

VISDYNAMICS HOLDINGS BERHAD

(Company No.: 677095-M)

(Incorporated in Malaysia under the Companies Act, 1965)

1 INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 HISTORY AND BUSINESS

We were incorporated in Malaysia under the Companies Act, 1965 on 3 January 2005 as a private limited company under the name of VisDynamics Holdings Sdn Bhd. We commenced business on 13 January 2005. Subsequently, on 25 January 2005 we were converted to a public limited company and have since assumed our present name.

Our principal activities are investment holding and provision of management services. Currently, we have a single wholly-owned subsidiary, VRSB. VRSB is principally engaged in the R&D, design, assembly and final set-up/tuning of test/backend equipment in the ATE industry for semiconductors.

VRSB was incorporated on 4 December 2002. It was founded by a group of nine (9) technologists experienced in the R&D, production and marketing of semiconductor automated test/backend equipment. The founding members have expertise spanning all the three (3) core enabling technological areas, namely mechatronics, control software and vision inspection of the automated test equipments, as well as the operational aspects of the semiconductor manufacturing processes.

Capitalising on its unique positioning of having all the above capabilities under one roof, VRSB has rolled out to market its flagship product, G6, within the first year of operations. G6 was developed with emphasis on improving the productivity, functionality and flexibility aspects of the testing equipments available in the market globally.

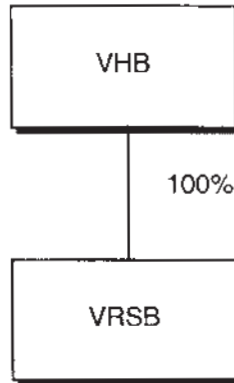
A key testament of the G6's capability is our ability to break into the market and supply to one of the biggest SCMs in the world, STATS ChipPAC, despite being a new player in the highly competitive semiconductor equipment industry. We are now poised to expand our customer reach based on the strengths of our products and technology. Our vision is to be the semiconductor industry's top choice for equipment solution provider through technical innovation, best-in-class performance, excellent service and support, cost effectiveness, environmental friendliness and partnership with customers, peers, suppliers and employees.

Our office and production facility is located in Taman Perindustrian Malim Jaya, Melaka. Our assembly facility occupies approximately 3,000 sq. ft and has an annual capacity of approximately forty (40) units of G6 equivalent machine per annum. The capacity will vary according to the size and complexity of the machines produced.

As at 6 March 2006 (being the latest practicable date prior to the printing of this Prospectus), we have thirty-seven (37) employees of which twenty (20) are engineers dedicated to R&D. In total we have close to 78% technical workers while the remaining are marketing and administration staff.

In June 2004, VRSB was granted Pioneer Status by MITI in view of the high technology content of its operations. With the Pioneer Status, VRSB is able to enjoy tax free status for five (5) years with the possibility of extension for another five (5) years. VRSB is also granted the LMW status by Kastam Diraja Malaysia, which enables it to benefit from exemption from all custom duties and sales tax on purchases of raw materials/components/machinery directly used in the manufacturing process.

Below is our group structure:-



Details of our subsidiary are summarised below: -

Corporation	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
Our Subsidiary				
VRSB	4 December 2002/ Malaysia	2,000,000	100%	R&D, design, assembly and final set-up/tuning of test/backend semiconductor equipment

Further information on our Group is set out in Section 4.

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1.2 OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL

The direct and indirect shareholdings of our promoters, substantial shareholders, directors and key personnel are as follows: -

Name	Designation	No. of Ordinary Shares Held After Public Issue ('000)				No. of Ordinary Shares Held Assuming Full Exercise of ESOS ⁽¹⁾ ('000)			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Promoters									
Choy Ngee Hoe	Executive Director/ CEO	22,562.3	33.83	-	-	22,562.3	30.75	-	-
Lee Chong Leng	Executive Director/ CTO	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Ong Hui Peng	Executive Director/ Machine Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Ch'ng Paed Wee	Engineer	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Chan Heng Soon	Vision Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Jong Pit Fong	Mechanical Design Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Lim Yong Juay	Sales and Marketing Manager	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Teo Leong Khoon	Equipment Assembly Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Substantial Shareholders									
Choy Ngee Hoe	Executive Director/ CEO	22,562.3	33.83	-	-	22,562.3	30.75	-	-
Lee Chong Leng	Executive Director/ CTO	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Ong Hui Peng	Executive Director/ Machine Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Ch'ng Paed Wee	Engineer	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Chan Heng Soon	Vision Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Jong Pit Fong	Mechanical Design Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Lim Yong Juay	Sales and Marketing Manager	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Teo Leong Khoon	Equipment Assembly Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Directors									
Khairil Anuar Abdullah	Chairman/ Non- Executive Non- Independent Director	765.5	1.15	-	-	765.5	1.04	-	-
Choy Ngee Hoe	Executive Director/ CEO	22,562.3	33.83	-	-	22,562.3	30.75	-	-
Lee Chong Leng	Executive Director/ CTO	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Ong Hui Peng	Executive Director/ Machine Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-

Name	Designation	No. of Ordinary Shares Held After Public Issue ('000)				No. of Ordinary Shares Held Assuming Full Exercise of ESOS ⁽¹⁾ ('000)			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Directors									
Dato' Nordin Baharuddin	Non-Executive Independent Director	100.0	0.15 [^]	-	-	100.0	0.14	-	-
Datuk Azzat Kamaludin	Non-Executive Independent Director	100.0	0.15 [^]	-	-	100.0	0.14	-	-
Key Personnel									
Choy Ngee Hoe	Executive Director/CEO	22,562.3	33.83	-	-	22,562.3	30.75	-	-
Lee Chong Leng	Executive Director/CTO	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Ong Hui Peng	Executive Director/ Machine Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Chan Heng Soon	Vision Software Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Jong Pit Fong	Mechanical Design Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Lim Yong Juay	Sales and Marketing Manager	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Teo Leong Khoon	Equipment Assembly Head	3,366.0	5.05	-	-	3,366.0	4.59	-	-
Pang Nam Ming	Finance Manager	0.2	#	-	-	100.2	0.14	-	-

Notes: -

[^] Based on their respective entitlements for the pink form share allocation pursuant to the Public Issue

Less than 0.01%

(1) The ESOS is 10% of the enlarged issued and paid-up share capital upon listing

Details of our Promoters, substantial shareholders, directors and key personnel are set out in Section 5.

1.3 TECHNOLOGY AND INTELLECTUAL PROPERTY

1.3.1 Technology

We have in-house expertise in the three (3) core technologies required for the production of the automated test equipments namely: mechatronics, control software and vision inspection. These technologies are used in our product development, assembly and final set-up activities.

