3. DETAILS OF THE PUBLIC ISSUE

This Prospectus is dated 30 June 2004. A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies which takes no responsibility for its contents.

Approval has been obtained from the SC on 18 February 2004. Approval has also been obtained from Bursa Malaysia on 19 February 2004 for the admission of OPB to the Official List of the MESDAQ Market and for permission to deal in and for the listing of and quotation for the entire issued and paid-up share capital of OPB including the Public Issue Shares which are the subject of this Prospectus. These shares will be admitted to the Official List on the MESDAQ Market and official quotation will commence upon receipt of confirmation from BMD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Bursa Malaysia and the SC assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiaries or of its OPB Shares.

Under Bursa Malaysia's trading rules, effective from the date of listing, trading in all Bursa Malaysia listed securities can only be executed through an ADA.

Pursuant to the MMLR, the Company needs to have at least 25% but not more than 49% of the issued and paid-up share capital in the hands of public shareholders and a minimum number of 200 public shareholders (including employees), upon admission to the MESDAQ Market. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with the Listing on MESDAQ Market. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Malaysia has prescribed the OPB Shares as a prescribed security. In consequence thereof, the Public Issue Shares offered through this Prospectus will be deposited directly with BMD and any dealings in these shares will be carried out in accordance with the Central Depositories Act and the Rules of the BMD.

Only an Applicant who has a CDS account can make an Application through an Application Form. The Applicant shall furnish his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised BMD to disclose information pertaining to the CDS account to MIH or the Company. Where an Applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an application for the OPB Shares. Failure to comply with these specific instructions, as the Application Form requires or inaccuracy in the CDS account number may result in the Application being rejected. If a successful Applicant fails to state his/her CDS account number, MIH under the instruction of the Company will reject the Application. In the case of an Application by way of Electronic Share Application, only an Applicant who is an individual and has a CDS account can make an Electronic Share Application, and the Applicant shall furnish his/her CDS account to the participating financial institution by way of keying his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the OPB Shares by way of Electronic Share Application.

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

3. DETAILS OF THE PUBLIC ISSUE

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

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

3.1 Opening and Closing of the Application

The application will be accepted from 10.00 a.m. on 30 June 2004 and will remain open until 5.00 p.m. on 7 July 2004 or such later date or dates as the Directors of OPB in their absolute discretion may decide, in consultation with the Adviser and Managing Underwriter. Each application must be for 100 Public Issue Shares or multiples thereof. Late applications will not be accepted.

3.2 Critical Dates in respect of the Public Issue

Opening Date of the Public Issue	30 June 2004
Closing Date of the Public Issue	7 July 2004
Tentative Balloting Date	9 July 2004
Tentative Allotment Date	16 July 2004
Tentative Listing Date	21 July 2004

3.3 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

(i) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of OPB on the MESDAQ Market;

(ii) To provide an opportunity for the Malaysian public and eligible Directors and employees of the OPB Group to participate directly in the equity and continuing growth of the Group;

(iii) To enable OPB to gain access to the capital market for funds to finance the future expansion and growth of the Group; and

(iv) To provide additional funds to meet the Group's capital expenditure and working capital requirements.

3.4 Number and Class of Shares to be issued

	RM
Authorised	
250,000,000 ordinary shares of RM0.10 each	25,000,000
Issued and fully paid-up	
172,222,000 ordinary shares of RM0.10 each	17,222,200
To be issued pursuant to the Public Issue	
50,778,000 ordinary shares of RM0.10 each	5,077,800
Enlarged issued and paid-up share capital	22,300,000

The Public Issue Price of RM0.20 per ordinary share is payable in full upon application.

There is only one (1) class of shares in the Company being ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares, upon allotment and issue, will rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the said Public Issue Shares.

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

Each member shall be entitled to vote at any general meeting of the Company, in person or by proxy, and on a show of hands, every person present who is a member or proxy shall have one (1) vote, and on a poll every member who is present in person or by proxy shall have one (1) vote for every share held by such member. A proxy may but need not be a member of the Company.

3.5 Details of the Public Issue

The Public Issue shall be subject to the terms and conditions of this Prospectus and, upon acceptance, the OPB Shares will be allocated in the following manner:

(i) Eligible Directors and Employees

2,778,000 OPB Shares have been reserved for application by the eligible Directors and employees of the OPB Group.

