the Agreement. The Proposed Call options by B-Group will not in any way be affected should B-Group fail to assume part or whole of the ICULS 1999/2009 under the proposed Put option by B-Land.

As such, potentially, B-Land may still be required to raise or generate or procure third parties to purchase up to **RM808.129** million worth of ICULS 1999/2009 plus holding costs as shown in Part A Section 5.1.3 of this Circular at the end of the two (2) years moratorium period if B-Group fails to fulfil its obligations under the Agreement mentioned earlier.

Under the Agreement, the Proposed Assumption will be unsecured. As mention in Part A Section 5.1 .1.1 of this Circular, should B-Group fail to assume any portion of the ICULS 1999/2009 “put” by the Lenders to B-Land, B-Group shall be liable to B-Land.

The Put option given to the Lenders to sell their ICULS 1999/2009 to B-Land/B-Group after the moratorium period of two (2) years will effectively give B-Land a two (2) year period to fortify its financial position should this contingent liability crystallise.

The Company has expressed confidence that they are able to marshal sufficient resources, if necessary, or identify parties for private placements within the two (2) year period. In any case, the Put option on ICULS 1999/2009 shall be secured by a first or third-party (as the case may be) fixed charge in the Lenders’ favour over the existing security, currently already pledged to the existing Lenders. Please refer to Part A Section 5.1.1 of this Circular for further details of the Put option security.

In summary, Shareholders should take note that B-Land Group’s obligations in respect of its borrowings and credit liabilities has not increased as a consequence of this exercise. B-Land is obligated to the Lenders to grant the Put Option (which can be exercised after two (2) years) as a condition to the latter’s participation in the Proposed Debt Conversion exercise. Thus, B-Group’s Proposed Assumption of the Put Option obligation of B-Land will not pose an additional credit risk to B-Lan#.

The Group’s liabilities will in fact be decreased to the extent of the ICULS 199912009 to be issued to creditors (which will not be subjected to the Put and call option) and ICULS 1999/2009 taken up by Shareholders pursuant to the Proposed Offer for Sale.

Shareholders of B-Land should note that the ability of B-Land to meet its contingent obligation is largely dependent on the future economic scenario of Malaysia, the regional and world economy.

As mentioned in Part A Section 3.1 of this Circular, the Board of B-Land is of the opinion that the Company, after the Proposals, would be in the position to maintain its financial commitment under the ICULS 1999/2009 and service the 5% coupon rate every year through internally generated funds from the profitable businesses of the Group as highlighted in Part A Section 8.8 of this Circular.

2.3.2 Evaluation of New B-Land Ordinary Share

As stated in the Part A Section 8.1.1 of this Circular, the issue price for the 64,516,129 new B-Land shares is at RM1.55 per share. The basis of the pricing is based on the five (5) days weighted average market price of up to 11 August 1999 (the date prior to the Price Fixing Date of 12 August 1999). The holders of these new B-Land shares will not be entitled for the new ICULS 1999/2009 to be offered to Minority Shareholders of B-Land via the Proposed Offer for Sale.

i) Net Tangible Asset Basis

- Based on the audited consolidated balance sheet of B-Land as at 30 April 1999, the Group NTA per share is RM2.65 per share. The issue price of RM1.55 per B-Land share represents a discount of RM 1.10 or 41.5% below the NTA per share of B-Land shares.

ii) Open Market Value Basis

The three (3) months' weighted average market price for B-Land shares up to 3 March 1999 (date of announcement of the Proposals) is RM 1.91 per share. The issue price of RM1.55 per share represents a discount of RM0.36 or 18.8% of the three (3) months' weighted average market price.

Based on the last transacted price of B-Land shares prior to the announcement of the Proposals on 3 March 1999 of RM1.49 per share, the issue price of RM 1.55 per share represents a premium of RM0.06 or 4.0%.

As the basis of the pricing is based on the five (5) days weighted average market price of up to 11 August 1999 (the date prior to the Price Fixing Date of 12 August 1999) and the issue price of RM 1.55 per new B-Land share representing a PE multiple of 4.95 times based on the net EPS of 31.3 sen for the financial year ended 30 April 1999, we are of the opinion that the issue price of RM1.55 per new B-Land share is fair and reasonable.

The last transacted price of B-Land shares as at 28 October 1999 being the latest practicable date prior to the printing of this Independent Advice Letter is RM1.84 per share. The issue price of RM1.55 per share represents a discount of RM0.29 or 15.76% of the last transacted market price of B-Land shares.

iii) Put and Call Options

As part of the Proposals, a Put and Call option on the new B-Land shares was proposed between B-Group and AMBG. Please refer to Part A Section 5.2 of this Circular for details of the Put and Call option on new B-Land shares.

The Option Price in relation to the Proposed new B-Land shares

The option price for the new B-Land shares pursuant to the Put and Call option is determined based on the issue price and the holding costs of AMBB, AMFB and AMMB and shall be computed on a semi-annual compounded basis and shall take into account the date of exercise of the relevant options.

B-Land commenced its negotiation with AMBG in November 1998, pertaining to the proposed Put and Call option by B-Land, whereby the holding costs of AMBB and AMMB were determined to be 10% per annum while that of AMFB is 11% per annum. The respective holding costs were calculated based on the ruling BLR thereon.

AMBG will be foregoing all interest income upon the implementation of the Proposed Debt Conversion to Equity and to some extent, bear the risks of any BLR and share price fluctuation, as such the holding costs is fair and reasonable.

Advantage of the Put and Call option on new B-Land shares

The advantage of the Put and Call option on the new B-Land shares are as follows:-

- a) It serve as a back stop exit for the AMBG which will add more certainty to the Company because AMBG is subject to a moratorium period of two (2) years before they can sell the B-Land shares to B-Group (the holding company of B-Land). By virtue of this backstop exit measure, B-Land's Board of Directors can concentrate in the business operation of the Company for the challenging years ahead.
- b) At the same time, B-Group has the option to exercise its rights under the Call option at any time during the Call option period to further consolidate and strengthen its investment in B-Land. This will reaffirm B-Group's commitment and confidence in the future prospects of the B-Land Group.

In view of the above, we are of the view that the issue price of RM1.55 per new B-Land share is fair and reasonable.

2.3.3 Evaluation of the Proposed Offer for Sale

As stated in Part A Section 10 of this Circular, the conversion of up to RM 100 million bank borrowings to new B-Land shares, will have an immediate dilution effect on the existing shareholders' interests in the Company. Whilst the new ICULS 1999/2009, which incorporate an equity feature, may be converted into ordinary shares within ten (10) years from the date of issue of the securities.

The Proposed Offer for Sale would enable the Minority Shareholders of B-Land and holders of ICULS 1996/2001 to lessen the impact of the dilution effect on their shareholdings in the Company after completion of the Proposed Debt Conversion.

The Shareholders of B-Land (if they choose to accept the ICULS 1999/2009 under the Proposed Offer for Sale) have the option of disposing the ICULS 1999/2009 in the open market at a later date or retain the ICULS 1999/2009 to earn a fixed interest coupon rate of 5% per annum. The Proposed Offer for Sale is on a renounceable basis, as such Shareholders can also opt not to subscribe for their entitlements under the Proposed Offer for Sale and instead trade their entitlements in the open market.

Please refer to Part A Section 4 of this Circular for further details of the Proposed Offer for Sale.

2.4 Financial Effects of the Proposals

The financial effects of the Proposals are detailed in Part A Section 8 of this Circular.

As mentioned in Part A Section 8.6 of this Circular, the Proposed Debt Conversion is expected to significantly reduce the Group's bank borrowings by approximately RM908.129 million and debts outstanding by RM291.871 million and result in an interest saving of approximately RM16.298 million for the financial year ending 30 April 2000. This is expected to strengthen the financial position of the Group. In addition, the dilution in the EPS of the Group is minimal when the new B-Land shares are issued and as for the issuance of new ICULS 1999/2009, it would not have any immediate material effect on the EPS of the Group for the financial year ending 30 April 2000 but the future impact of the conversion of ICULS 1999/2009 on the EPS of the Group cannot be ascertain at present.

Based on the consolidated profit after tax and minority interests of B-Land as at 30 April 1999 of RM216.811 million or 31.3 sen per share, the Proposed Debt Conversion to Equity, will reduce B-Land's EPS to 28.6 sen per share (based on B-Land's enlarged issued and paid-up share capital of 757.762 million ordinary shares after the issue of 64.516 million new ordinary shares).

Shareholders should note that, UMBB was unable to evaluate the impact of the Proposed Debt Conversion on the EPS of B-Land for the duration of the ICULS 1999/2009 as no profit forecast and projections were available. UMBB is also not in a position to evaluate the likely impact of the Proposed Debt Conversion to ICULS 1999/2009 on the EPS of B-Land as the conversion of ICULS 1999/2009 is dependent on various considerations i.e. whether the ICULS 1999/2009 is "in-the-money", the period to maturity of the ICULS 1999/2009 of ten (10) years and the prospect of the economy and the B-Land Group in general. However, the Proposed Debt Conversion to ICULS 1999/2009 is not expected to have an immediate effect on the EPS of B-Land.

Based on Part A Section 8.4 of this Circular, the effects of the Proposals on the existing minority shareholders interests in B-Land are as follows :-

	<u>Existing Minority Shareholders Interests</u>
Existing as at 8 October 1999	18.30%
After Proposed Debt Conversion	16.73%
After Proposed Offer for Sale	16.73%
Upon full conversion of ICULS 1999/2009	
• Scenario (a)	16.96%
• Scenario (b)	17.03%

(Please note that the above is to be read together with Part A Section 8.4 of this Circular)

As illustrated above, the interest of the existing minority shareholders of B-Land will be diluted from 18.30% to 16.73% after the Proposed Debt Conversion. On the assumption that the existing minority shareholders of B-Land purchase all their entitlements under the Proposed Offer for Sale and the subsequent conversion of these ICULS 1999/2009 into B-Land shares, the interest of these existing minority shareholders will not change significantly as compared to the scenario "before the Proposals".