1.3.2 Intellectual Property

We own intellectual property rights in our system, which are accorded by copyright law and at common law, including the Copyright Act 1987 and the Patents Act, 1983. Our automation and vision inspection systems are mostly developed in-house using programming tools and technology available in the market. Such programming tools include various device drivers that come with control hardware (such as stepper motors, servo motors and cameras) used in its system, Inventor CAD software from AutoDesk, Microsoft Visual C++ .Net compiler, Microsoft Office for documentation, data analysis and technical presentation. The common technology used in developing our systems includes material science in selection of parts, servo motor tuning techniques, dynamics of motion, digital image processing techniques, statistical analysis of noise in digital image and design of experiment. No royalties are paid to any third party for our automation and vision inspection systems.

We have also submitted applications to the relevant authorities for the following:

- Registration with the Registrar of Trademark in relation to our brand name "VisDynamics" made on 8 November 2004;
- Registration of patent with Perbadanan Harta Intelek Malaysia for our methods for component inspection system (innovation in developing a method for component inspection system in which front and back illuminations are required whereby front illumination may interfere with back illuminated features and in which inspection is performed within a single image capture by a single camera) made on 19 November 2004; and
- Registration of patent with Perbadanan Harta Intelek Malaysia for our methods for component inspection system (innovation on inspecting marking on semiconductor packages wherein laser inscribing or marking may be made) made on 17 June 2005.

All the above applications are still pending registration. Further details on our technology and intellectual property are set out in Section 4.

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1.4 FINANCIAL HIGHLIGHTS

The following table sets out a summary of our proforma consolidated results for the past three (3) financial periods/year ended 31 December 2003, 31 October 2004 and 31 October 2005, prepared on the assumption that we have been in existence throughout the periods under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 9.

	FP 2003 RM'000	FP 2004 RM'000	FYE 2005 RM'000
Turnover	814	8,309	8,036
Cost of goods sold *	(350)	(2,842)	(2,507)
Gross profit	464	5,467	5,529
Other operating income **	-	-	#
Selling and distribution, administrative expenses and other operating expenses *	(219)	(2,146)	(1,673)
Research and development expenses ***	(233)	(394)	(441)
Finance costs ****	#	(2)	(4)
Profit before interest, depreciation, tax and amortisation	12	2,925	3,411
Interest income	#	#	7
Depreciation	(53)	(58)	(115)
Amortisation	-	-	(7)
Interest expenses	(#)	(4)	(1)
(Loss)/Profit before taxation	(41)	2,863	3,295
Taxation	-	-	-
(Loss)/Profit after taxation	(41)	2,863	3,295
Number of ordinary shares in issue ('000)	50,000	50,000	50,000
Gross (loss)/earnings per share ("LPS")/"EPS") ^ (Sen)	(0.1)	5.7	6.6
Net (LPS)/EPS ^ (Sen)	(0.1)	5.7	6.6
Net dividend rate (%)	-	-	-

Notes: -

- # : Represents amount less than RM1,000
- ^ : The calculation of (LPS)/EPS has not been annualised
- * : Excluding depreciation charges
- ** : Excluding interest income
- *** : Excluding amortisation charges
- **** : Excluding interest expenses

- (a) *The proforma consolidated income statements for the relevant financial periods have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of VHB Group.*
- (b) *The increase of depreciation charges of approximately RM57,000 from RM58,000 in FP 2004 to RM115,000 in FYE 2005 is mainly due to further additions of plant and equipment of approximately RM266,000 in FYE 2005.*
- (c) *There was no provision for tax for VHB for the relevant financial periods as it is in a tax loss position. No provision for tax was made for the relevant financial periods for VRSB as VRSB's income from pioneer activities is exempted from tax in accordance with the pioneer status incentive granted under the Promotion of Investments Act, 1986.*
- (d) *There were no extraordinary/exceptional items during the relevant financial periods under review.*
- (e) *The proforma gross and net (LPS)/EPS are calculated based on the (loss)/profit before and after taxation respectively, and on the assumed number of ordinary shares in issue for the respective financial periods under review.*
- (f) *All significant intragroup transactions are eliminated on consolidation and the consolidated results reflect external transactions only.*

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1.5 PROFORMA CONSOLIDATED BALANCE SHEETS OF OUR GROUP AS AT 31 OCTOBER 2005

The Proforma Consolidated Balance Sheets as at 31 October 2005 set out below has been prepared for illustrative purposes only to show the effects on our audited balance sheet, had the Listing Scheme and ESOS been effected on that date.

	Audited As at 31 October 2005	Proforma I	Proforma II
	RM'000	RM'000	RM'000
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	613	4,113	4,113
<i>Development expenditure</i>	443	443	443
<i>Goodwill on consolidation</i>	1,576	1,576	1,576
	<u>2,632</u>	<u>6,132</u>	<u>6,132</u>
CURRENT ASSETS			
<i>Inventories</i>	1,276	1,276	1,276
<i>Trade receivables</i>	4,016	4,016	4,016
<i>Other receivables, deposits and prepayments</i>	424	83	83
<i>Fixed deposits with a licensed bank</i>	484	484	484
<i>Cash and bank balances</i>	478	6,841	10,949
	<u>6,678</u>	<u>12,700</u>	<u>16,808</u>
CURRENT LIABILITIES			
<i>Trade payables</i>	765	765	765
<i>Other payables and accruals</i>	1,271	1,271	1,271
<i>Term loan</i>	30	30	30
	<u>2,066</u>	<u>2,066</u>	<u>2,066</u>
<i>Net current assets</i>	4,612	10,634	14,742
	<u>7,244</u>	<u>16,766</u>	<u>20,874</u>
FINANCED BY:-			
<i>Share capital</i>	5,000	6,670	7,337
<i>Share premium</i>	-	7,852	11,293
<i>Retained profits</i>	2,193	2,193	2,193
SHAREHOLDERS' EQUITY	<u>7,193</u>	<u>16,715</u>	<u>20,823</u>
NON-CURRENT LIABILITY			
<i>Term loan</i>	51	51	51
	<u>7,244</u>	<u>16,766</u>	<u>20,874</u>
<i>Number of ordinary shares of RM0.10 each ('000)</i>	<u>50,000</u>	<u>66,700</u>	<u>73,370</u>
<i>Net tangible assets per ordinary share ^ (RM)</i>	<u>0.10</u>	<u>0.22</u>	<u>0.26</u>
<i>Net assets (excluding goodwill on consolidation) per ordinary share # (RM)</i>	<u>0.11</u>	<u>0.23</u>	<u>0.26</u>

Notes: -

- ^ : Net tangible asset is calculated by deducting goodwill on consolidation and development expenditure.
- # : Net asset (excluding goodwill on consolidation) is calculated by deducting only the goodwill on consolidation.
- Proforma I : Incorporates the Public Issue of 16,700,000 Shares. The listing expenses of RM1.50 million have been set off against the share premium account.
- Proforma II : Incorporates Proforma I and assumes that the ESOS of 6,670,000 Shares is fully exercised.