The eligible Directors of OPB are allocated 140,000 OPB Shares. The allocation to the eligible Directors is as follows:

Name of Directors	No. of OPB Shares allocated
Tan Siew Chin	20,000
Lo Pong Kiat @ Lor Hong Ling	30,000
Tan Siew Tyan	30,000
Chan Soo Wah	30,000
Dr Han Swan Kwong @ Adrian Han	30,000
Total	**140,000**

The allocation to the eligible employees of the OPB Group is based on the following criteria:

(a) The length of service, level of responsibility and performance of the eligible employees of OPB Group; and

(b) The designation of the eligible employees who are confirmed employees of the OPB Group as at 15 June 2004.

Based on this criteria, there are 93 eligible employees of the Group who are eligible to subscribe for the reserved shares as at 15 June 2004.

(ii) Private Placement

40,000,000 OPB Shares have been reserved for private placement to identified investors; and

(iii) Malaysian Public

8,000,000 OPB Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions.

The Public Issue Shares in respect of paragraph (i) above which are not taken up by the eligible Directors and employees of the OPB Group will be made available for application by the Malaysian public.

In any event, the Public Issue Shares in respect of paragraph (i) and (iii) above have been fully underwritten via the conditional Underwriting Agreement referred to in Section 3.10 of this Prospectus by the Underwriters as set out in Section 1 of this Prospectus.

3.6 Basis of Arriving at the Public Issue Price

The Public Issue Price of RM0.20 OPB Share was determined and agreed upon by the Company and SIBB as the Adviser and Managing Underwriter based on various factors after taking into account the following:

(i) The Group's financial and operating history and conditions as outlined in Sections 5 and 10 of this Prospectus;

(ii) The Group's prospects and the prospects of the industry in which the Group operates as outlined in Sections 5.5, 5.7 and 5.10 of this Prospectus; and

(iii) The proforma consolidated NTA per share of OPB after Acquisitions, Public Issue and utilisation of proceeds from the Public Issue as at 31 December 2003 of RM0.12.

Shareholders should note that the market price of OPB Shares upon listing on Bursa Malaysia is subject to the vagaries of market forces and other uncertainties which may affect the price of OPB Shares being traded.

3.7 Minimum Subscription

OPB is required to have, upon listing, at least 25% of the issued and paid-up share capital of the Company being held by a minimum number of 200 public shareholders holding not less than 100 shares each in order to satisfy the objectives of the Public Issue. Employees of the Company and its subsidiaries are not excluded from the minimum number of public shareholders. The Company is expected to achieve this at the point of Listing.

3.8 Utilisation of Proceeds of the Public Issue

The Public Issue is expected to raise total gross proceeds of RM10.16 million which is expected to be utilised in the financial year ending 31 December 2004 for the following purposes:

Utilisation		**Note**	**Total RM'000**
1.	Repayment of term loan	(i)	1,018
2.	Purchase of machinery	(ii)	3,140
3.	Working capital	(iii)	4,998
4.	Listing expenses	(iv)	1,000
	Total		10,156

(i) Repayment of term loans

An amount of approximately RM1.018 million from the proceeds from the Public Issue will be utilised to repay part of the bank borrowings of the OPB Group as follows:

Name of Financial Institution	Type of Facilities	Tenure (years)	Limit of facilities RM'000	Amount outstanding as at 15 June 2004 RM'000	Interest rate (% p.a.)	Purpose of borrowings
Hong Leong Bank Bhd	Term Loan	7	2,400	1,560	7.1	To finance the purchase of the Bangi Land.

The repayment of bank borrowings utilising part of the proceeds from the Public Issue is expected to generate total interest savings of approximately RM68,000 per annum assuming the repayment will be effected in July 2004 and at an average interest rate of 7.1% per annum for the OPB Group.

(ii) Purchase of machinery

The OPB Group is principally involved in the manufacturing of nonwoven cloth and felt. In order to enhance the level of technology used, the Group is proposing to purchase additional automated machinery to complement the existing manufacturing processes. This additional machinery is in line with the Group's longer term objective of upstream and downstream expansion of its manufacturing process. The expansion is expected to reduce the Company's over reliance on one product. The Group has a long-term plan to become a one-stop nonwoven supplier for disposable hygienic products as well as to enhance its efficiency and maintain its competitive edge.

The Group intends to allocate RM3.14 million to purchase the following machinery:

Item	Description	RM'000
(i)	Laminating machine to laminate nonwoven fabrics with polyethylene film	3,100
(ii)	Instrument to measure rate of liquid permeability	30
(iii)	Instrument to measure hydrophobicity	10
		3,140

(iii) Working Capital Requirements

An amount of approximately RM4,998 million will be set aside for working capital requirements of the OPB Group. This amount will be utilised to enhance the working capital requirements and to improve the operational efficiency of the Group. The additional cash resources will strengthen the Group's liquidity position and allow the flexibility for future expansion without having to resort to more costly means of obtaining funds.