2.5 Inter Company Loans

Shareholders should also take note that as stated in Part A Section 11 of this Circular, as at 30 April 1999, B-Group, the holding company of B-Land, owed RM953.917 million to the B-Land Group of which RM192.738 million is owed to Berjaya Sports Toto Berhad ("B-Toto") group of companies. B-Toto is a subsidiary of B-Land. These amounts were extended over a period of time and were used within the B-Group for working capital purposes, investments and repayment of bank borrowings. This was put in place for effective cashflow management within B-Group. The amounts are essentially unsecured, interest bearing advances and are without any fixed terms of repayment. B-Group has indicated that it has several options to consider in relation to raising the financing to reduce these inter-company loans. The options include internally generation (through asset sales or earnings retention), borrowings or other external financing arrangement, capital injection from shareholders funds or a combination of some or all of the foregoing. The amount due to the B-Land Group may also be set off against future dividend payments and inter-company expenses.

2.6 Prospects

The Malaysian economy is expected to stage a recovery in 1999 with real Gross Domestic Growth ("GDP") recording a positive growth of 1%. Export growth has shown a recovery since October 1998 and going into the first quarter of 1999. However, given that its prospects remain uncertain, the main source of growth for the Malaysian economy will emanate mainly from domestic demand, supported by the fiscal stimulus.

There is a possibility that GDP growth could be higher than projected in 1999 should the prospects for the international environment improve or the private sector respond more favourably to the policy measures.

(Source : Bank Negara Malaysia Annual Report 1998)

B-Land is an investment holding company. Its subsidiary companies are principally involved in the operations of Toto betting, property development and investment activities, as well as the development and operations of hotel, resorts and casinos.

Please refer to Part A Section 8.8 of this Circular on the prospect of the industries for which the Group is involved.

3. CONDITIONS FOR THE PROPOSALS

The Proposals are subject to the following approvals being obtained from:-

- i) the SC, which was obtained on 9 August 1999; however, the Proposed Assumption by B-Group of the Proposed Put Option by B-Land and the Proposed Call Option by B-Group on ICULS 1999/2009 and waiver from the 25% Requirement are pending SC's approval);
- ii) the FIC, which was obtained on 18 August 1999 for the conversion of RM 1.1 billion of borrowings and debts into ICULS 1999/2009 and New Shares. However, subsequent to the approval certain Creditors have revised the amount of debts for participation in the Proposed Debt Conversion which totals to RM1.2 billion. In view of this, B-Land will seek the approval of the FIC for the increase to RM 1.2 billion;
- iii) the BNM (which was obtained on 22 June 1999 for the Proposals);

- iv) the KLSE for the admission of the new ICULS, listing and quotation for the new B-Land ordinary shares and new ICULS 1999/2009 to be issued pursuant to the Proposed Debt Conversion and the new ordinary shares of RM 1.00 each in B-Land to be issued pursuant to the conversion of the new ICULS 1999/2009;
- v) the shareholders of B-Land at the forthcoming EGM to be convened;
- vi) the shareholders of B-Group for the proposed put and call options in respect of the new B-Land shares by B-Group and for the proposed call option on new ICULS 1999/2009 and Proposed Assumption of the Proposed Put Option in respect of the new ICULS 1999/2009 by B-Group at the EGM of B-Group to be convened;
- vii) the ROC for the Trust Deed to be executed in respect of the new ICULS 1999/2009 and offer circular for the Proposed Offer for Sale; and
- viii) any other relevant authorities (if required).

4. INTERESTED PARTIES

Shareholders of B-Land should take note of AMMB as an interested party in the Proposals.

AMMB, a member of the AMBG, has been appointed as the Adviser for the above Proposals. AMBG is a party to the Proposed Debt Conversion, Proposed Offer for Sale, Proposed Put Option and Proposed Assumption as approximately 47.8% of the total debt and accrued interest of RM908 million to be restructured related to AMBG.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Please refer to Part A Section 12 of this Circular for details of Directors' and substantial shareholders' interest in the Proposals.

Saved as disclosed above, none of the other Directors and/or substantial shareholders of the Company are known to have any interest, direct or indirect, in the Proposals.

6. CONCLUSION AND RECOMMENDATION

The main issues to be considered by the shareholders of B-Land which is the subject matter of this Independent Advice Letter is whether they should vote in favour of the Proposals.

Based on our evaluation as set out in the foregoing section, the relative market price of B-Land shares vis-a-vis the issue of new B-Land ordinary shares and ICULS 1999/2009 and subject to the ability of B-Group/B-Land to fulfil its contingent obligation under the Put options, UMBB is of the view the issue price of the new B-Land shares and terms and conditions of the ICULS 1999/2009 are **fair and reasonable** and the Proposals, taken as a whole, is in the interest of shareholders of B-Land for the following reasons:-

- a) The Proposals would allow B-Land the opportunity to improve its gearing, capital base and cashflow; the Proposals will substantially reduce debts to strengthen the cashflow and capital base of the Group which were affected by the slowdown in the economy. The Proposed Debt Conversion will ensure that the long term investments by the Company in the property and tourism sectors will be preserved through out the recession;

- b) The issue price of RM1.55 per B-Land share reflects the market price of B-Land shares traded on the KLSE based on the three (3) months weighted average market price up to 3 March 1999 of RM 1.91 and the last transacted price per B-Land share on 3 March 1999 of RM 1.49, being the last transacted price prior to the date of the announcement;
- c) The issue price of RM1.55 per B-Land share represents a discount of RM 1.10 or 41.5% over the NTA per share of RM2.65;
- d) The conversion price of **RM1.60** for the ICULS 1999/2009 represents a premium of 5 sen over the five (5) days weighted average market price of B-Land shares up to 11 August 1999 (the date prior to the Price Fixing Date of 12 August 1999);
- e) The Proposed Put Option effectively gives B-Land a two (2) year period in meeting its contingent obligation in respect of its repayment of **RM808.129** million bank borrowings to its existing Lenders; and
- f) The Proposed Offer for Sale would enable the Minority Shareholders of B-Land and holders of ICULS 1996/2001 to lessen the impact of the dilution effect on their shareholdings in the Company after completion of the Proposed Debt Conversion.

The Shareholders of B-Land (if they choose to accept the ICULS 1999/2009 under the Proposed Offer for Sale) have the option of disposing the ICULS 1999/2009 in the open market at a later date or retain the ICULS 1999/2009 to earn a fixed interest coupon rate of 5% per annum. The Proposed Offer for Sale is on a renounceable basis, as such Shareholders can also opt not to subscribe for their entitlements under the Proposed Offer for Sale and instead trade their entitlements in the open market.

Shareholders of B-Land should take into **consideration:-**

- a) the impact on the EPS of B-Land (as indicated in Section 2.4 of this letter);
- b) the existing amount owing to B-Land by B-Group, the holding company of B-Land (as indicated in Section 2.4 of this letter);
- c) as well as the prospects of the B-Land Group

before voting on the resolutions pertaining to the Proposals.

On the basis of the fairness of the financial terms for the Proposals, UMBB therefore recommend that the shareholders vote for the proposed resolutions necessary to effect the Proposals.

The advice of UMBB as contained in this letter is addressed to the Shareholders of B-Land at large and not to any particular shareholders individually or group of shareholders respectively. Accordingly, in providing this advice, we have not given regard to the specific objectives of any individual shareholder or any specific group of shareholders.

Yours faithfully

For **UTAMA MERCHANT BANK BERHAD**

LIM AH BAH
Chief Executive Officer

SYDNEY LIM
Senior Manager
Corporate Finance Department

INFORMATION ON B-LAND

1. HISTORY AND BUSINESS

B-Land was incorporated in Malaysia under the Companies Act, 1965 on 31 July 1990 under the name of Sports Toto Holdings Berhad and subsequently changed its name to Berjaya Leisure Berhad on 25 September 1991. On 20 May 1997, the Company changed its name to its present name. The Company was listed on the Main Board of the KLSE on 15 March 1991. B-Land is an investment holding company. It also provides management services to its subsidiary companies. The subsidiary companies of B-Land are primarily involved in the operations of Toto betting under Section 5 of the Pool Betting Act 1967, property development and investment activities, as well as the development and operations of hotels, resorts and casinos.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

	No. of ordinary shares	Par value (RM)	Amount RM
Authorised	1,000,000,000	1.00	1,000,000,000
Issued and paid-up	693,246,394	1.00	693,246,394

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

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Type of issue	Cumulative issued share capital (RM)
31.07.90	2	0.50	Subscribers' shares	1
28.12.90	2	0.50	Additional subscribers' shares	2
28.12.90	2	1.00	Consolidation of RM0.50 ordinary shares into ordinary shares of RM 1.00 each	2
23.02.91	56,261,248	1.00	Shares issued pursuant to a scheme of arrangement	56,261,250

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Type of issue	Cumulative issued share capital (RM)
19.04.91	287,401,000	1.00	Rights issue of 180,036,000 shares at RM1.90 per share on the basis of 4: 1; special issue of 103,000,000 shares at RM1.90 per share to Bumiputra investors; and issue of 4,356,000 shares at RM 1.90 per share to staff of the Company and agents of Berjaya Sports Toto Berhad	343,662,250
31.07.92	35,915,000	1.00	Issued at RM2.30 per share in relation to the acquisition of 80% equity interest in Tioman Island Resort Sdn Bhd	379,577,250
06.09.93	30,782,609	1.00	Issued at RM2.30 per share pursuant to the acquisition of 14.6% equity interest in Berjaya Sports Toto Berhad.	410,359,859
31.05.94 and 27.07.94	379	1.00	Issued pursuant to the Deed Poll dated 31 January 1994 at a subscription price of RM3.60 per share for every 1 warrant	410,360,238
18.08.94	30,039,000	1.00	Issued pursuant to the acquisitions of a hotel and 20% equity interest in a hotel company in Seychelles and a hotel in Kota Kinabalu, Sabah.	440,399,238
09.09.94	375	1.00	Exercise of warrants	440,399,613
24.10.94	10,966,000	1.00	Issued pursuant to the acquisitions of a hotel in Seychelles	451,395,613
1.11.95 and 16.11.95	1,250	1.00	Exercise of warrants	451,396,863
18.1.96	18,000	1.00	Shares issued pursuant to the Employees Share Option Scheme ("ESOS")	451,414,863
18.1.96	2,150	1.00	Conversion of Warrants	451,417,013
15.2.96	7,000	1.00	Shares issued pursuant to the ESOS	451,424,013
16.2.96 and 13.3.96	10,000	1.00	Exercise of warrants	451,434,013
16.4.96 and 23.4.96	4,165,999	1.00	Conversion of ICULS	455,600,012
15.5.96 and 15.6.96	21,000	1.00	Shares issued pursuant to the ESOS	455,621,012