Detailed Proforma Consolidated Balance Sheets and the Reporting Accountants' letter thereon are set out in Sections 8.6 and 8.7, respectively.

1.6 RISK FACTORS

Prospective investors, prior to making an investment, should carefully consider the risk factors inherent in and affecting our business and this offering. In addition, this Prospectus contains forward-looking statements that involve risks and uncertainties. As such, our actual results could differ substantially from those disclosed hereon.

The risk factors that could cause or contribute to such differences include those discussed in Section 3 namely : -

Item	Risk factors
(a)	Business Risk
(b)	Political and Economic Risk
(c)	New Product and Technology Risk
(d)	Competitive Risk
(e)	Dependence on the Semiconductor Industry
(f)	Dependence on Protection of intellectual Property
(g)	Foreign Currency Risk
(h)	Dependence on Key Personnel
(i)	Material Litigation / Legal Uncertainty
(j)	Adequacy of Insurance Coverage of Our Assets
(k)	Control by Promoters and Substantial Shareholders
(l)	Data Corruption and System Failure
(m)	Absence of Long Term Contractual Agreement with Customer and/or Contractor/Supplier
(n)	Dependence on Contractor / Supplier
(o)	Dependence on Major Customer
(p)	Financial Risk
(q)	Change in or Loss of Pioneer Status/LMW Licence
(r)	Reliance on Sales/Service Representative/Agent
(s)	Warranty Risk
(t)	Breakout of Fire, Energy Crisis and Other Emergency
(u)	Uncertainty of Proposed Business Development Plan
(v)	Risk on Impairment of Goodwill
(w)	Disclosure regarding Forward-Looking Statements

Item	Risk factors
(x)	Dependence on Capital Market Risk
(y)	No Prior Market for Our Shares
(z)	Failure / Delay in Listing Exercise

Details of the risk factors are set out in Section 3.

1.7 PROFORMA GROUP NTA AS AT 31 OCTOBER 2005

	⁽¹⁾ Proforma Group NTA (RM)	NTA per ordinary Share (RM)
After adjusting for the Public Issue	14,696,000	0.22

Note: -

(1) After deducting the estimated listing expenses of RM1,500,000. Please refer to Section 2.7 for details on the estimated listing expenses.

The above proforma consolidated NTA is based on the enlarged issued and paid-up share capital of 66,700,000 Shares after the Public Issue.

Detailed calculations of the proforma consolidated NTA are set out in Section 8.6 of this Prospectus.

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1.8 PRINCIPAL STATISTICS RELATING TO THE IPO**1.8.1 Share Capital**

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

	Number of ordinary shares of RM0.10 each	Share capital (RM)
AUTHORISED SHARE CAPITAL	250,000,000	25,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL :	50,000,000	5,000,000
• New ordinary shares to be issued pursuant to Public Issue	16,700,000	1,670,000
ENLARGED SHARE CAPITAL AFTER PUBLIC ISSUE	66,700,000	6,670,000
• New ordinary shares to be issued pursuant to full exercise of the ESOS	6,670,000	667,000
ENLARGED SHARE CAPITAL AFTER ESOS	73,370,000	7,337,000

The Issue Price is RM0.66 per Share payable in full upon application, subject to the terms and conditions.

1.8.2 Class Of Shares

We only have one class of shares namely ordinary shares of RM0.10 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with our other existing issued and paid-up ordinary shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment.

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1.9 PROPOSED UTILISATION OF PROCEEDS

We will utilise the total gross proceeds arising from the Public Issue in the following manner: -

Purpose	Indicative Time Frame for Utilisation	RM'000
(i) Capital expenditure	24 months from the date of listing	3,500
(ii) R & D	36 months from the date of listing	2,500
(iii) Working capital	24 Months from the date of listing	3,522
(iv) Estimated listing expenses	Immediate	1,500
Total proceeds		11,022

Further details of the utilisation are set out in Section 2.7.

1.10 WORKING CAPITAL, MATERIAL LITIGATION, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

(i) Working Capital

Our Directors are of the opinion that, after taking into consideration the cashflow position and the net proceeds from the Public Issue, we will have adequate working capital for a period of not less than twelve (12) months from the date of issue of the Prospectus.

(ii) Material Litigation

As at 6 March 2006 (being the latest practicable date prior to the printing of this Prospectus), we are not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on our financial position and our Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our position or business.

(iii) Borrowings

As at 6 March 2006 (being the latest practicable date prior to the printing of this Prospectus), our total outstanding borrowings are in the form of term loans, as follows:

	RM
Short Term* – Secured	245,753
Long Term^ – Secured	389,653
TOTAL	635,406

*Within 12 months

^More than 12 months

We have no foreign currency borrowings. As at 6 March 2006 (being the latest practicable date prior to the printing of this Prospectus), we have not defaulted on payments of either interest and/or principal sums in respect of our borrowings.

All the outstanding borrowings are interest-bearing liabilities and relate to borrowings from local financial institutions.

In addition to the above, we have been granted various trade facilities amounting to RM700,000 and a foreign exchange facility of RM2,000,000. These facilities have not been utilised.

(iv) Contingent Liabilities

As at 6 March 2006 (being the latest practicable date prior to the printing of this Prospectus), we have a total of RM1,000,000 in contingent liability in the form of corporate guarantee provided in the ordinary course of business. Details of the contingent liability are as follows:

Contingent Liability	In Favour of	Nature of Guarantee	Amount (RM)
Corporate Guarantee	Bumiputra-Commerce Bank Berhad	For credit facilities amounting to RM1 million to VRSB. As at 6 March 2006, RM600,000 has been utilised.	1,000,000

Save for the above, there are no contingent liabilities incurred by us which may have a material impact on our financial position.

(v) Material Commitments

As at 20 February 2006, we entered into a sale and purchase agreement to acquire two (2) pieces of land in Mukim Bukit Baru, Melaka for a total consideration of RM963,488 of which we have paid a deposit of RM96,349, which represents 10% of the total purchase consideration. Details of the sale and purchase agreement are included in Section 12.4 of this Prospectus.

Save for the above, we have not incurred or known to have incurred any material commitments for capital expenditure, which may have a material impact on our financial position.