(iv) Estimated Listing Expenses

Listing expenses are estimated at approximately RM1.000 million, with the following estimated breakdown:

	RM'000
Professional fees	500
Authorities' fees	50
Underwriting fee	27
Placement fee	80
Brokerage fee	102
Printing and advertising fees	150
Miscellaneous	91
Total	**1,000**

3.9 Underwriting and Brokerage Commission

The Underwriters as set out in the Corporate Directory of this Prospectus have conditionally agreed to underwrite the 10,778,000 Public Issue Shares which are available for application by the eligible Directors and employees of the OPB Group and the Malaysian public. Underwriting commission is payable by the Company at the rate of 1.25% of the Public Issue Price of RM0.20 per ordinary share. The Managing Underwriter's commission is payable by the Company at the rate of 0.25% of the Public Issue Price of RM0.20 per ordinary share.

Brokerage is payable by the Company in respect of the Public Issue Shares at the rate of 1.0% of the Public Issue Price of RM0.20 per ordinary share in respect of successful applications bearing the stamp of SIBB, participating organisations of Bursa Malaysia, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

3.10 Extracts of the provisions/terms in the Underwriting Agreement

Extracts of the provisions/terms in the Underwriting Agreement referred to in Section 13.6 of this Prospectus are set out below:

Clause 2 Underwriting

Clause 2.1 Agreement to underwrite

The Underwriters severally and not jointly agree to underwrite up to such number of the Underwritten Shares and in the proportions set out opposite their respective names in Schedule 1 upon the terms and subject to the conditions of this underwriting agreement.

Clause 2.3 Conditions precedent

The obligations of the Underwriters under this underwriting agreement are in all respects conditional upon:

(a) the registration of the Prospectus with the SC and lodgement of the Prospectus with the Registrar of Companies before the date of issue of the Prospectus; and

(b) all necessary approvals and consent required in relation to the IPO including but not limited to governmental approval having been obtained are in full force and effect until the Closing Date.

Clause 4 Underwriters Undertaking

Clause 4.1 Full subscription

If on or before the Closing Date, or such other date as the Issuer and the Manager may mutually agree upon, the whole of the Underwritten Shares are taken up, no obligation will arise on the part of the Underwriters to apply for any of the Underwritten Shares under this underwriting agreement.

Clause 4.2 Under subscription

If on or before the Closing Date, or such other date as the Issuer and the Manager may mutually agree upon, any of the Underwritten Shares are not taken up, the Underwriters must apply for such number of the Underwritten Shares which have not been taken up in the proportions set out opposite their respective names in Schedule 1 of this underwriting agreement.

Clause 10 Termination

Clause 10.1 Termination

If at any time prior to the Closing Date the Underwriters or any of them have notice of:

(a) any material breach of the undertakings or obligations in this underwriting agreement by the Issuer; or

(b) any change rendering any of the warranties or representations in clause 3.1 inaccurate in a material respect;

the Underwriters or any of them will be entitled to terminate this underwriting agreement by notice to the Issuer.

Clause 10.2 Consequences of termination

On delivery of the notice under clause 10.1, this underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other, except for the liability of the Issuer under clauses 10.3 and 12.2.

Clause 10.3 Indemnity

Without prejudice to the other rights and remedies of the Underwriters, the Issuer undertakes with the Underwriters and each of them that it will hold the Underwriters and each of them fully and effectually indemnified from and against any and all losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses and demands which the Underwriters may incur or which may be made against them as a result of or in relation to any breach by the Issuer of the representations, warranties or agreements under this underwriting agreement and such indemnity will extend to include all costs, charges and expenses which the Underwriters or any of them may reasonably pay or incur in disputing or defending any such claim or action or other proceeding.

Clause 11 Force majeure

Clause 11.1 Force majeure

It will be an event of force majeure if in the reasonable opinion of any Underwriters:

(a) the success of the IPO is seriously jeopardised by the coming into force of any laws or Governmental regulations or directives which seriously affect or will seriously affect the business of the Issuer;

(b) there is a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would prejudice materially the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market); or

(c) the success of the IPO is seriously jeopardised by the Kuala Lumpur Composite Index falling below 400 points and remaining below 400 points for three (3) consecutive market days at any time between the effective date of this underwriting agreement and the Closing Date.