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Type of issue	Cumulative issued share capital (RM)
18.6.96 and 18.7.96	1,187	1.00	Conversion of ICULS	455,622,199
8.8.96	500	1.00	Exercise of warrants	455,622,699
28.8.96	34,752,561	1.00	Shares issued pursuant to the acquisition of 100% equity interest in Indah Corporation Berhad	490,375,260
15.10.96	30,000	1.00	Shares issued pursuant to the ESOS	490,405,260
31.10.96 and 14.11.96	56,580,687	1.00	Conversion of ICULS	546,985,947
15.1.96	430,000	1.00	Shares issued pursuant to the ESOS	547,415,947
6.12.96	372	1.00	Conversion of ICULS	547,416,319
16.12.96	220,000	1.00	Shares issued pursuant to the ESOS	547,636,319
31.12.96	1,000	1.00	Exercise of warrants	547,637,319
13.1.97	4,049,000	1.00	Conversion of ICULS	551,686,319
15.1.97	65,126,573	1.00	Exercise of warrants	616,812,892
16.1.97	317,000	1.00	Shares issued pursuant to the ESOS	617,129,892
20.1.97 and 31.1.97	993,728	1.00	Conversion of ICULS	618,123,620
12.2.97	12,089	1.00	Exercise of warrants	618,135,709
18.02.97	754,000	1.00	Issued pursuant to the ESOS	618,889,709
19.02.97	590,000	1.00	Conversion of ICULS	619,479,709
28.02.97	3,500	1.00	Exercise of warrants	619,483,209
07.03.97	6,104	1.00	Conversion of ICULS	619,489,313
17.03.97	785,000	1.00	Issued pursuant to the ESOS	620,274,313
20.03.97	7,125	1.00	Exercise of warrants	620,281,438
24.03.97	196,145	1.00	Conversion of ICULS	620,477,583
04.04.97	12,198	1.00	Exercise of warrants	620,489,781
07.04.97	8,250	1.00	Conversion of ICULS	620,498,031
15.04.97	228,000	1.00	Issued pursuant to the ESOS	620,726,031

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Type of issue	Cumulative issued share capital (RM)
21.04.97	18,000	1.00	Exercise of warrants	620,744,031
23.04.97	52,187	1.00	Conversion of ICULS	620,796,218
29.04.97	17,500	1.00	Exercise of warrants	620,813,718
30.04.97	95,687	1.00	Conversion of ICULS	620,909,405
15.05.97	144,000	1.00	Issued pursuant to the ESOS	621,053,405
19.05.97	74,250	1.00	Conversion of ICULS	621,127,655
22.05.97 and 04.06.97	5,000	1.00	Exercise of warrants	621,132,655
05.06.97	31,937	1.00	Conversion of ICULS	621,164,592
16.06.97	94,000	1.00	Issued pursuant to the ESOS	621,258,592
23.06.97	2,000	1.00	Exercise of warrants	621,260,592
04.07.97	15,000	1.00	Conversion of ICULS	621,275,592
08.07.97	4,375	1.00	Exercise of warrants	621,279,967
15.07.97	57,000	1.00	Issued pursuant to the ESOS	621,336,967
22.07.97	483,164	1.00	Conversion of ICULS	621,820,131
29.07.97	139,300	1.00	Exercise of warrants	621,959,431
06.08.97	7,500	1.00	Conversion of ICULS	621,966,931
12.08.97	5,000	1.00	Exercise of warrants	621,971,931
15.08.97	55,000	1.00	Issued pursuant to the ESOS	622,026,931
28.08.97	2,375	1.00	Exercise of warrants	622,029,306
29.08.97	120,000	1.00	Conversion of ICULS	622,149,306
15.09.97	458,000	1.00	Issued pursuant to the ESOS	622,607,306
16.09.97	4,000	1.00	Conversion of ICULS	622,611,306
25.09.97	179,000	1.00	Exercise of warrants	622,790,306
15.10.97	416,000	1.00	Issued pursuant to the ESOS	623,206,306

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Type of issue	Cumulative issued share capital (RM)
17.10.97 and 7.11.97	62,000	1.00	Conversion of ICULS	623,268,306
10.11.97	753	1.00	Exercise of warrants	623,269,059
15.1.97	163,000	1.00	Issued pursuant to the ESOS	623,432,059
21.11.97 and 1.12.97	102,000	1.00	Conversion of ICULS	623,534,059
2.12.97 and 4.12.97	63,668,000	1.00	Exercise of warrants	687,202,059
15.12.97	19,000	1.00	Issued pursuant to the ESOS	687,221,059
18.12.97	3,450,500	1.00	Conversion of ICULS	690,671,559
19.12.97	2,342,000	1.00	Exercise of warrants	693,013,559
5.1.98	50,000	1.00	Conversion of ICULS	693,063,559
17.2.98	13,000	1.00	Issued pursuant to the ESOS	693,076,559
16.3.98	17,000	1.00	Issued pursuant to the ESOS	693,093,559
9.4.98	90,680	1.00	Conversion of ICULS	693,184,239
15.4.98	22,000	1.00	Issued pursuant to the ESOS	693,206,239
27.4.98 and 29.5.98	9,125	1.00	Conversion of ICULS	693,215,364
15.6.98	1,000	1.00	Issued pursuant to the ESOS	693,216,364
20.7.98 and 26.11.98	25,025	1.00	Conversion of ICULS	693,241,389
30.1.98	5,005	1.00	Exercise of warrants	693,246,394

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of B-Land (holding 2% or more) as at 8 October 1999 are as follows :-

Shareholders	No. of Shares Held			
	Direct	%	Indirect	%
Teras Mewah Sdn Bhd	429,709,762	61.99		
Bizurai Bijak (M) Sdn Bhd	21,928,000	3.16		
Juara Sejati Sdn Bhd	104,970,666	15.14		
Berjaya Group Berhad		-	566,406,447 (a)	81.70
Tan Sri Dato' Seri Tan Chee Yioun	19,316,561	2.79	566,462,447 (b)	81.71

Notes :

- (a) Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd, Juara Sejati Sdn Bhd, Bizurai Bijak (M) Sdn Bhd, Espeetex Sdn Bhd and its interests in the related companies Berjaya General Insurance Berhad, Prime Credit Leasing Sdn Bhd and Inter-Pacific Securities Sdn Bhd.
- (b) Deemed interested by virtue of his interest in Berjaya Group Berhad and his deemed interest in Desiran Unggul Sdn Bhd, a wholly owned subsidiary of Intan Utilities Berhad.

4. BOARD OF DIRECTORS

The particulars of the directors of B-Land and their shareholdings as at 8 October 1999 are as follows :-

Name	Address	Occupation	No. of Shares Held			
			Direct	%	Indirect	%
Tan Sri Dato' Thong Yaw Hong	90,Lorong Setiabistari Satu Bukit Damansara 50490 Kuala Lumpur	Chairman	17,500	0.00	114,000 (a)	0.02
Tan Sri Dato' Seri Tan Chee Y ioun	8 Lorong Kemaris 3 Bukit Bandaraya Bangsar 59 100 Kuala Lumpur	Chief Executive Officer	19,316,561	2.79	566,462,447 (b)	81.71
Dato' Tan Chee Sing	97 Jalan U-Thant 55000 Kuala Lumpur	Managing Director	180,750	0.03		
Khor Poh Waa	No.3, Jalan SS 24/4 Taman Megah 47301 Petaling Jaya	President				
Robin Tan Y eong Ching	16, Lengkongan U-Thant 55000 Kuala Lumpur	Company Director				
YTM Tengku Mustaffa Kamel Ibni Almarhum Sultan Mahmud Al- Muktati Billah Shah	Unit No. 1 O-PH-8 Robson Condominium Jalan Persiaran Syed Putra 2, 50460 Kuala Lumpur	Company Director				
Tan Sri Mohd Osman bin Samsudin Cassim	14 Bukit Segambut Segambut Dalam 5 1200 Kuala Lumpur	Company Director	78,750	0.01		
Shuib bin Y a'acob	303 Blok 3 Pangsapuri PKNS Jalan 4M Ampang Jaya 68000 Ampang Selangor Darul Ehsan	Company Director				
Dr Ramachandran s/o Ratnasingam	19 Jalan PJS 5114 Taman Desaria 46000 Petaling Jaya Selangor Darul Ehsan	Medical Practitioner				
Dato' Mohamed Adnan bin Shuaib	A 1 -5A Astana Damansara 33 Jalan 17/1 46400 Petaling Jaya	Advocate & Solicitor				
Dato' Zaki bin Azmi	Unit B- 17 Bangsar Indah No.247 Off Lorong Maarof Bangsar 59000 Kuala Lumpur	Advocate & Solicitor				

Name	Address	Occupation	No. of Shares Held			
			Direct	%	Indirect	%
Robert Yong Kuen Loke	10 Jalan SS14/7D 47500 Subang Jaya Selangor Darul Ehsan	Company Director	417,000	0.06		
Chan Kien Smg (Alt. Director to Tan Sri Dato' Thong Yaw Hong)	3 Jalan TR4/1 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor	Company Director				
Chua Tee Hock (Ah. Director to Dr. Ramachandran s/o Ratnasingam)	21 Lengkok Zaaba Taman Tun Dr. Ismail 60000 Kuala Lumpur	Senior General Manager	-			
Ng Foo Leong (Alt. Director to Shuib Bin Ya'acob)	31 Jalan 3 Taman Sri Ukay Ulu Kelang 68000 Kuala Lumpur	Company Director				

Notes:-

- (a) Deemed interested by virtue of his interest in Equity Heights Sdn Bhd
- (b) Deemed interested by virtue of his substantial interest in Berjaya Group Berhad and his deemed interest in Desiran Unggul Sdn Bhd, a wholly owned subsidiary of Intan Utilities Berhad.

5. LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiary and associated companies of B-Land as at 8 October 1999 are as follows:-

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
Subsidiary companies of Berjaya Land Berhad				
Alam Baiduri Sdn Bhd	14.10.1991 Malaysia	100,000	70	Property development and investment
Angsana Gemilang Sdn Bhd	12.01.1990 Malaysia	2	100	Property investment
Amat Muhibah Sdn Bhd	28.01.1987 Malaysia	1,900,000	52.6	Property development
Amat Teguh Sdn Bhd	18.08.1989 Malaysia	250,000	100	Property development
Awan Suria Sdn Bhd	05.06.1990 Malaysia	2	100	Property management
Berjaya Sports Toto Berhad	24.11.1969 Malaysia	572,338,522	51.11 ⁺	Investment holding
B.L. Capital Sdn Bhd	30.06.1989 Malaysia	2	100	Investment holding
Berjaya Air Sdn Bhd	15.08.1989 Malaysia	40,000,000	99.25	Charter and schedule flight operator
Berjaya Golf Resort Berhad	20.08.1991 Malaysia	35,000,000	94	Development of golf and country resort property development and investment and operator of golf and recreation club
Berjaya Holiday Cruise Sdn Bhd	20.08.1993 Malaysia	11,000,000	86.36	Dormant
Bahan Cendana Sdn Bhd	25.05.1995 Malaysia	5,000,000	100	Property investment
Budi Impian Sdn Bhd	17.12.1990 Malaysia	2	100	Dormant
Berjaya Theme Park Management Sdn Bhd	13.01.1993 Malaysia	2	100	Management of theme park
Berjaya Water Sports Sdn Bhd	22.07.1994 Malaysia	2	100	Dormant
Berjaya Hotels & Resorts (Seychelles) Limited	23.11.1993 Seychelles	SCR 2	100	Management company for Berjaya Praslin Beach Resort
Cempaka Properties Sdn Bhd	12.12.1989 Malaysia	5,000,000	100	Property development and investment
Cerah Bakti Sdn Bhd	04.08.1989 Malaysia	250,000	70	Property development
Cerah Tropika Sdn Bhd	26.09.1991 Malaysia	2	51	Investment holding
Cergas Jati Sdn Bhd	02.11.1989 Malaysia	2	100	Property investment

+ Combined group interest

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL Rm	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
Subsidiary companies of Berjaya Land Berhad (Cont'd)				
Gemilang Cergas Sdn Bhd	14.08.1989 Malaysia	250,000	100	Property investment
Gateway Benefit Sdn Bhd	19.08.1994 Malaysia	100,000,000	100	Investment holding
Immediate Capital Sdn Bhd	15.09.1994 Malaysia	100,000,000	100	Investment holding
Berjaya Land Development Sdn Bhd	04.01.1978 Malaysia	30,000,000	100	Property development and Investment holding
Berjaya Leisure Capital (Cayman) Limited	29.03.1994 Cayman Islands	US\$ 10,000	100	Investment holding
Berjaya Leisure (Cayman) Limited	20.04.1989 Cayman Islands	US\$ 18,646,000	100	Investment holding and trading
Berjaya Racing Management Sdn Bhd	12.05.1993 Malaysia	2,000,000	80	Promotion and conduct of horse racing totalizators and other related activities
Berjaya Vacation Club Berhad	02.04.1992 Malaysia	430,000,000	100	Time sharing vacation operator
Bukit Kiara Resort Berhad	28.03.1988 Malaysia	60,000,000	100	Developer and operator of equestrian and recreational club
Flrxiwang Sdn Bhd	24.01.1997 Malaysia	6,000,000	100	Operator of food court
Junjung Delima Sdn Bhd	21.12.1994 Malaysia	2	100	Resort development
Klasik Mewah Sdn Bhd	27.05.1989 Malaysia	8,000,000	100	Property investment
Kota Raya Development Sdn Bhd	15.05.1971 Malaysia	4,000,000	100	Investment and rental of property
Leisure World Sdn Bhd	13.10.1984 Malaysia	200,000	100	Dormant
Noble Circle (M) Sdn Bhd	27.04.1989 Malaysia	30,000,000	100	Investment and rental of property
Nural Enterprise Sdn Bhd	03.10.1984 Malaysia	10,000,000	100	Investment and rental of property
Nada Embun Sdn Bhd	24.09.1997 Malaysia	2	100	Property investment
New Pantai Expressway Sdn Bhd (formerly known as Maxtro Engineering Sdn Bhd)	18.07.1994 Malaysia	15,000,000	96.67	Construction of the New Pantai Highway
Pakar Angsana Sdn Bhd	05.07.1991 Malaysia	1,000,000	80	Property investment
Pearl Crescent Sdn Bhd	18.01.1990 Malaysia	2	100	Property investment

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
Subsidiary companies of Berjaya Land Berhad (Cont'd)				
Pelangi Istimewa Sdn Bhd	2 1.06.1989 Malaysia	2	100	Property investment
Punca Damai Sdn Bhd	25.05.1990 Malaysia	2	100	Dormant
Securiservices Sdn Bhd	31.10.1972 Malaysia	520,000	100	Property development
Semakin Sinar Sdn Bhd	29.05.1991 Malaysia	500,000	51	Dormant
Semangat Cergas Sdn Bhd	26.08.1989 Malaysia	300,000	100	Property development
Sports Toto Bowling Sdn Bhd	25.05.1991 Malaysia	100,000	100	Bowling alley operator
Sports Toto (Fiji) Ltd	17.10.1988 Republic of Fiji	FJD 1,600,000	100	Investment holding
Berjaya Guard Services Sdn Bhd	18.06. 1990 Malaysia	2	100	Provision of security services
Berjaya Megamall Management Sdn Bhd	24.01.1990 Malaysia	2	100	Property management
Tekun Permata Sdn Bhd	03.01.1990 Malaysia	2	100	Property investment
Tiram Jaya Sdn Bhd	23.01.1980 Malaysia	1,500,000	100	Property development
Tioman Pearl Sdn Bhd	31.01.1983 Malaysia	5,500,000	70	Development of hotel and resort
Tioman Island Resort Berhad	27.08.1970 Malaysia	40,000,000	80	Developer and operator of hotel and resort
Berjaya Hotels & Resort (Mauritius) Limited	05.09.1988 Mauritius	MUR 240,000,000	100	Hotel and resort operator
Indah Corporation Berhad	10.01.1976 Malaysia	8,000,000	100	Developer and operator of golf resort and property development
Bumisuchi Sdn Bhd	09.12.1993 Malaysia	20,100	100	Investment holding
Ishandal Sdn Bhd	16.12.1993 Malaysia	9,900	100	Investment holding
Dayadil Sdn Bhd	22.04.1992 Malaysia	100	100	Investment holding
Berjaya Facilities Management Sdn Bhd	19.07.1994 Malaysia	100	100	Facilities management services
Berjaya Enamelware Sdn Bhd	16.08.1976 Malaysia	2,500,000	100	Property investment and rental of property

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
Subsidiary companies of Berjaya Land Berhad (Cont'd)				
Berjaya Kawat Industries Sdn Bhd	05.06.1972 Malaysia	3,528,231	100	Property investment and rental of properties
Berjaya Property Management Sdn Bhd	22.07.1980 Malaysia	70,000	100	Investment holding
B.T. Properties Sdn Bhd	31.03.1980 Malaysia	6,998,002	100	Property development and management
Regnis Industries (Malaysia) Sdn Bhd	13.06.1961 Malaysia	8,10,000	82.5	Investment and rental of property
Pembinaan Stepro Sdn Bhd	03.09.1986 Malaysia	2	100	Dormant
Stephens Properties Holdings Sdn Bhd	03.02.1982 Malaysia	3	100	Dormant
Stephens Properties Plantations Sdn Bhd	31.12.1982 Malaysia	2	100	Dormant
Stepro Software Services Sdn Bhd	10.11.1988 Malaysia	2	100	Dormant
Sundowners Holdings Sdn Bhd	16.1.1985 Malaysia	2	100	Dormant
Wangsa Sejati Sdn Bhd	20.08.1985 Malaysia	1,900,000	52.6	Dormant
Wisma Stephens Management Co Sdn Bhd	30.03.1990 Malaysia	25,000	100	Investment holding
Subsidiary companies of Berjaya Property Management Sdn Bhd				
KDE Recreation Berhad	08.06.1984 Malaysia	10,000,000	51	Developer and operator of golf and recreational club
Taman TAR Development Sdn Bhd	01.12.1989 Malaysia	16,000,002	100	Property development
Subsidiary company of Davadil Sdn Bhd				
Imej Jasa Sdn Bhd	22.04.1992 Malaysia	100	100	Investment holding
Subsidiary companies of Imei Jasa Sdn Bhd				
Bahagia Jiwa Sdn Bhd	11.12.1991 Malaysia	100	100	Investment holding
Muara Tebas Sdn Bhd	18.03.1992 Malaysia	100	100	Investment holding

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
<u>Subsidiary company of Bumisuchi Sdn Bhd</u>				
Sempurna Bahagia Sdn Bhd	10.8.1992 Malaysia	100	100 [#]	Investment holding
<u>Subsidiary company of Berjaya Holiday Cruise Sdn Bhd</u>				
Universal Summit Ltd	25.01.1994 British Virgin Islands	US\$2	100	Investment holding
<u>Subsidiary companies of Berjaya Leisure (Cayman) Limited</u>				
Berjaya Leisure Enterprise (Cayman) Limited	26.09.1994 Cayman Islands	US\$1	51	Investment holding
Berjaya Properties (HK) Limited	27.05.1993 Hong Kong	HK\$20	60	Property investment and development
Berjaya Theme Parks (HK) Limited	08.10.1992 Hong Kong	HK\$20	60	Property and resort developer
Berjaya World (Hong Kong) Limited	26.07.1994 Hong Kong	HK\$2	51	Dormant
Natural Gain Investments Limited	10.11.1994 Hong Kong	HK\$2	100	Property investment
Berjaya Mount Royal Beach Hotel Limited	08.05.1981 Sri Lanka	Sri Lankan Rp 45,765,870	92.62	Owner and operator of hotel
Berjaya International Casino Management (Seychelles) Limited	23.11.1993 Seychelles	Rs 100,000	60	Casino operations
<u>Subsidiary companies of Berjaya Land Development Sdn Bhd</u>				
Indra Ehsan Sdn Bhd	06.07.1979 Malaysia	480,000	100	Property development
Selat Makmur Sdn Bhd	23.11.1989 Malaysia	1,000,000	100	Property development
Sri Panglima Sdn Bhd	25.01.1984 Malaysia	1,000,000	100	Property development
Kim Rim Enterprise Sdn Bhd	22.02.1983 Malaysia	1,700,933	100	Property development