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2 PARTICULARS OF THE IPO

This Prospectus is dated 23 March 2006.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The SC have approved the IPO vide its letter dated 16 November 2005 and the approval shall not be taken to indicate that the SC recommends the IPO.

You should rely on your own evaluation to assess the merits and risks of the investment. In considering the investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in principle has been obtained from Bursa Securities on 26 January 2006 for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of VHB on the MESDAQ of Bursa Securities. These Shares will be admitted to the Official List on the MESDAQ of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the MESDAQ of the Bursa Securities is not to be taken as an indication of the merits of the Company or of its shares.

Pursuant to the Listing Requirements, at least 25% but not more than 49% of our issued and paid up share capital must be held by a minimum number of 200 public shareholders at the time of the admission to the MESDAQ Market. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our listing on the MESDAQ Market. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. In consequence thereof, the IPO Shares offered through this Prospectus will be deposited directly with the Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of Securities Industry (Central Depositories) Act, 1991, all dealings in our securities including the Public Issue Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Applicants of the Public Issue Shares **must have a CDS Account**. In the case of an application by way of Application Form, you should state your CDS Account number in the space provided in the Application Form. In a case of an application by way of Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institutions by way of keying your CDS Account if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for the Public Issue 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 IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

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

2.1 SHARE CAPITAL

	Number of ordinary shares of RM0.10 each	Share capital (RM)
AUTHORISED SHARE CAPITAL	250,000,000	25,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:	50,000,000	5,000,000
• New ordinary shares to be issued pursuant to Public Issue	16,700,000	1,670,000
ENLARGED SHARE CAPITAL AFTER PUBLIC ISSUE	66,700,000	6,670,000
• New ordinary shares to be issued pursuant to full exercise of the ESOS	6,670,000	667,000
ENLARGED SHARE CAPITAL AFTER ESOS	73,370,000	7,337,000

The Issue Price is RM0.66 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

We only have one class of shares, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with our other existing issued ordinary shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment.

Subject to any special rights attaching to any shares which we may issue in the future, our holders of ordinary shares shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of our liquidation, in accordance with our Articles of Association.

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

2.2 OPENING AND CLOSING OF APPLICATIONS

The Applications for the IPO will open at 10.00 a.m. on 23 March 2006 and will remain open until 5.00 p.m. on 30 March 2006 or for such further period or periods as our directors and/or Promoters together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

2.3 CRITICAL DATES OF THE IPO

Events	Tentative Date
Opening Date of the IPO	23 March 2006
Closing Date of the IPO *	30 March 2006
Tentative Balloting Date	3 April 2006
Tentative date for despatch of Notices of Allotment to successful applicants	12 April 2006
Tentative Listing Date	13 April 2006

* The Closing Date of the IPO may be extended for further period or periods as our directors and/or Promoters together with the Managing Underwriter in their absolute discretion may decide. Should the closing date of the application be extended, the dates of the listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ market will be extended accordingly.

Any changes to the application period for the Public Issue will be notified to the public via advertisements in widely circulated English and Bahasa Malaysia newspapers.

2.4 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price of RM0.66 per Share was determined and agreed upon by us and AmMerchant Bank based on various factors including the following:-

- (i) Our financial operating history and conditions and financial position as outlined in Section 8;
- (ii) The prospects of the industry in which we operate as outlined in Section 4.4;
- (iii) An assessment of our capabilities in technology; and
- (iv) The prevailing market conditions.

Investors should note that the market price of our shares upon listing on the MESDAQ Market are subject to the vagaries of market forces and other uncertainties which may affect the price of our Shares when they are traded.

2.5 DETAILS OF THE IPO

Public Issue

The Public Issue of 16,700,000 Shares at an issue price of RM0.66 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner: -

(i) Public

1,200,000 Public Issue Shares will be made available for application by individuals, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside, to the extent possible, to be allocated to Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Our Eligible Employees, Directors and/or Business Associates

1,000,000 Public Issue Shares will be reserved for our eligible employees, directors as well as business associates (which include the suppliers, sales agents and customers).

The shares have been allocated to two (2) eligible directors, twenty (20) eligible employees and thirteen (13) eligible business associates. The allocation of shares to our eligible employees and directors is based on the following criteria as approved by the Board of Directors: -

- (a) At least eighteen (18) years old; and
- (b) Length of service.

Details of the directors' pink form allocation are as follows: -

Name of Directors	Designation	Pink Form Allocation
Dato' Nordin Baharuddin	Non-Executive Independent Director	100,000
Datuk Azzat Kamaludin	Non-Executive Independent Director	100,000
Total		200,000

The allocation of shares to our eligible business associates are based on the following criteria as approved by the Board of Directors: -

- a) Contribution to our current and future business operations and opportunities; and
- b) Length of business relationship.

(iii) Placees

14,500,000 Public Issue Shares are reserved for private placement to investors, which have been identified.

All the Public Issue Shares to be made available for application by the public and our eligible employees, directors and/or business associates are fully underwritten. The Public Issue Shares available for application by identified placees are not underwritten as the respective placees have given their irrevocable undertakings to subscribe the Public Issue Shares available for application under the private placement.

Any Public Issue Shares which are not taken up by our eligible employees, directors and/or business associates will be made available to the Public and/or identified placees via placement. Any shares not subscribed by the Public under the public offer will be made available to identified placees. Any further Public Issue Shares not subscribed for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement.

2.6 PURPOSES OF THE IPO

The purposes of the IPO are as follows: -

- (i) To raise funds for our continued operations, development and expansion, details of which are elaborated in the Section 2.7 "Utilisation of Proceeds" of this Prospectus;
- (ii) To obtain the listing of and quotation for our entire issued and paid-up capital on the MESDAQ Market, which is expected to enhance our profile and future prospects;
- (iii) To provide access to the capital market for our future expansion and growth; and
- (iv) To provide an opportunity for you, our eligible employees and directors, and/or persons and companies contributing to our success to participate in the equity and continuing growth of our business.

2.7 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM11,022,000 which shall accrue to us.

We will utilise the total gross proceeds in the following manner: -

Purpose	Indicative Time Frame for Utilisation	RM'000
(i) Capital expenditure	24 months from the date of listing	3,500
(ii) R & D	36 months from the date of listing	2,500
(iii) Working capital	24 Months from the date of listing	3,522
(iv) Estimated listing expenses	Immediate	1,500
Total proceeds		11,022

We will bear all expenses and fees incidental to the listing of and quotation for our entire issued and paid-up share capital on the MESDAQ Market which includes underwriting commission, placement fees, brokerage, professional fees, authorities fees, advertising and other fees. The aggregate is estimated to be RM1.50 million.