Clause 11.2 Consequence of force majeure

(a) In the event of a force majeure under clause 11.1, any Underwriters may, subject to prior consultation with the Issuer, at any time prior to the Closing Date:

(i) terminate the underwriting agreement by notice to the Issuer; or

(ii) request that the Closing Date be extended to such reasonable date as the Underwriters may decide.

(b) Upon delivery of the notice under clause 11.2(a)(1), the underwriting agreement will be terminated and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other.

(c) Upon delivery of a request under clause 11.2(a)(2), the Issuer will procure that the Closing Date be extended as requested.

(d) The delivery of a request under clause 11.2(a)(2) will not preclude the giving of further requests under clause 11.2(a)(2) or the giving of a notice under clause 11.2(a)(1).

Clause 12 Fee, Costs and Expenses

Clause 12.2 Event of Termination

All reasonable cost, charges and expenses incurred by the Manager and the Underwriters in respect of or under this underwriting agreement will be paid by the Issuer in the event that this underwriting agreement is terminated due to the fault of the Issuer.

3.11 Placement Fees

SIBB and MSSB will arrange for the private placement of 40,000,000 new OPB Shares to be allocated via Private Placement at the rate of 1.0% of the placement price of RM0.20 for each OPB Share successfully placed out by SIBB and MSSB.

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4. RISK FACTORS

Applicants for the Public Issue Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus, before applying for the Public Issue Shares.

4.1 Company Risks

4.1.1 Dependence on Directors and Key Management

The OPB Group believes that its continued success will depend to a significant extent on the skills, experiences, abilities and the continued efforts of its existing Directors and members of its senior management. The loss of any of the Group's Directors or members of its senior management could adversely affect the Group's ability to compete in the nonwoven manufacturing industry. Hence, the Group has made continuous efforts to groom the younger members of the senior management to gradually take over from the senior members to ensure a smooth transition in the management team. The Group also strives to attract and retain skilled personnel to support its business operations.

4.1.2 Competition

In Malaysia, OFSB is of the view that there is only one main competitor of OFSB's resinated felt products which has a similar set up and comparable machinery as OFSB. The other company in ASEAN region which has a similar set up and comparable machinery is SNC Sound Proof Co. Ltd. in Thailand.

(Source: Independent Market Research Report, ACNielsen)

In terms of foreign competition in Malaysia, due to felt being a lightweight and bulky product, the containerised shipment of felt is extremely costly. Furthermore, imports of felt into Malaysia, other than from ASEAN countries attract an import duty of 25% and sales tax of 10%. More importantly, OFSB's products are internationally competitive as the company has been able to lower and/or control its cost structure. The fact that OFSB is exporting its products to a number of countries is testament to its competitiveness. Therefore, OFSB is able to export its products to Thailand in view of its growing automotive production, whilst the majority of felt producers only cater for their respective domestic market.

For the nonwoven fabrics market, besides ONW, there are three (3) other manufacturers in Malaysia supplying similar products to different group of customers of which they supply mainly to sanitary napkins. There is a manufacturer each in Thailand and Indonesia with a similar production of nonwoven fabrics as ONW.

(Source: Independent Market Research Report, ACNielsen)

ONW is of the view that there are very few local players in the manufacturing of nonwoven fabrics industry in Malaysia and it does not perceive that there is any direct competitor.

Nevertheless, there can be no assurance that the Group will not be affected by future technological or world economic changes which shift the comparative advantages between countries or the emergence of other low cost suppliers from emerging countries or new market entrants.

4.1.3 Research and Development

The ability of the Group to develop and commercialise new nonwoven technology through its extensive research and development efforts determines the growth and future success of OPB. Therefore, it is important for OPB to introduce new technology which is more efficient and economical in the processing of polymer to finished web and roll goods, new types of composite for nonwoven fabrics and lamination, new types of nonwoven finishing techniques and the introduction of superior fibre and nonwoven textile additives.

However, there can be no assurance that the Group will not be affected by any future technological advancement which reduces its competitive advantage or future machinery problems which may adversely affect the Group's operations.

To mitigate the risk of technological obsolescence however, the management will strife to keep abreast with the latest technology breakthroughs and new areas of competition, and be sensitive to changes in market trends. To keep pace with the developments of nonwoven technology which includes manufacturing and fibre technology, the Group's personnel regularly visit various trade exhibitions around the world as well as its fibre suppliers and established customer-supplier network. This approach ensures that the OPB Group remains updated with the global trends in nonwoven manufacturing.