33% owned by *Ishandal Sdn Bhd* and 67% owned by *Bumisuchi Sdn Bhd*

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
<u>Subsidiary companies of Berjaya Vacation Club Berhad</u>				
Berjaya Vacation Club (Cayman) Limited	09.10.1996 Cayman Islands	US\$4,800,000	100	Investment holding
Berjaya Beau Vallon Bay (Cay-man) Limited	09.05.1994 Cayman Islands	US\$ 19,500,000	100	Investment holding
Berjaya Langkawi Beach Resort Sdn Bhd	15.01.1992 Malaysia	90,000,000	100	Hotel and resort operator
Berjaya Mahe Beach (Cayman) Limited	09.05.1994 Cayman Islands	US\$13,500,000	100	Investment holding
Berjaya Praslin Beach (Cayman) Limited	09.05.1994 Cayman Islands	US\$2,500,000	100	Investment holding
Berjaya Redang Beach Resort Sdn Bhd	16.11.1989 Malaysia	80,000,000	99.37	Hotel and resort operator
Berjaya Resort Management Services Sdn Bhd	20.08.1992 Malaysia	2	100	Resort management
Berjaya Resort (Sabah) Sdn Bhd	13.06.1990 Malaysia	19,000,000	100	Hotel operator
Redang Village Resort Sdn Bhd	06.08.1993 Malaysia	10	51	Resort development
Sinar Merdu Sdn Bhd	29.03.1991 Malaysia	40,000,000	100	Investment and rental of property
Berjaya Hotels & Resorts (Hong Kong) Limited	27.10.1992 Hong Kong	HK\$20	60	Investment holding
Berjaya International Casino Management (HK) Limited	16.03.1993 Hong Kong	HK\$ 100,000	80	Investment holding
Berjaya Vacation Club (Philippines) Inc	08.08.1997 Philippines	Peso 16,250,000	100	Buying, selling and marketing of vacation club memberships under a time-sharing concept
Berjaya Hospitality Services Sdn Bhd	01.08.1997 Malaysia	2	100	Management of hotel services
Dian Kristal Sdn Bhd	24.09.1997 Malaysia	2	100	Property investment
<u>Subsidiary company of Berjaya Beau Vallon Bay (Cayman) Limited</u>				
Berjaya Beau Vallon Bay Beach Resort Limited	23.11.1993 Seychelles	SCR 2,000,000	100	Hoteliers
<u>Subsidiary company of Berjaya Mahe Beach (Cayman) Limited</u>				
Berjaya Mahe Beach Resort Limited	23.11.1993 Seychelles	SCR 2,000,000	100	Hoteliers

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
<u>Subsidiary companies of Berjaya Hotels & Resort (Mauritius) Limited</u>				
Berjaya Casino Limited	21.02.1994 Mauritius	MUR 12,500,000	100	Casino operations
Berjaya Services Limited	23.03.1995 Mauritius	MUR 25,000	100	Provision of limousine services
<u>Subsidiary company of Berjaya Hotels & Resort (HK) Limited</u>				
Berjaya Hotels & Resorts (Cayman) Limited	05.12.1994 Cayman Islands	US\$1	100	Licence to recruit member hotels under the Best Western names and marks
<u>Subsidiary company of Sports Toto (Fiji) Ltd</u>				
Waidroka Trust Estates Limited	22.06.1972 Republic of Fiji	FJD200,000	100	Developer and operator of hotel
<u>Subsidiary companies of Berjaya Vacation Club (Cayman) Limited</u>				
Berjaya Vacation Club (UK) Limited	19.07.1996 United Kingdom	£350,000	100	Hoteliers
Berjaya Vacation Resort (S) Pte Ltd	28.08.1989 Singapore	S\$100,000	100	Dormant
Berjaya Vacation Club (Japan) Limited	21.08.1997 Japan	Yen 10,000,000	100	Dormant
<u>Subsidiary companies of Berjaya Redang: Beach Resort Sdn Bhd</u>				
Redang Island Golf and Country Club Berhad	24.01.1992 Malaysia	5,000,000	100	Operator of golf and recreational club
Redang Island Resort (S) Pte Ltd	20.09.1991 Singapore	S\$3	100	Marketing agent of golf and recreational club
Redang Travel and Tours Sdn Bhd	31.10.1985 Malaysia	3	100	Dormant
<u>Subsidiary companies of Berjaya Sports Toto Berhad</u>				
Berjaya Sports Toto (Cayman) Limited	22.04.1993 Cayman Islands	US\$19,500,000	100	Investment holding
Berjaya Wellesley Hotel Sdn Bhd	02.11.1987 Malaysia	2	100	Dormant
FEAB Equities Sdn Bhd	20.09.1963 Malaysia	272,000	100	Dormant
FEAB Industries Sdn Bhd	28.12.1987 Malaysia	2	100	Dormant
FEAB Land Sdn Bhd	30.05.1980 Malaysia	4,000,000	100	Property development

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RX1	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
FEAB Properties Sdn Bhd	21.02.1979 Malaysia	4.000.000	100	Property development
Sports Toto Malaysia Sdn Bhd	14.02.1969 Malaysia	56.261.251	100	Totobetting operations
Magna Mahsuri Sdn Bhd	28 08.1995 Malaysia	2	100	Property investment
Subsidiary company of FEAB Land Sdn Bhd				
FEAB Realty Sdn Bhd	12 11.1980 Malaysia	1.000.000	100	Property development
Subsidiary company of Cerah Tropika Sdn Bhd				
Penstate Corp Sdn Bhd	08 02 1986 Malaysia	2	100	Property development
Subsidiary companies of Sports Toto Malaysia Sdn Bhd				
Sports Toto Apparel Sdn Bhd	22.07.1989 Malaysia	250.000	100	Dormant
Sports Toto Computer Sdn Bhd	04.03 1989 Malaysia	5.000.000	100	Dormant
Sports Toto Products Sdn Bhd	11 02 1987 Malaysia	300.000	100	Trading of sports equipment and related products
Subsidiary company of Kota Raya Development Sdn Bhd				
Kota Raya Complex Management Sdn Bhd	18.10 1990 Malaysia	2	100	Property management
Subsidiary company of Noble Circle (M) Sdn Bhd				
Noble Circle Management Sdn Bhd	14 06 1990 Malaysia	2	100	Property management
Subsidiary company of Nural Enterprise Sdn Bhd				
Aras Klasik Sdn Bhd	13.09 1990 Malaysia	2	100	Property management
Subsidiary companies of Tioman Island Resort Berhad				
Berjaya Hotels & Resorts (Singapore) Pte Ltd	15 02.1978 Malaysia	S\$400.000	100	Hotel booking and marketing agent
Tioman Golf Management Sdn Bhd	15 01 1989 Malaysia	100.000	100	Management of golf course

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
Tioman Recreation Centre Sdn Bhd	02.06.1986 Malaysia	100,000	100	Management of recreation and sports club
Tioman Travel & Tours Sdn Bhd	05.03.1981 Malaysia	100,000	100	Hire of boats, launches and recreational activities
Subsidiary company of Wisma Stephens Management Co Sdn Bhd				
Wujud Jaya Sdn Bhd	22.07.1987 Malaysia	1,200,000	100	Property development
Subsidiary company of Wujud Jaya Sdn Bhd				
Wujud Jaya Development Sdn Bhd	06.08.1988 Malaysia	2	100	Property development
Subsidiary company of Berjaya Sports Toto (Cayman) Limited				
Berjaya Lottery Management (HK) Limited	16.07.1992 Hong Kong	HK\$130,000,000	51.54	Management of social lottery operation and investment holding
Subsidiary company of Berjaya Lottery Management (HK) Limited				
Prime Gaming Philippines, Inc	31.10.1924 Philippines	Peso995,308,720	68.5	Investment holding
Subsidiary company of Prime Gaming Philippines, Inc				
Philippine Gaming Management Corporation	14.04.1993 Philippines	Peso25,000,000	100	Leasing of on-line lottery equipment and accessories
Associated companies of Berjaya Lottery Manapement (HK) Limited				
International Lottery & Totalizator Systems, Inc.	24.07.1978 United States of America	18,027,548 common shares	38.5	Manufacturer and distributor of computerised lottery systems
U-Luck Information System Ltd	13.12.1994 Taiwan	NT\$100,000	28	Provision and management consultancy services to lottery operations
Taiwan Berjaya U-Luck Limited	4.9.1996 Taiwan	NT\$ 100,000,000	26	Investment holding

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
Associated companies of Berjaya Land Berhad				
Centreplus Sdn Bhd	29.06.1994 Malaysia	750,000	30	Property development
Jaya Bowl Sdn Bhd	04.03.1994 Malaysia	5,000,000	20	Manager and operator of bowling alley
BJ Bowl Sdn Bhd	30.10.1995 Malaysia	4,000,000	20	Manager and operator of bowling alley
Palzon Sdn Bhd	02.02.1994 Malaysia	5,000,000 (Ordinary shares) 5,000,000 (Preference shares)	30	Property development
Resort Cruises (S) Pte Ltd	28.12.1989 Singapore	S\$6,000,000	49	Transportation
Rentas Padu Sdn Bhd	30.11.1990 Malaysia	1,000,002	50	Investment holding
Staffield Country Resort Berhad	20.10.1981 Malaysia	12,000,000	50	Developer and operator of golf resort
Natural Avenue Sdn Bhd	21.01.1992 Malaysia	200,000	46	Investment holding
Associated companies of Berjaya Leisure (Cayman) Limited				
Asian Atlantic Holdings Limited	31.01.1992 British Virgin Islands	US\$30,560,000	24.5	Investment holding
Berjaya Asset (Cayman) Limited	16.08.1994 Cayman Islands	US\$20,000	40	Investment holding
Inter-Capital Holdings Pte Ltd	14.05.1991 Singapore	S\$5,000,000	50	Investment holding
Navodaya Mass Entertainments Ltd	05.06.1989 India	Rs91,750,000	40	Developer and operator of theme park
Portsworth Holdings Pte Ltd	30.1.1990 Singapore	S\$5,000,000	50	Investment holding
World Square Pty Limited	28.10.80 Australia	A\$74,000,000	37.5	Property development
Associated companies of Berjaya Vacation Club Berhad				
Berjaya Georgetown Hotel (Penang) Sdn Bhd	12.11.1994 Malaysia	30,000,000	50	Hotel owner and operator
Berjaya Butterworth (Penang) Hotel Sdn Bhd	17.10.1996 Malaysia	2	30	Hotel developer

COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED CAPITAL RM	EFFECTIVE INTEREST %	PRINCIPAL ACTIVITIES
<u>Associated company of Berjaya Praslin Beach (Cayman) Limited</u>				
Anse Volbert Hotel Ltd	18.09.1993 Seychelles	Rs55,000,000	20	Hotel operation and management
<u>Associated companies of Tioman Island Resort Berhad</u>				
Tioman Ferry Services Sdn Bhd	03.04 1990 Malaysia	500,000	50	Ferry services
Tioman Island Resort Ferries (S) Pte Ltd	26.06.1995 Singapore	S\$3,000,000	30	Ferry services
<u>Associated company of Berjaya Megamall Management Sdn Bhd</u>				
Staffield Marketing Services Sdn Bhd	19.02.1991 Malaysia	1 .000	50	Marketing of resort membership licences
<u>Associated company of Berjaya Sports Toto Berhad</u>				
Malaysian Lamps Sdn Bhd	22.10.1964 Malaysia	2,000,000	30	Dormant
<u>Associated company of Indah Corporation Bhd</u>				
Jayawan Holdings Sdn Bhd	31.01.1985 Malaysia	800,000	40	Investment holding
<u>Associated company of Berjaya Sports Toto (Cayman) Limited</u>				
Suncoast Limited	26 08.1992 British Virgin Islands	US\$1,450,000	48	Investment holding

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of B-Land Group based on the audited accounts for the past five (5) financial years ended 30 April 1999 are as follows :-

	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	2,163,793	2,116,642	2,416,663	**2,709,256	***2,669,299
Profit before taxation	149,748	399,046	465,737	564,143	431,255
Taxation	(45,329)	(69,179)	⁽¹⁾ (1 15,132)	(104,237)	“(4.618)
Profit after taxation	104,419	*329,867	350,605	*459,906	***426,637
Minority Interest (MI)	(68,197)	(61,989)	(99,000)	(115,879)	(209,826)
Extraordinary Items #	15,721	(4,912)	2,568	220	
Profit after taxation, MI and Extraordinary Items	5 1,943	262,966	254,173	344,247	216,811
No. of shares in issue ('000)	45 1,395	455,600	620,909	693,207	693,246
Gross EPS (sen)	13.5	68.3	61.3	62.6	31.9
Net EPS (sen)	8.3	59.3	47.7	52.9	31.3
Gross dividend per share (%)	12.0	12.5	21.0	12.0	5.0

Notes

- * The increase in profit before tax and profit after taxation in the financial year ended 30 April 1996 was due mainly to the better performance of B-Totu and the gain made on the divestment of B-Singer and gain made on the divestment of 32 million B-Toto shares.
- ** The higher turnover and profit after taxation in the financial year ended 30 April 1998 were due mainly to the higher contribution from the gaming business operated through Sports Toto Malaysia Sdn Bhd and from gains made from partial disposal of investments in subsidiary companies and quoted investment of RM183.19 million
- *** The reduction in the turnover and profit in the financial year ended 30 April 1999 was mainly attributed to the lower exceptional gain of RA447.5 million as compared to previous year's gain of RM167.3 million attained from partial disposal of a subsidiary company and a lower gain on disposal of fixed assets of RM0.5 million as compared to RM27.7 million achieved last year.
- # The extraordinary items made/incurred by the Group from 1995 to 1999 relates to the compulsory acquisition of land by the government.
- (1) The high taxation charge for the year ended 30 April 1997 is mainly attributed to the higher operating profit before taxation achieved by the gaming business operated by Sports Toto Malaysia Sdn Bhd as compared to the year ended 30 April 1996.
- (2) The tax charge for the financial year ended 30 April 1999 is based on the chargeable income from dividend after deducting applicable interest expense and foreign taxation. There is no tax charge for the chargeable income from other sources as the amount payable for the year is waived in accordance with the Income Tax (Amendment) Act, 1999.

7. SHARE PRICES

The monthly high and low share prices of B-Land as traded on the KLSE for the past twelve (12) months ended 30 September 1999 are as follows:-

	High (RM)	Low (RM)
1998		
October	1.59	1.26
November	1.96	1.40
December	2.30	1.71
1999		
January	2.04	1.78
February	1.90	1.52
March	1.56	1.15
April	1.66	1.23
May	2.00	1.52
June	2.57	1.58
July	2.94	1.85
August	2.38	1.43
September	2.18	1.62

The last transacted price on the KLSE on 3 March 1999, being the last transacted market price immediately prior to the announcement of the Proposals was RMI.49.

The last transacted price on the KLSE on 28 October 1999 being the latest practicable date prior to the printing of this Circular was RMI.84.

Source : Bloomberg Financial Markets News

PROFORMA CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 1999 AND AUDITORS' LETTER THEREON

2 November 1999

The Board of Directors
Berjaya Land Berhad
Level 17, Menara Shahzan Insas
30, Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs,

BERJAYA LAND BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 1999

We have reviewed the Proforma Consolidated Balance Sheets of Berjaya Land Berhad and its subsidiary companies ("B-Land") as at 30 April 1999 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in this Circular which we have stamped for the purpose of identification, in connection with the:

1. proposed debt conversion of up to RM1.2 billion bank loans and debts into:-
 - (a) up to RM 1.1 billion nominal amount of 5% B-Land Irredeemable Convertible Unsecured Loan Stocks 1999/2009 at 100% of its nominal value ("ICULS 1999/2009") on the basis of RM1 .00 nominal amount of ICULS 1999/2009 for every RM 1 .00 debt owed by B-Land; and
 - (b) 64,5 16,129 new B-Land ordinary shares of RM 1 .00 each at an issue price of RM 1.55 per share;
2. proposed renounceable offer for sale by financial institutions and the Turnkey Consortium of New Pantai Expressway of RM195.324 million nominal amount of ICULS 1999/2009 or such amount, which will be determined on the Entitlement Date, at 100% of its nominal value to Minority Shareholders of B-Land and all existing ICULS 1996/2001 holders of B-Land at 100% of its nominal value on the basis of RM3.00 nominal amount of ICULS 1999/2009 for every two (2) existing B-Land ordinary shares or RM4.70 nominal amount of ICULS 1996/2001 held,
3. proposed put options by the financial institutions to B-Land of up to RM808,129,000 ICULS 1999/2009 exercisable during the put option exercise period at an agreed formulated put option price ("Proposed Put Options by B-Land");
4. proposed increase in the authorised share capital from RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM 1 .00 each to RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM 1 .00 each by the creation of an additional 4,000,000,000 ordinary shares of RM 1 .00 each.; and
5. proposed assumption by Berjaya Group Berhad of the Proposed Put Options by B-Land as in (3) above.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereto, which are provided for illustrative purposes only, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets and are presented on a basis consistent with the accounting policies normally adopted by B-Land.

Yours faithfully,

ERNST & YOUNG
Public Accountants

ONG SENG PHEOW 102 1/3/0 1 (J/PH)
Partner
Kuala Lumpur

**PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 APRIL 1999**

	Audited as at 30.4.99 RM'000	Proforma I	Proforma II	
		RM'000	(a) RM'000	(b) RM'000
FIXED ASSETS	1680.385	1,739,116	1,739,116	1,739.1 16
INVESTMENT PROPERTIES	460.025	460,025	460.025	460.025
LAND HELD FOR DEVELOPMENT	187,442	187,442	187,442	187.342
CONCESSION ASSET	149,436	182,864	182.864	182.864
ASSOCIATED COMPANIES	296,190	296,190	296,190	296.190
INVESTMENTS	83,317	83.317	83,317	83,3 17
GOODWILL ON CONSOLIDATION	1,293,915	1,293,915	1,293,915	1,293.915
DEFERRED EXPENDITURE	12.740	18,040	18.040	18.040
CURRENT ASSETS	2,359.623	2,354.323	2,354.323	3,015.711
CURRENT LIABILITIES	1,358.573	1,124.411	1,124.411	1,124.411
NET CURRENT ASSETS	1 .00 1,050	1,229,912	1,229.912	1,891.300
	5,164,500	5,490,82 1	5,490,82 1	6,152.209
FINANCED BY :-				
SHARE CAPITAL	693,246	757.762	1,448.638	1,861,729
SHARE PREMIUM	83 1,059	866,543	1,283.60 1	1,531,898
RESERVES	1,617,576	1,617,576	1,617.576	1,617,576
SHAREHOLDERS' FUNDS	3,141.881	3,241,881	4,349.8 15	5,01 1,203
6% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	7,934	7,934		
5% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS		1,100,000		
MINORITY INTERESTS	359.121	359,121	359,121	359,121
CAPITAL FUNDS	3,508,936	4,708,936	4,708,936	5,370.324
LONG TERM LIABILITIES	1539,654	665,975	665,975	665.975
DEFERRED TAXATION	115,910	115,910	115,910	115,910
	5,164,500	5,490,82 1	5,490,82 1	6,152,209
NET TANGIBLE ASSETS PER SHARE (RM)	*2.55	2.45	2.05	1.95

* Net premium on acquisition of associated companies amounted to RM69,822,000 has been deducted in arriving at the net tangible assets

NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS

The Proforma Consolidated Balance Sheets have been prepared based on the audited consolidated accounts of Berjaya Land Berhad ("B-Land") as at 30 April 1999 and are provided for illustrative purposes only to show the effects of the following events on the assumption that they occurred on 30 April 1999.

On 30 April 1999, B-Land announced a proposal to establish a new employees' share option scheme ("Proposed New ESOS") of up to 10 per cent (10%) of the issued and paid up share capital at any time during the existence of the Proposed New ESOS for the benefit of eligible executive directors and employees of the Company and its non-listed Malaysian incorporated subsidiary companies which are not dormant. The effect of this Proposed New ESOS has not been shown in the Proforma Consolidated Balance Sheets.

PROFORMA I - AFTER DEBT CONVERSION TO ICULS 1999/2009 AND NEW SHARES

The Proforma Consolidated Balance Sheet is stated after:

- (i) the proposed debts conversion of RM 1.1 billion which comprises the principal amount of bank loans and interest to be capitalised (up to RM808 million) and amounts owing to several creditors (up to RM292 million) into RM1.1 billion nominal amount of ICULS 1999/2009 on the basis that RM1.00 debt will be converted into RM 1.00 nominal amount of ICULS 1999/2009.
- (ii) the proposed RM 100,000,000 debts to be converted into 64,516,129 new ordinary shares of RM1.00 each at an issue price of RM1.55 per share which comprise the principal amount of loans plus interest to be capitalised.