Notes:

(i) Capital Expenditure

Comprises the capital expenditure for the setting up of a production facility and R&D centre in Melaka, Malaysia. The amount of RM3.5 million is for the purchase of land, construction of building and the purchase of plant and machineries. The plant and machineries to be purchased include milling machine, lathe machine, grinding machine, machine set-up tools, measuring equipments, CAD software, CAM software, forklift, transformer, compressor, dryer and lorry.

We have identified a suitable site for the facilities in Mukim Bukit Baru, Melaka which we will be acquiring for a total consideration of RM963,488.

Details of the sale and purchase agreement for the land are included in Section 12.4 of this Prospectus. We expect to complete the land acquisition and commence construction within six (6) months from the date of listing.

(ii) R&D

In view of our current and future product development projects, we intend to allocate RM2.5 million for R&D expenses and equipments including the purchase of computer hardware/software and R&D equipments, R&D staff salary, raw materials, repairs and maintenance and other R&D related expenses. Among the R&D equipments to be purchased include high speed and high resolution line scan camera, high resolution CCD colour camera, laser triangulation camera, analytical software, PCB Routing software, single chip 3D imaging hardware and development kit, smart camera/DSP hardware, smart scope profile projector and high speed frame motion analysis camera. This amount is expected to be incurred over thirty-six (36) months as certain R&D activities need to be performed in stages.

(iii) Working Capital

This amount is to be utilised for our general working capital purposes, which include possible strategic acquisition and business and regional expansion to grow our operations.

(iv) Estimated Listing Expenses

The estimated listing expenses for the listing of and quotation for the enlarged share capital of 66,700,000 Shares on the MESDAQ Market are as follows: -

Estimated listing expenses	RM
Fees to authorities	71,500
Professional fees ⁽¹⁾	800,000
Estimated Underwriting and brokerage fees, etc	200,000
Printing, advertising and other miscellaneous expenses	428,500
Total	1,500,000⁽²⁾

Notes: -

(1) Include fees for the merchant bank, reporting accountants, solicitors and other professional advisors.

(2) Any unutilised amount from the above stated items shall be used for our working capital purposes.

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds is expected to have the following financial impact: -

(i) Increase in production volume

Part of the proceeds are earmarked for the set up of a bigger production facility and acquisition of machinery for the production which in turn would increase our total production capacity from approximately forty (40) units of G6 equivalent machines per annum to approximately eighty (80) units. This would further enable us to capitalise on the economies of scale and reduction in cost per unit.

(ii) Increase in revenue

The increase in working capital will enable us to increase our inventories and meet higher demand from our customers which in turn, will result in an increase in our revenue.

(iii) Increase in customer base

With the increase in working capital, we will be able to increase our sales and marketing effort and thus reach a wider geographical market to include other countries in Southeast Asia, North Asia and North America (presently we have customers in China, Malaysia, Philippines, Singapore and the USA) as well as new markets in Europe.

(iv) Increase future products and services offering

By investing in R&D facilities and staff, we will be able to increase our technical capability and offer more innovative and flexible products to meet customers' demands.

2.9 UNDERWRITING COMMISSION AND BROKERAGE

The Managing Underwriter and the Underwriters as mentioned in the Corporate Directory of this Prospectus, have agreed to underwrite the 2,200,000 Public Issue Shares to be issued to you and our eligible employees, directors and/or business associates. Underwriting commission of 1.6% of the Issue Price of RM0.66 per Share is payable by us to the Managing Underwriter and the Underwriters respectively for the portion underwritten.

We have to pay brokerage at the rate of 1.0% of the Issue Price of RM0.66 per Share in respect of successful applications of the 2,200,000 Public Issue Shares which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless otherwise stated, all capitalised terms shall bear the same meaning as prescribed in the Underwriting Agreement.

The salient terms of the Underwriting Agreement dated 8 February 2006 ("Agreement"), including clauses which may allow the Underwriters to withdraw from obligations under the Agreement after the opening of the Public Issue, are as follows:-

3 CONDITIONS PRECEDENT

3.1 Unless waived by the Underwriters (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriters under this Agreement is conditional upon:-

3.1.1 this Agreement having been duly executed by all parties and stamped;

3.1.2 the Company obtaining SC's final approval to the Prospectus;

- 3.1.3 the delivery to the SC of the Prospectus for registration in accordance with the requirement under section 41 of the SC Act together with copies of all documents required for submission under section 42 of the SC Act;
- 3.1.4 the lodgement with the ROC of the Prospectus in accordance with Section 43 of the SC Act and section 36A(4) of the Act before the date of issue of the Prospectus;
- 3.1.5 Bursa Securities having agreed in principle on or prior to the Closing Date or such other date as may be agreed between the Managing Underwriter and the Company, and in any event not later than thirty (30) days from the Closing Date, to the listing of and quotation for (on terms satisfactory to the Underwriters) the Paid-up Shares on the MESDAQ Market of Bursa Securities;
- 3.1.6 there not being, on or prior to the Closing Date, any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial or otherwise) of the Company or any of its subsidiaries from that set out in the Prospectus which is material in the context of the Proposed Public Issue or any occurrence of any event rendering untrue or incorrect or not complied with to an extent which is material, any of the warranties and representations in Clause 9 below as though given or made on such date. The Managing Underwriter shall be entitled to receive a written confirmation to the effect from the Company in such form and substance satisfactory to the Managing Underwriter;
- 3.1.7 no material variation in the Draft Prospectus will be made without the consent of the Managing Underwriter (which consent shall not be unreasonably withheld) with regard to the matters following, namely:
- (i) the constitution of the Board of the Company;
 - (ii) the authorised and issued share capital of the Company;
 - (iii) the number of Issue Shares comprised in the Proposed Public Issue and the price thereof;
 - (iv) the statement as to any litigation, arbitration or other legal proceedings of a material nature in which the Company or its subsidiaries is presently involved or pending;
 - (v) the statement as to any contingent liabilities and capital commitments of the Company or its subsidiaries;
 - (vi) the business of the Company and its subsidiaries; and
 - (vii) the utilisation of proceeds from the Proposed Public Issue.
- 3.1.8 the Proposed Public Issue in accordance with the provisions of this Agreement is not prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