4.2 Business Risks

4.2.1 Industry Risks

The OPB Group is subject to certain risks inherent in the manufacturing industry. These risks include increases in the cost of raw materials, increases in the cost of labour, changes in the general economy, business and credit conditions and fluctuations in foreign exchange rates. The Group seeks to limit these risks through, inter-alia, automating its manufacturing operations, expanding its pool of suppliers and customers whilst continuing to establish long term business relationships with the Group's existing suppliers and customers, expanding the existing business by maintaining the strength of the Group's reputation and the development of new products. Although the Group seeks to limit these risks, no assurance can be given that any change in these factors will not have a material effect on the Group's business.

(i) Raw Material Prices and Cost Increases

Major raw materials like fibres and resins are centrally sourced to enable the Group to obtain better pricing and terms. The prices of fibres and resins are subject to fluctuations and are affected by, among others, the level of oil prices. The Group does not have formal agreements with vendors to supply raw materials on a continuing basis or at contracted prices. Nevertheless, the principal suppliers have been trading with OFSB and ONW since incorporation providing the Group with a prompt supply and competitively priced source of materials. The normal credit terms extended to OPB by its suppliers ranges from cash on delivery to 60 days.

However, there can be no assurance that the Group will be able to procure raw materials on existing terms and that any supply problems may materially and adversely effect the Group's operations.

(ii) Capacity and its Impact on Product Prices

With the implementation of AFTA, the market for nonwoven fabrics may be competitive as foreign manufacturers may be able to supply nonwoven fabrics at cheaper prices. OPB may face competition in terms of output capacity and hence, the pressure to reduce its selling prices for its nonwoven products.

Presently, OFSB operates two (2) production lines. The current operating level of the main machine is at approximately 63% capacity. It is expected that the spare capacity available would be able to generate additional output without any increase in the overhead costs.

ONW has three (3) nonwoven production lines with total output capacity of approximately 80 tonnes per line of nonwoven cloth per month, of which it is currently operating at an output capacity of approximately 70 tonnes per line per month.

4.2.2 Substitute Products

There are not many products that can substitute nonwoven fabrics as woven fabric do not elongate well and knits tend to recover to their original shape. Nonwovens can be moulded easily and they retain their shape without any type of deformation, which is ideal to meet any design requirements.

As nonwoven fabrics are less expensive than other materials such as cotton, they are widely preferred in the disposable hygienic product industry and automotive market. Nonwoven fabric which generally provides more loft and cushioning, is suitable for a variety of manufacturing. However, sometimes both nonwovens and wovens are used together to maximise the individual best features respectively.

4.2.3 Dependency on Major Customers

OPB is primarily involved in the supply of felts to the component makers in the automotive and air conditioner manufacturing industry; and the supply of nonwoven fabrics to manufacturers in the disposable hygienic product industry. OPB's customers are mostly established companies with long standing track records in their respective industries. None of the OPB's major customers contributed more than 19% of the revenue for the financial year ended 31 December 2003 with the exception of SCA Hygiene Sdn Bhd *(formerly known as Drypers Malaysia Sdn Bhd)* which contributed 51.43% of the revenue of ONW for the financial year ended 31 December 2003.

The Group is able to gauge the overall level of customer satisfaction from the repeat orders it receives, its database of long-term customers and the number of referrals received from satisfied customers. The Group is also in constant dialogue with its customers to understand their requirements for products produced.

Apart from SCA Hygiene Sdn Bhd *(formerly known as Drypers Malaysia Sdn Bhd)* which contributes 51.43% of the total revenue for ONW for the financial year ended 31 December 2003, there are no other customers in which the Group places heavy reliance on. Due to ONW's production constraint, priority of sales is given to SCA Hygiene Sdn Bhd *(formerly known as Drypers Malaysia Sdn Bhd)*. However, should ONW lose this customer, the Group is confident that it is able to supply to the other diaper manufacturers who had earlier approved ONW's product samples.

4.2.4 Foreign Exchange Fluctuation

In 2003, the Group exported approximately 18% of its sales and imported approximately 90% of its nonwoven products supply. As such, the Group's exposure to the foreign exchange risk is confined within these parameters. The strengthening of the Ringgit Malaysia would result in its export of nonwoven products being less competitive whilst its import of raw materials being cheaper and vice versa. To mitigate this situation, the Group strives to maintain its production costs at minimal levels and remain competitive in terms of pricing regardless of the fluctuation in foreign exchange.

On 1 September 1998, the Malaysian Government had introduced exchange measures, which, inter-alia, pegged the Ringgit Malaysia to the USD at RM3.80 to USD1.00. The fixing of the exchange rate at RM3.80 to USD1.00 has curbed speculation and minimised foreign exchange risk. However, the Government has yet to state the permanency or the time of lifting of such control and there can be no assurance that the exchange rate peg will remain or that future foreign exchange fluctuations will not adversely affect the OPB Group.