Part of the ICULS 1999/2009 will be issued to the creditors for debts that was due after 30 April 1999 in relation to the acquisition of fixed assets and concession asset approximating RM58.7 million and RM33.4 million respectively.

The estimated expenses in connection with the abovementioned proposal amounting to approximately RM5.3 million will be capitalised as deferred expenditure.

PROFORMA II - AFTER CONVERSION OF ICULS TO ORDINARY SHARES

The Proforma Consolidated Balance Sheet II(a) is stated after incorporating the effects of Proforma I and the following:-

- (i) all the holders of the existing ICULS 1996/2001 will convert the ICULS 1996/2001 into B-Land ordinary shares of RM 1.00 each at the rate of RM2.35 nominal value of ICULS 1996/2001 for every one new ordinary share of RM1.00 each; and
- (ii) all the holders of the ICULS 1999/2009 will convert the ICULS 1999/2009 into B-Land ordinary shares of RM 1.00 each at the rate of RM1.60 nominal value of ICULS 1999/2009 for every one new ordinary share of RM 1.00 each.

PROFORMA II - AFTER CONVERSION OF ICULS TO ORDINARY SHARES (CONT'D)

The Proforma Consolidated Balance Sheet II(b) is stated after incorporating the effects of Proforma I and the following:-

- (i) all the existing holders of the ICULS 1996/2001 will convert the ICULS 1996/2001 into B-Land ordinary shares of RM1 .00 each at the rate of RM2.00 nominal value of ICULS 1996/200 1 plus RM0.35 in cash for every one new ordinary share of RM 1 .00 each; and
- (ii) all the holders of the ICULS 1999/2009 will convert the ICULS 199912009 into B-Land ordinary shares of RM1 .00 each at the rate of RM1 .00 nominal value of ICULS 1999/2009 plus RM0.60 in cash for every one new ordinary share of RM 1 .00 each.

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of B-Land 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 material facts the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

The B-Land Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings, pending or threatened, against the B-Land Group or of any facts likely to give rise to any proceedings which might materially affect the position or business of the B-Land Group.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by B-Land and/or its subsidiaries within the two (2) years immediately preceding the date of this Circular:

B-Land

- i) A Supplemental Agreement dated 27 November 1997 entered into between B-Land and RekaPacific Berhad (“Rekapacific”) and a Revocation and Supplemental Agreement entered into between Berjaya Property Management Sdn Bhd (a wholly owned subsidiary of B-Land), RekaPacific and Angsana Merdu Sdn Bhd (wholly owned subsidiary of RekaPacific) for the revocation of the proposed acquisition of 3,400,000 ordinary shares of RM1.00 each representing 68% equity interest in Berjaya Green Development Sdn Bhd.
- ii) A Sale and Purchase Agreement dated 8 November 1997 entered into between B-Land and Cosway (M) Sdn Bhd to dispose of the entire issued and paid-up share capital comprising 2 ordinary shares of RM1.00 each in Juara Budi Sdn Bhd for a total cash consideration of RM4,682,232.
- iii) A Sale and Purchase Agreement dated 6 January 1998 entered into between Berjaya Ditan Sdn Bhd (“Ditan”) and Nada Embun Sdn Bhd, a wholly-owned subsidiary of B-Land, for the acquisition of the entire 13th floor office space situated at an integrated commercial complex to be known as “Berjaya Star City”, located at Jalan Imbi, Kuala Lumpur for a total cash consideration of RM53,514,000.
- iv) A Sale and Purchase Agreement dated 6 January 1998 entered into between B-Ditan and Dian Kristal Sdn Bhd (“Kristal”), a wholly-owned subsidiary of Berjaya Vacation Club Berhad, for the acquisition of hotel facilities floor space with an aggregate built-up area of approximately 104,514 sq.ft. to be located on the 14th Floor, of “Berjaya Star City”, located at Jalan Imbi, Kuala Lumpur for a total cash consideration of RM38,461,152 and a Sale and Purchase Agreement dated 6 January 1998 entered into between B-Ditan and Kristal, for the acquisition of hotel facilities floor space with an aggregate built-up area of approximately 12,814 sq.ft. to be located on the 15th Floor of “Berjaya Star City” for a total cash consideration of RM4,715,552.

- v) Three hundred and thirty-eight (338) Sale and Purchase Agreements dated 9 February 1998 entered into between Ditan and Kristal, for the acquisition of 338 units of fully furnished service suites to be located at Tower "B" of "Berjaya Star City" located at Jalan Imbi, Kuala Lumpur for a total cash consideration of RM92,552,788.
- vi) Contract notes dated 19 February 1998 relating to the disposal of 35,000,000 ordinary shares of RM 1 .00 each representing 6.12% of the issued and paid-up capital of B-toto via private placements for a total cash consideration of RM329,000,000.
- vii) Contract notes dated 7 July 1998 relating to the disposal of 50,000,000 ordinary shares of RM1 .00 each representing 8.74% of the issued and paid-up capital of B-Toto via private placement for a total cash consideration of approximately RM302,500,000.
- viii) A Conditional Share Sale Agreement dated 8 July 1998 entered into between B-Land and Tadmansori Holdings Sdn Bhd, Bakti Dinamis Sdn Bhd, Zeltron Engineering Sdn Bhd and Bridgecon Holdings Berhad for the acquisition of 96.67% equity interest in NPESB comprising 14.5 million ordinary shares of RM1 .00 each for a total cash consideration of RM53.65 million or at RM3.70 per share.

A Supplemental Agreement dated 26 October 1998 entered by the same parties as above for the extension of completion date of the acquisition for a further two months.

B-Toto

- i) A Sale and Purchase Agreement dated 6 January 1998 entered into between Berjaya Ditan Sdn Bhd and Magna Mahsuri Sdn Bhd, a wholly-owned subsidiary of B-Toto, for the acquisition of the entire 11 th Floor office space situated at an integrated commercial complex to be known as "Berjaya Star City", located at Jalan Imbi, Kuala Lumpur for a total cash consideration of RM53,013,500.
- ii) A Conditional Sale and Purchase Agreement dated 19 June 1998 entered into between Berjaya Lottery Management ("BLM") and International Lottery & Totalizator System Inc. ("ILTS") for the disposal of 20.8 million common shares of stock representing approximately 20.90% equity interest in Prime Gaming Phillipines Inc. ("Prime Gaming") for a consideration of Php364.0 million (approximately RM36.4 million) or at Php17.5 per share. The sale consideration will be satisfied by the issuance of 3,79 1,667 new common shares of ILTS at an issue price of US\$2.40 per share.
- iii) Brokerage Contract Notes dated 20 July 1998 executed through the Philippine Stock Exchange relating to the acquisition by BLM a total of 14,132,3 14 common shares of stock representing approximately 14.2% equity interest in Prime Gaming for a total cash consideration of Php247.32 million or at Php17.5 per share.

4. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments of the Group as at 8 October 1999 was RM638.639 million.

Contingent liabilities of the Group as at 8 October 1999 consisted of several unsecured guarantees given by B-Land to financial institutions for credit facilities granted to related companies amounting to RM46 million and guarantee given by B-Toto to financial institutions for credit facilities granted to a related company amounting to US\$100 million (equivalent to RM380 million).

5. CONSENT

- 5.1 The written consent of the adviser of B-Land, AMBB to the inclusion in this Circular of its name in the form and context in which they appear have been given and have not been subsequently withdrawn before the issue of this Circular.
- 5.2 The written consent of the independent adviser of B-Land, UMBB to the inclusion in this Circular of its name in the form and context in which they appear have been given and have not been subsequently withdrawn before the issue of this Circular.
- 5.3 The written consent of the reporting accountants of B-Land, Messrs Ernst & Young to the inclusion in this Circular of its name in the form and context in which they appear and their letter on the Proforma Balance Sheet as at 30 April 1999 have been given and have not been subsequently withdrawn before the issue of this Circular.
- 5.4 The written consent of the Lenders, Turnkey Consortium for NPE and B-Ditan to the inclusion in this Circular of their name in the form and context in which they appear have been given and have not been subsequently withdrawn before the issue of this Circular.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company following the publication of this Circular from Mondays to Fridays (except Public Holidays) during business hours up to and including the time and date of the EGM:-

- a) the Memorandum and Articles of Association of B-Land ;
- b) the audited accounts of B-Land for the three (3) financial years ended 30.4.99;
- c) letters of consent in Section (5) above;
- d) material contracts referred to in section (3) above;
- e) Draft Trust Deed constituting the New ICULS;
- f) all draft agreements pertaining to the Proposals; and
- g) Proforma Balance Sheet as at 30 April 1999 together with the Auditors' letter thereon.