- 3.1.9 the Proposed Public Issue has been approved by the SC and any other relevant authority or authorities and has not been withdrawn, revoked, suspended or terminated on or prior to the Closing Date;
 - 3.1.10 the Proposed Public Issue, the Prospectus and the underwriting of the Underwritten Shares by the Underwriters have been approved by the Board and a copy of the resolution duly certified by a director or secretary of the Company is delivered to the Managing Underwriter;
 - 3.1.11 the Prospectus having been issued within one (1) month from the date of this Agreement or within such extended period as may be consented by the Managing Underwriter;
 - 3.1.12 the Proposed Public Issue has been approved by the members of the Company at an extraordinary general meeting;
 - 3.1.13 there not having occurred on or prior to the Closing Date any event rendering untrue, inaccurate or incorrect any of the representation or warranty contained in Clause 9 of this Agreement;
 - 3.1.14 there not having occurred on or prior to the Closing Date any breach of and or failure to perform any of the undertakings contained in Clause 10 of this Agreement;
 - 3.1.15 the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in this Agreement;
 - 3.1.16 an application being made to Bursa Securities within three (3) Market Days from the date of issue of the Prospectus for admission to the Official List of the MESDAQ Market of Bursa Securities;
 - 3.1.17 the funds for the Placement Shares have been deposited into the joint account that is opened under the name of the Company and the Managing Underwriter before the registration of the Prospectus or such other extended date as agreed by the Managing Underwriter, but in no event later than the Closing Date; and
 - 3.1.18 as at the Closing Date, the Managing Underwriter or any of the Underwriters being reasonably satisfied that the Company can meet the public shareholding spread requirements under the Listing Requirements of Bursa Securities for the MESDAQ Market.
- 3.2 If any of the conditions in Clauses 3.1.1 to 3.1.18 is not satisfied on or before the Closing Date, any one of the Underwriters after consultation with the Managing Underwriter is entitled by notice in writing to the Company and the Managing Underwriter to:-
- 3.2.1 terminate this Agreement to the extent of its obligations contained in it; and
 - 3.2.2 cease performance of its obligations under this Agreement.

- 3.3 In the event this Agreement is terminated pursuant to Clause 3.2, the parties to this Agreement will be released and discharged from their obligations under this Agreement (except for the liability of the Company for payments of fees, costs and expenses (including the obligation to pay the Underwriting Commission) as provided in Clauses 8.2 and 16.3 below incurred prior to or in connection with such termination and then obligation to indemnify the each of the Underwriter pursuant to Clauses 10.1.11 and 10.1.12).
- 3.4 Notwithstanding the above, the Managing Underwriter and/or any of the Underwriters may at their discretion waive compliance with any of the provisions of this Clause without prejudice to the other Underwriters' powers, rights and remedies under this Agreement.

9 REPRESENTATIONS AND WARRANTIES BY THE COMPANY

- 9.1 In consideration of the Underwriters agreeing, at the request of the Company, to underwrite the Underwritten Shares, the Company represents and warrants to each of the Underwriters that:
- 9.1.1 the directors and promoters of the Company have made all reasonable enquiries to ensure all facts material for inclusion in the Prospectus have been disclosed and have verified and approved the completeness and accuracy of all such information and to the best of their knowledge and belief, no material fact has been omitted from the Prospectus, and the promoters and directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained therein;
- 9.1.2 as a condition of the Agreement by the Underwriters to underwrite the Underwritten Shares, the Company represents, warrants and undertakes to the Underwriters that the Prospectus will comply in all material respects with the SC Act, 1993 and/or any other applicable law and any rules, regulations and guidelines and will be in form and substance satisfactory and acceptable to and registrable with the SC, the ROC and other relevant authorities;
- 9.1.3 the Prospectus does not and will not:-
- (a) contain any false or misleading statement or information;
 - (b) omit to state any material statement or information required to be stated; or
 - (c) omit to state any material statement or information which is necessary to make the statement or information not misleading;
- 9.1.4 the Company and its subsidiaries are companies duly incorporated under the laws of Malaysia with full power and authority to conduct its businesses in each jurisdiction where it carries on business;
- 9.1.5 the Proposed Public Issue is not contrary to the provisions of the Company's Memorandum and Articles of Association;

9.1.6 that all necessary consents, approvals, authorisations or other orders of all regulatory authorities for or in connection with the execution of this Agreement; the issue, listing of and quotation for the Issue Shares and any other matters contemplated thereby:-

- (i) have been or will be unconditionally obtained prior to the Closing Date;
- (ii) if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Underwriters by the due date specified in the relevant consent, approval, authorisation or order;
- (iii) are and shall remain in full force and effect;

and all other action will be taken by the Company to comply with all legal and other requirements necessary to ensure that the execution of this Agreement will not infringe any existing laws or the terms of any such consents, approvals or authorisation;

9.1.7 the Company will continue to take all action necessary to comply with all legal and other requirements to ensure that the Proposed Public Issue will not infringe any existing laws or the terms of any such consents, approval and authorisation;

9.1.8 the Company's execution and delivery of this Agreement, its issue and delivery of the Prospectus, its allotment and issue of the Issue Shares in accordance with the terms and conditions of the Prospectus and its compliance with the terms and conditions of this Agreement and the Prospectus:-

- (a) are in accordance, where applicable, with the Memorandum and Articles of Association of the Company;
- (b) do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under the Company's Memorandum and Articles of Association or any existing law, guidelines or regulation applying to or affecting the Company;
- (c) do not and will not, up to and on the Closing Date, infringe the terms or constitute a default under, or cause to be exceeded any limit imposed by, any trust deed, agreement or other instrument or obligations to which the Company or any other member of the Group or any part of their respective undertakings, assets, properties or revenues are bound and which, in the case of any member of the Group, are material in the reasonable opinion of the Underwriters in the context of the issuance of the Underwritten Shares; and
- (d) do not and will not infringe any Malaysian laws,

and the execution and delivery by the Company of the Agreement, the issue and delivery of the Prospectus and the performance of the Company's obligations to be assumed under the Agreement and the Prospectus constitute and will constitute valid and legally binding obligations of the Company;

- 9.1.9 that the Company will promptly and without any delay whatsoever notify the Managing Underwriter of any of the representations, warranties or undertakings or of any facts, information, situations or circumstances which the Company, in its reasonable opinion, believes may materially and adversely affect the financial condition or the business of the Company and/or its subsidiaries as a whole, or the success of the Public Issue and without prejudice to the generality of the foregoing representations, warranties or undertakings at any time prior and up to the Closing Date and take such steps as may reasonably be required by the Managing Underwriter to remedy and/or publicise the same;
- 9.1.10 save as disclosed in the Draft Prospectus, the Group is not in default under or in breach of:-
- (a) any contracts or agreements to which it is bound; or
 - (b) any license, permit, directive, legislation, guideline or regulation of any relevant authority (including the SC) applicable to or affecting it,
- the effect of which would materially and adversely affect the financial condition of the Group;
- 9.1.11 there are no other circumstances or situations, which have not been disclosed in the Draft Prospectus, which is or are likely to materially and adversely affect:-
- (a) the financial condition of the Group;
 - (b) the earnings, affairs or business prospects of the Group; or
 - (c) the success of the offer and issuance of the Underwritten Shares;
- 9.1.12 no information, which may in any way materially affect the Underwriters' decision to underwrite the Underwritten Shares, has been withheld from the Underwriters;
- 9.1.13 the Underwritten Shares will be free from all claims, charges, liens and other encumbrances;
- 9.1.14 the Company and each member of the Group have not entered into any contracts or commitments of any unusual and onerous nature except as disclosed in the Draft Prospectus;
- 9.1.15 the Company and each of the members of the Group are not:-
- (a) the subject of any winding up or receivership proceedings under the Act or any special administration under the Pengurusan Danaharta Nasional Berhad Act 1998; or
 - (b) entering or proposing to enter into any scheme of arrangement with any creditors or any shareholders or negotiating with any of them with regard to the same;