Hence in the longer term, the Group may consider other possible means to reduce the foreign exchange fluctuation risk, such as entering into hedging contracts, if the need arises.

4.2.5 Political, Economic and Regulatory Considerations

Adverse developments in the political, economic and regulatory conditions in Malaysia and other countries could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, dispossession, nationalisation, renegotiation or nullification of existing contracts, fluctuations in interest rates, methods of taxation and currency exchange controls.

The nonwoven manufacturing industry is anticipated to grow in line with the population and economic growth of the country, higher levels of disposable income and the increasing need for consumer goods such as automobiles, air-conditioners and disposable hygienic products. A decline in the general economy or uncertainties in the future prospects of the economy would, however, affect consumer spending and the overall demand in the nonwoven manufacturing industry and consequentially, affect the Group's financial performance. Any effect, however, is expected to be partly mitigated by the Group's loyal customer base which encompasses the consumer markets and manufacture of automobiles and disposable hygienic products.

Other economic considerations would include the AFTA initiative by the ASEAN countries. The AFTA initiative sets out a comprehensive program of regional tariff reduction and includes efforts to eliminate non-tariff barriers and quantitative restrictions, and harmonise customs nomenclature, valuation and procedures. The Common Effective Preferential Tariff is the mechanism by which tariffs on goods traded within the ASEAN region, which meet a 40% ASEAN content requirement, would be reduced to 0% to 5% by the year 2003. With the lower tariff, the Group's sourcing of fibre would be comparatively cheaper. The cheaper cost of raw materials would lower the Group's cost of production and enable the Group to price its products more competitively.

4.2.6 Availability of Raw Materials

Wool, chemical fibres and resins are some of the raw materials used by nonwoven manufacturers. These raw materials are made easily available from numerous suppliers or vendors in the country as well as in Asia and rest of the world. Suppliers operate in a highly competitive environment, each wanting to initiate and establish long-term contracts with customers. Due to the numerous sources of suppliers and manufacturers, the availability of raw materials is ensured. Besides Asia, alternative suppliers can be sourced from US and Europe. The lead time is approximately one (1) week and one (1) to two (2) months for local supplies and imports respectively. Wool, a natural material with a splendid texture, is susceptible to price fluctuations due to weather and other conditions. However, for chemical fibres such as polyester and polypropylene, its supply is considered relatively steady.

4.2.7 Variability of Earnings

The Group's revenue and operating results are difficult to forecast and could be adversely affected by factors, including, among others, the size, timing and terms of contracts; customer order deferrals; changes in the Group's operating expenses; the ability of the Group to develop and market new products and services and control costs; market acceptances of new products and services; number, timing and significance of new entrants and competition; the level of product, service and price competition; the ability of the Group to expand its sales force, its indirect distribution channels together with its customer support capabilities; activities of and acquisitions by its competitors; future acquisitions or disposals by the Group; changes in relevant technology and industry standards; changes in the mix of products and services sold; personnel changes and difficulties in attracting and retaining qualified sales, marketing and technical personnel; changes in the Group's sales incentive plans; changes in customers' budgeting cycles; foreign currency exchange rates; product defects and other product quality problems; seasonal trends and general domestic and international economic and political conditions.

The cancellation or deferral of purchases of the Group's products and services could in the future have a material adverse effect on the Group's business, operating results and financial condition in any particular period. Cancellation or deferrals of orders may be caused by a number of factors, including major technological, social or political changes.

The Group's expense levels are relatively fixed in the short term, as it is partly based on the Group's expectations of future revenues. Therefore, if actual revenues fall below expected levels, net income is likely to be adversely affected disproportionately. The Group is increasing its sales, marketing and product development expenditures, and operating results will be adversely affected if the Group fails to achieve certain levels of revenue growth. There can be no assurance that the Group will be able to maintain profitability on a quarterly or annual basis in the future. Due to the foregoing factors, the Group's future operating results may be below the expectations of public market analyst and investors. If such an event occurs, the Group's share price would likely to be materially adversely affected. As a mitigating factor, the Group has experienced personnel to manage its operations and have been in business since 1997.

Specifically, the Group's business is highly dependent on the disposable hygienic product industry, air-conditioner industry and automobile industry. On the other hand, there are not many substitutes of similar performance or cost for nonwoven fabrics and felts of which nonwoven fabrics which is essential in diapers and sanitary napkins; and felts are used for the purpose of thermal and acoustic insulation of which its applications include interior and exterior trims of automobiles, and outdoor units of split air conditioners. Nevertheless, any change to the disposable hygienic industry, air conditioner industry and automobile industry may have a direct impact on the Group's results.