BERJAYA LAND BERHAD

(Company No : 201765-A)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan 3/1 55 B, Bukit Jalil, 57000 Kuala Lumpur on 18 November 1999 at 9.45 a.m. or immediately after the conclusion or adjournment of the extraordinary general meeting of the Company to be convened for the proposed establishment of a new employees' share option scheme, to consider and, if thought fit, pass the following resolutions:-

ORDINARY RESOLUTION NO. 1- PROPOSED DEBT CONVERSION

“THAT, contingent upon the passing of Ordinary Resolution No. 3 and 4 below and the approvals from the appropriate authorities, including without limitation the Kuala Lumpur Stock Exchange, THE COMPANY DO HEREBY APPROVE the implementation of a proposed debt conversion exercise in the manner as follows:

(1) Proposed Debt-Share Conversion

- (a) The conversion by the Company of part of its and/or its subsidiaries' outstanding debt to Arab-Malaysian Bank Berhad, Arab-Malaysian Finance Berhad and Arab-Malaysian Merchant Bank Berhad (collectively, the “AM Lenders” and individually, a “AM Lender”) in the aggregate amount of RM1 00,000,000.00 into 64,5 16,129 new ordinary shares of RM 1 .00 each in the capital of the Company (collectively, the “New Shares”) at the issue price of RM 1.55 only per New Share (the “Share Issue Price”) credited as fully paid up and rank *pari passu* in all respects with the existing issued ordinary shares of the Company save that the New Shares shall not be entitled to (i) any dividends or other form of distributions that may be declared, made or paid in respect of the financial period prior to the financial period in which the New Shares are issued, or (ii) for any interim dividends or other distributions that may be declared prior to the date of allotment and issue of the New Shares, or (iii) participate in the Proposed Offer for Sale as hereafter defined in Ordinary Resolution No. 2 (the “Proposed Debt-Shares Conversion”) with full power to the Directors of the Company and the subsidiaries to enter into and execute with each of the AM Lenders a subscription agreement or subscription agreements upon such terms and conditions as the Directors of the Company may deem fit to give effect to the Proposed Debt-Shares Conversion, including without limitation, the giving of their assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities and/or the making of any modifications, amendments or supplements in relation thereto as they may deem fit or expedient; and
- (b) The allotment and issuance of the New Shares at the Share Issue Price to the AM Lenders in the manner as set forth in paragraph (1) above with full power to the Directors of the Company to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities;

(2) Proposed Debt-ICULS Conversion

- (a) The conversion by the Company of its and/or its subsidiaries' outstanding debt to certain financial institutions to be determined by the Directors of the Company ("Institutional Creditors") and other creditors to be determined by the Directors of the Company ("Other Creditors") that in the aggregate does not exceed RM1.1 billion into 5% irredeemable convertible unsecured loan stocks 1999/2009 of a nominal amount of RM1.00 each (the "ICULS") on the basis of RM1.00 of outstanding debt to be converted into RM1.00 ICULS (the "Proposed Debt-ICULS Conversion") with full power to the Directors of the Company and the subsidiaries to enter into and execute with each of the Institutional Creditors and each of the Other Creditors a subscription agreement or subscription agreements upon such terms and conditions as the Directors of the Company may deem fit to give effect to the Proposed Debt-ICULS Conversion, including without limitation, the giving of their assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities and/or the making of any modifications, amendments or supplements in relation thereto as they may deem fit or expedient; and
- (b) The creation, allotment and issuance of up to RM1.1 billion nominal amount of the ICULS to the Institutional Creditors and Other Creditors at 100% of the nominal amount of the ICULS (the "ICULS Issue Price") for a tenure of ten (10) years commencing from the date of issue the ICULS (the "Tenure") that shall entitle the holders thereof at any time during the Tenure to convert the same into one (1) new ordinary share of RM1.00 each in the capital of the Company at the conversion price of RM1.60 per new ordinary share (the "Conversion Price") with full power to execute the trust deed under which the ICULS will be constituted upon such terms and conditions (including without limitation the provisions for adjustments to the Conversion Price) as the Directors of the Company may deem fit, including without limitation, the giving of their assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities and/or to make any modifications, amendments or supplements as they may deem fit or expedient; and
- (c) The allotment and issuance of such appropriate number of new ordinary shares of RM1.00 each in the unissued share capital of the Company arising from the conversion of the ICULS to such holders of the ICULS who (i) have tendered their ICULS for conversion into new ordinary shares of the Company, or (ii) are holding such remaining units of the ICULS at the end of the Tenure that will be mandatorily converted into new ordinary shares of the Company, at the Conversion Price and that such new ordinary shares shall be credited as fully paid up and rank *pari passu* in all respects with the then existing issued ordinary shares of the Company except that these new ordinary shares shall not be entitled to any rights, allotments, dividends or other distributions declared or to be declared in respect of the financial period prior to the financial period in which they are issued or for any interim dividends or distributions that may be declared before the date of conversion of the ICULS."

ORDINARY RESOLUTION NO. 2 - PROPOSED RENOUNCEABLE OFFER FOR SALE

"THAT, contingent upon the passing of Ordinary Resolutions No. 1 and 4 and the approvals of the appropriate authorities. THE COMPANY DO HEREBY APPROVE:

- (1) the undertaking by the Institutional Creditors as defined in Ordinary Resolution No. 1, and one consortium consisting of Gadang Holdings Berhad, Mudajaya Corporation Berhad and LPS Binamaju Sdn Bhd, comprised in the Other Creditors as defined in Ordinary Resolution No. 1 (collectively, the "Offerors" and individually, an "Offeror") of a proposed offer for sale, on a renounceable basis, of a part of the ICULS to be allotted and issued to the Offerors pursuant to Ordinary Resolution No. 1 (the "Offer ICULS") to all eligible shareholders of the Company (other than Berjaya Group Berhad and/or its subsidiary companies and the holders of the New Shares as defined in Ordinary Resolution No. 1) and the holders of the Company's existing 8% Irredeemable Convertible Unsecured Loan Stock 1996/2001 (the "1996/2001 ICULS") at a date to be determined and agreed between the Directors of the Company and the Offerors at an offer price of RM1.00 per RM1.00 nominal amount of the ICULS on the basis of RM3.00 nominal amount of the ICULS for every (a) two (2) existing ordinary shares of the Company held or (b) RM4.70 nominal amount of the 1996/2001 ICULS held on a date to be determined by the Directors of the Company (collectively, the "Entitled Shareholders/Holders") with any fractional entitlements to be disregarded (hereafter, the "Proposed Offer For Sale"); and

- (2) the rendering, at the cost of the Company, to the Offerors of such assistance as may be reasonably necessary for the implementation of the Proposed Offer For Sale subject to such exclusions or arrangements as the Directors of the Company may deem necessary or expedient to deal with in relation to any legal or practical problems under the laws of any jurisdiction or the requirements of any regulatory bodies or stock exchanges AND THAT the Directors of the Company be and are hereby authorised to give full effect to the Proposed Offer For Sale with full power to assent to or make any modifications, revaluations, variations and/or amendments as may be required by the relevant authorities and to take all such steps and actions as may be necessary and expedient for the implementation, finalisation and effectuation of the Proposed Offer For Sale PROVIDED, HOWEVER. THAT no offer for sale may be made in favour of. and no provisional letter of offer, prospectuses or other offer documents relating to the Proposed Offer For Sale (collectively, the “Offer Documents”) be issued or sent to those Entitled Shareholders/holders whose registered addresses are outside Malaysia and who have not provided an address in Malaysia at which the Offer Documents can be delivered to.”

ORDINARY RESOLUTION NO. 3 - THE PROPOSED PUT OPTIONS AND PROPOSED ASSUMPTION BY B-GROUP OF THE PROPOSED PUT OPTIONS BY B-LAND ON THE ICULS

“THAT, contingent upon the passing of Ordinary Resolutions No. 1, 2 and 4 and, if required, the approvals of the appropriate authorities, THE COMPANY DO HEREBY approve the granting to each of those financial institutions comprised in the Institutional Creditors as defined in Ordinary Resolution No. 1 (collectively, the “Lenders”) a put option that would give the Lenders the unconditional and irrevocable right, exercisable at anytime during a period of seven (7) days each, the first such period shall start on the date falling on the second (2) anniversary from the date of the grant of the put option with successive periods at half-yearly intervals thereafter until the termination of the put option which shall occur on the seventh (7th) day after the fifth (5th) anniversary of its grant thereof, to require the Company to purchase or procure Berjaya Group Berhad (“B-Group”), its parent company, to purchase from the Lenders (collectively, the “Put Options”) all or any of the ICULS that are to be allotted and issued to the Lenders pursuant to Ordinary Resolution No. 1 and after the Proposed Offer For Sale (collectively, the “Option ICULS”) at an option price per Put Option ICULS that shall be equivalent to the aggregate of the ICULS Issue Price, as defined in Ordinary Resolution No. 1, and an additional premium to be determined and agreed to by the Directors of the Company in accordance with section 5.1.3 of the circular (the “Option Price”), with full power to enter into and execute with each of the Lenders an option agreement or option agreements upon such terms and conditions as the Directors of the Company may deem fit to give effect to the Put Options, including without limitation, the giving of their assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities and/or the making of any modifications, amendments or supplements in relation thereto as they may deem fit or expedient.”

ORDINARY RESOLUTION NO. 4 - PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL

“THAT, contingent upon the passing of Ordinary Resolution No. 1, the authorised share capital of the Company be increased from RM 1,000,000,000 consisting of 1,000,000,000 ordinary shares of RM1.00 each to RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each by the creation of an additional 4,000,000,000 new ordinary shares of RM1.00 each and the Directors of the Company be and are hereby authorised to give effect to aforesaid increase in the authorised share capital of the Company.”

By Order of the Board

SU SWEE HONG
(MAICSA NO. 0776729)
Company Secretary

Kuala Lumpur
2 November 1999

Notes:-

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in this/her stead. A proxy need not be a member of the Company. The form of proxy must be deposited at the registered office of the Company at Level 17, Menara Shahzan Insas, 30 Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting.

BERJAYA LAND BERHAD

(Company No : 201765-A)
(Incorporated in Malaysia)

No of Shares held

FORM OF PROXY

I / W e
(FULL NAME IN BLOCK LETTERS)

I.C. or Company No.....CDS Account No
(For Nominee Companies Only)

of.....
(FULL ADDRESS)

being a *member/members of **BERJAY A LAND BERHAD** ("the Company"), hereby appoint

..... **I.C. No** (New and Old I.C. Nos.)
(FULL NAME IN BLOCK LETTERS)

of.....
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held Langkawi Room. Bukit Jalil Golf and Country Resort. Jalan 3/155 B, Bukit Jalil, 57000 Kuala Lumpur on 18 November 1999 at 9.45 a.m. or immediately after the conclusion or adjournment of the extraordinary general meeting of the Company to be convened for the proposed establishment of a new employees' share option scheme. This proxy is to vote on the Ordinary Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

	FOR	AGAINST
Ordinary Resolution 1- Proposed Debt Conversion		
Ordinary Resolution 2- Proposed Renounceable Offer For Sale		
Ordinary Resolution 3 - The Proposed Put Options And Proposed Assumption by B-Group of the Proposed Put Options by B-Land on the ICULS		
Ordinary Resolution 4 - Proposed Increase In The Authorised Share Capital		

.....
Signature (If shareholder is a Corporation, this part should be executed under seal)

Dated this day of..... 1999

Notes:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead, A proxy may but need not be a member of the Company. In the case of joint holdings, the signature of the first name holder is sufficient
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney



Fold this flap for sealing

Then fold here

Affix
stamp

**THE COMPANYSECRETARY
BERJAYA LAND BERHAD
LEVEL 17, MENARA SHAHZAN INSAS
30, JALAN SULTAN ISMAIL
50250 KUALA LUMPUR**

1st fold here