- 9.1.16 all information furnished by the Company in connection with the Company, the Agreement, the Draft Prospectus and the Proposed Public Issue do not contain any untrue statement or omit to state any fact, the omission of which makes any statements made in light of the circumstances under which they were made, misleading, and all expressions of expectation, intention, belief and opinion contained were honestly made on reasonable grounds after due and careful inquiry by the Company and the Company is not aware of any material fact which would make such information furnished untrue or misleading.
- 9.1.17 the statutory books and books of account of the Company and each other member of the Group, including the latest audited statements and the balance sheets, :-
- (a) have been and are maintained in accordance with generally accepted accounting principles in Malaysia and all applicable legal requirements;
 - (b) contain true, full and accurate records (in all material respects) of its operations for a year and the state of its affairs at a date, and
 - (c) in particular, accurately disclose or reserve against all the actual or contingent liabilities of the Company as at such date and all material unrealised or anticipated losses from any commitment entered into by it and which existed on that date;
- 9.1.18 all such other books and documents (including documents of title) which are the property of the Group are in its possession or under its control;
- 9.1.19 the statements of fact, including the Recitals, contained in this Agreement are true, complete and accurate;
- 9.1.20 save as disclosed in the Draft Prospectus, the Company or its subsidiaries are not engaged in any material litigation, arbitration or administrative proceedings (current or pending) or in default of any agreement which may materially and adversely affect the business, assets or financial condition of the Group or otherwise materially and adversely affect its ability to perform its obligations under this Agreement and the Prospectus;
- 9.1.21 the Underwritten Shares will rank equally with all the existing ordinary shares of the Company and will entitle the holders to the same rights, benefits and privileges as those of the existing ordinary shares;
- 9.1.22 there has been no material adverse change in the financial position of the Company or any members of the Group since the date of the last audited accounts set out in the Draft Prospectus which would materially and adversely affect the offer and issuance of the Underwritten Shares;

- 9.1.23 all necessary returns have been, or will be by the relevant times, delivered by or on behalf of the Company to the relevant taxing authorities and the Company is not in default in the payment of any taxes, levies, duties, charges and fees of a material amount to any tax authority;
- 9.1.24 all accounts, documents and returns necessary to be delivered or made to the ROC have been, or will be by the relevant times, delivered or made in all material respects;
- 9.1.25 the proceeds of the Underwritten Shares will be applied by the Group solely for the purposes set out in the Prospectus; and
- 9.1.26 all the representations and warranties set out in this Clause 9 and the covenants and undertakings set out in Clause 10 below are true, accurate and in effect in all respects and will continue to be true, accurate and in effect from the Agreement Date until twelve (12) months after the Listing Date.
- 9.1.27 that every statement of forecast, expressions of opinion, intention and expectation which have been disclosed in the listing applications and in the Draft Prospectus in connection with the Public Issue are or will when given be fairly, truly, reasonably and honestly held by the Directors of the Company and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions, those assumptions are reasonable;
- 9.1.28 that other than the indebtedness contested in good faith by the Company or any of its subsidiaries as disclosed in the Draft Prospectus and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or any of its subsidiaries has become or is likely to become payable by reason of default by the Company or any such subsidiary and no event has occurred or is, so far as the Company is aware, pending which with the lapse of time or the fulfilment of any condition or the giving of notice may result in any such indebtedness becoming payable;
- 9.1.29 that all taxes (whether income tax, property tax or otherwise) of the Company and its subsidiaries, in particular but not limited to all taxes which are material in the context of the Public Issue, for which the Company and/or its subsidiaries is liable or which ought to have been paid, have been duly paid or adequately provided for in the audited accounts of the Company; all the returns, notices or information which are required to be made or given by the Company or its subsidiaries for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant and appropriate authorities and there are no present circumstance (of which the Company is or ought reasonable to be aware) which are likely to give rise to any such dispute;

- 9.1.30 that the records, statutory books and books of accounts of the Company and its subsidiaries are duly entered upon and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and all records and documents (including documents of title) which are their respective property are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the ROC have been duly and correctly delivered or made;
- 9.1.31 that all the assets of the Company and its subsidiaries which are of an insurable nature have at all material times been and are at the date hereof adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;
- 9.1.32 that the Company and its subsidiaries will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;
- 9.1.33 that the Issue Shares shall be issued free from any claims, liens, charges, encumbrances and equities whatsoever, and shall rank *pari passu* in all respects with the then existing Shares except that they shall not be entitled to any dividends, rights, allotments and or distributions, the entitlement date of which is prior to the Closing Date;
- 9.1.34 there are currently no labour disputes with the employees of the Company or any of its subsidiaries and to the best knowledge of the Company, there are no labour disputes which are imminent, which may reasonably be expected to materially affect the business, operations, financial condition or the prospects of the Company;
- 9.1.35 save as disclosed in the Draft Prospectus, the Group and the Company does not have any actual or contingent liability under applicable laws or regulations concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which would have a material effect on the Proposed Public Issue and the proposed listing of and quotation for the Paid-up Shares; and
- 9.1.36 subject to clause 15 hereof, there will be no variation between the Draft Prospectus in the form attached hereto and the Prospectus in the form registered with the Securities Commission and lodged with the ROC without the prior written consent of the Managing Underwriter and the Underwriters.
- 9.2 Each of the representations and warranties of the Company in this Agreement are separate and independent and are not limited by reference to any other provision.