4.2.8 Technology and Machinery

Most of OPB Group's production processes are fully automated. However, any machinery breakdown may result in the Group being unable to honour its purchase orders, hence incurring damages either in monetary terms or to its business reputation. To prevent breakdowns, the machinery are constantly monitored and maintained by experienced personnel.

However, there can be no assurance that the Group will not be affected by any future technological advancement which reduces its competitive advantage or future machinery problems which may adversely affect the Group's operations.

4.2.9 Uncertainty of the Five (5) Year Business Plans

The Group's future plan and prospects will be dependent upon, among others, the Group's ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, inventory and service controls); and obtain adequate financing as and when needed. The Group has been in operation since 1997 and the management is experienced in the industry. Nevertheless, there can be no assurance that the Group will be able to successfully implement its business plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the business plan due to rapid technological changes, and market as well as competitive pressures.

4.2.10 Product Liability

The Group's supply agreements with its customers have no provisions designed to limit the Group's exposure to potential product liability claims. The sale and support of the Group's products may involve the risk of such liability claims, any of which can be quite substantial. A product liability suit or action, whether or not meritorious, could result in substantial costs and diversion of management's attention and the Group's resources, which could have a material adverse impact on the Group's business, operating results and financial conditions. Additionally, a suit alleging a defect or a breach of an express or implied warranty, if successful, may also have adverse precedent effect on other or future actions. The Group has been in operations since 1997 with no prior experience of material product liability. In addition, the customers have maintained a long term relationship with OPB Group and the products manufactured are subjected to strict quality control procedures.

4.2.11 Disclosure regarding forward-looking statements

All statements contained in this Prospectus made by OPB and the Directors of OPB that are not statements of historical fact, constitute "forward-looking statement". Investors can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would", and "could" or similar words. However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements expressed or implied by such forward-looking statements.

4.2.12 Fire

As a manufacturing set-up, the OPB Group faces operational risk such as disruption to its production lines resulting from fire. OFSB has experienced fire twice in 1998 and 2000 as its previous factory was rented with limited fire safety features.

Currently, OFSB has moved to its own factory where the warehouse is separated from the two (2) production lines and the two (2) production lines are in turn separated by a firewall. In addition, the Group's factories are equipped with fire fighting equipment such as fire sprinklers, hydrant, smoke detector, fire hose and fire extinguishers. Employees are also trained on the use of these equipments as well as basic fire fighting techniques. Furthermore, the Group has purchased fire insurance coverage on its property, plant and equipment. The Group also has fire consequential loss policies where any consequential loss is compensated.

4.2.13 Audit Qualification

In considering the historical financial performance of OPB Group, it is to be noted that the financial statements of OFSB were reported with an audit qualification for the financial years ended 31 December 1999 and 31 December 2000 due to two (2) fire incidents at the premises of OFSB on 10 August 1998 and on 22 August 2000 which destroyed most of the assets, stocks, documents, accounting and other records for the financial years ended 31 December 1999 and 31 December 2000. As a result, the auditors were unable to form an opinion on the financial statements of OFSB for the financial years ended 31 December 1999 and 31 December 2000.

4.2.14 Involvement in mature industry

The OPB Group is currently involved in three (3) distinct market segments namely, automotive, air conditioner and disposable hygienic product segments with major contribution arising from the automotive and disposable hygienic product segments.

The manufacture and sales of disposable hygienic products are undertaken by ONW. The Group perceive the disposable hygienic product industry as a mature industry. However, there is growth potential in the consumer market due to the increase in nonwoven applications in consumer products, rising population and increasing affluence which leads to more discerning consumers with greater emphasis on proper hygiene.

The automotive and air conditioner market segments are undertaken by OFSB. The principal market segment for OFSB's products is the automotive industry which contributed approximately 88% to OFSB's total revenue for the financial year ended 31 December 2003. Accordingly, the business of OFSB is relatively dependent on the performance of the automotive industry. The automotive industry is however, perceived by the Group to be a mature industry and would thus, inherently carry the risk associated with a mature industry.

It should be noted that the prospects of the Malaysian automotive sector are subject to various risks and challenges such as:

(i) the level of motor vehicle sales which is subject to the performance of the Malaysian economy and overall consumer sentiments.

(ii) uncertainties on whether the national car manufacturers are able to successfully launch the required new models that are attractive to buyers and priced competitively. The successful launch of new models by local car manufacturers could spur demand for motor vehicles in the future.

(iii) the impact of higher prices for most non-national makers due to the increasing prices arising from higher Yen and Euro costs. However, a re-pegging of the Ringgit, if implemented, will cushion the impact of stronger foreign exchange cost.

(iv) the introduction of further excise duties to replace lost revenues from the gradually decreasing import duties for ASEAN sourced cars in the run-up to full implementation of the Common Effective Preferential Tariff (CEPT) in 2003 will not result in any significant decrease in car prices, thereby limiting any strong growth in future demand.

To mitigate the risk of slower growth in the industry, OPB Group has made continuous efforts to increase and diversify the usage of its felt products in car parts so as to create sustainable and growing demand for felt products from the automotive sector in the future. The Group is also actively seeking opportunities to increase its exports to Thailand, the automotive hub of ASEAN. In an effort to mitigate the risk associated with the automotive industry on the local front, OPB had secured a contract to supply its felt products to SNC Sound Proof Co. Ltd. in Thailand.

Nonetheless, the Malaysian Automotive Association (MAA) remains upbeat about the industry and expects a 5% rise in vehicle sales in 2004 to 425,000 unit, with commercial vehicles, which are not affected by the new tariff structure leading the way. Motor vehicle sales fell 6.9% last year to 405,010 units, from 434,954 in 2002 due to the Severe Acute Respiratory Syndrome (SARS) outbreak and buyer reticence ahead of a firm announcement on the national auto policy post-AFTA. National cars, totalling 271,710 units took an 85% share of the total, compared with 328,638 units or 91% in 2002. Proton and Perodua took 49% and 35% of the total passenger car market in 2003 respectively.

(Source: Independent Market Research Report, ACNielsen)

4.2.15 New or Proposed Product

As a means of diversifying its product range, the OPB Group is currently exploring the possibility of venturing into the production of nonwoven cloth which is laminated with polyethylene film to achieve a softer surface. The nonwoven cloth which is laminated with polyethylene film is generally suitable as the back sheet of diapers. Nonetheless, there is no assurance that the Group will be able to secure sales for the above laminated nonwoven cloth.

However, the Group is confident of building demand for the laminated nonwoven cloth based on the long-term business relationship with its existing customers.

4.3 Share Risks

4.3.1 Investment

There can be no assurance that an active market for OPB Shares will develop upon its listing on the MESDAQ Market. Moreover, share prices are subject to the vagaries of market forces and external events, none of which can be predicted with certainty.

4.3.2 No Prior Market for OPB Shares

Prior to this Public Issue, there has been no public market for OPB Shares. Consequently, there can be no assurance that an active market for OPB Shares will develop upon its listing on the MESDAQ Market or if developed, that such market can be sustained. The Public Issue Price of RM0.20 per share for the Public Issue Shares has been determined after taking into consideration a number of factors including, but not limited to, the Group's financial and operating history and condition, its prospects and the prospects of the industry in which the Group operates and the proforma consolidated NTA of the Company. The prices for OPB Shares after the Public Issue may bear no relationship to the Public Issue Price.

There can be no assurance that the Public Issue Price of RM0.20 per OPB Share will correspond to the price at which OPB Shares will trade on the MESDAQ Market upon or subsequent to its listing.

4.3.3 Controlling Shareholders

Upon completion of the Public Issue, 160,368,720 OPB Shares representing approximately 71.92% equity interest in OPB will be held directly by the following shareholders (Controlling Shareholders):

Shareholders	No. of OPB Shares	% held
Tan Siew Chin	112,118,140	50.28
Chen Lee Chew	28,115,540	12.61
Lor Seng Thee	20,135,040	9.03
TOTAL	**160,368,720**	**71.92**

These Controlling Shareholders will be able to exercise the voting rights attached to their OPB Shares in respect of matters requiring shareholders' approval including the constitution of the Board, the direction and future operation of the Group which include decisions on acquisitions or disposals, business opportunities, declaration of dividends and issuance of additional shares or other securities. Depending on how they choose to vote and because of the size of their shareholdings, the Controlling Shareholders may be in a position to determine the outcome of matters requiring shareholders' approval, except for matters that involve the interests of the Controlling Shareholders or where they are required to abstain from voting by law and/or by the relevant authorities.

Save as disclosed in Sections 4.1 to 4.3 above and apart from the normal commercial risks, the Board of OPB is not aware of any other specific factors or events which are likely to arise or which the Group is vulnerable to as of the date of this Prospectus.

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