14 TERMINATION OF THIS AGREEMENT

- 14.1 Subject to Clause 14.2 but notwithstanding other terms of this Agreement, the Managing Underwriter and/or the Underwriters may at any time terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares and withdraw remittance of the payments to be made pursuant to Clause 6 of this Agreement (as the case may be), by delivering a notice in writing to the Company on occurrence of all or any of the following matters stated in this Clause 14.1 on or before the Closing Date if:-
- 14.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clauses 9 and 10 or which is contained in any statement or notice provided under or in connection with this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or
 - 14.1.2 there is failure on the part of the Company to perform any of its material obligations under this Agreement; or
 - 14.1.3 there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement; or
 - 14.1.4 any of the condition precedent in Clause 3 of this Agreement is not fulfilled or not waived by the Managing Underwriter and/or the Underwriters, as the case may be, on the Closing Date; or
 - 14.1.5 there have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or
 - 14.1.6 there occurs any event or the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is and will be material in any of the representations, warranties or undertakings of the Company herein contained; or
 - 14.1.7 there have occurred, or happened any of the following circumstances:-
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas), or exchange controls, foreign or local, currency exchange rates or the occurrence of any combination of any of the foregoing; or
 - (b) any change in law, regulation, guideline, directive, policy or ruling in any jurisdiction or any event or series of event beyond the reasonable control of the Underwriters (including without limitation, acts of government, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which in the opinion of the Underwriters, would have or can reasonably be expected to have a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Proposed Public Issue, or the application, distribution, sale or payment of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms, or which would prohibit or impede the obligations of the Underwriters under this Agreement, the Underwriters may terminate this Agreement by giving written notice to the Company before 5.00 p.m on the Closing Date.

- 14.2 In the event that this Agreement is terminated pursuant to Clause 14.1, the Underwriters, through the Managing Underwriter and the Company may agree to defer the Proposed Public Issue by amending the terms of the Proposed Public Issue or of this Agreement and may enter (but shall not be obligated to) into a new underwriting agreement accordingly.
- 14.3 Upon such notice being given under Clause 14.1, the Underwriters shall be released and discharged of their obligations without prejudice to their rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of any of its obligations and liabilities under Clause 16.3 for the payment of the costs and expenses already incurred up to the date on which such notice was given (including but not limited to the payment of the Underwriting Commission pursuant to Clause 8.2), any antecedent breach and the Underwriting Commission which shall be paid to the Underwriters within three (3) Market Days from the receipt of such notice and thereafter, each party shall return any moneys paid free of interest to the other party within three (3) Market Days of the receipt of such notice of termination pursuant to Clause 14.1.
- 14.4 In the event of default by any of the Underwriter in any or all of its material obligations under this Agreement, then :-
- 14.4.1 the Company is entitled to terminate this Agreement by giving written notice to the defaulting Underwriter before 5.00 p.m. on the Closing Date; and
- 14.4.2 the parties hereto shall thereafter (except for the liability of the Company in the payment of costs and expenses referred to in Clause 16.3 below incurred prior to or in connection with such termination) be released and discharged from their respective obligations under this Agreement .

2.11 FUTURE FINANCIALS

Our revenue and operating results are difficult to forecast and could be adversely affected by many factors such as, but not limited to, those discussed in Section 3 of this Prospectus. As such our forecast is not disclosed in the Prospectus.

3 RISK FACTORS

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

a) Business Risk

We are subject to general business risks inherent in the semiconductor equipment industry which include, but are not limited to, cost ineffectiveness, technology obsolescence, unexpected industry downturn and seasonal effects of sales. Our operations are relatively new and we have a limited track record in term of operations.

In order to mitigate such risks, we have implemented and will continue to implement various strategies such as, diversifying our product range, expansion of our market base as well as undertaking robust R&D and technology innovations to strengthen and increase our business activities. Apart from the above, we undertake to provide good after sales services to ensure customer satisfaction. Priority will be given to ensure smooth running of our customers' operations. Good after-sales service is also a way to maintain and build good reputation and relationship with the customers. However, even with the said practices, no assurance can be given that we will not be adversely affected should there be any change in market forces.

b) Political and Economic Risk

As we participate in the global semiconductor equipment market, it will inevitably depend on the development in political, economic and regulatory conditions not only in Malaysia, but also other countries. Therefore, uncertainty in global economic, business and credit conditions, governmental legislation and policies, inflation, future fluctuation in foreign exchange rates, interest rates, political or social development, risk of expropriation, nationalisation, renegotiation or nullification of existing contracts and methods of taxation risk may adversely affect us.

c) New Product and Technology Risk

We are continuously involved in new product development whereby a substantial amount of pre-delivery testing is conducted before a new product is officially marketed. However, the performance of our products will only be truly tested when they are being used in the actual manufacturing environment. The products might face various unforeseeable technical and non-technical problems, which may result in negative product reputation and loss of business opportunities in the industry. Despite the development of new products by us which represents an opportunity to enhance our profitability, there is no assurance that the new products introduced will be successfully commercialised.

We are also subjected to the risk of rapid technological development. Our products and technologies are characterised by rapid technologies development, evolving industry standards, swift changes in customer requirements, and new product introductions and enhancements. With our experienced engineering team in the semiconductor and semiconductor equipment industry, we can reasonably predict the technological and market trend that we are subjected to. By nurturing and maintaining close ties with our customers, we can keep abreast with not only the latest developments in the semiconductor industry but also the short term and long term outlook of the industry. We also obtain consistent and regular updates on the latest development in the industry from industry publications and participation in the local and international trade and technology exhibitions. However, our future performance depends on our capability to address the increasingly sophisticated needs of our customers by keeping in pace with the technology evolvement and coming out with timely development and roll-out of enhanced products.

The timely development of new or enhanced products and services is a complex and uncertain process. Although we believe that we will have the funding to implement our business plan, there can be no assurance that we will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles.

We may also experience design, marketing and other difficulties that could delay or prevent the development, introduction or marketing of our products, as well as new products and enhancements. We may also be required to collaborate with third parties to develop products and services and may not be able to do so on a timely and cost-effective basis.

If we are not able to develop new products or enhancements to our existing products and services on a timely and cost-effective basis, or if our new products and services or enhancements fail to achieve market acceptance, or if one or more of our competitors introduce products and services that better address customer needs or for any reason gain market share, our business, operating results and financial condition would be adversely affected.

d) Competitive Risk

We believe we have the edge over our competitors due to our ownership of core technologies under the same roof, our R&D capabilities and our technological skills. Furthermore, we have taken and will continue to take pro-active measures to mitigate the competitive risks which include constantly reviewing our development and marketing strategies in response to ever-changing economic conditions and market demands and to adopt different development concepts and marketing strategies that will correctly position our products and services to serve the needs of the target market.

However, no assurance can be given that we will be able to maintain our competitive edge over our competitors and maintain our customer base. Many of our customers are MNCs in Malaysia and overseas where the selection of equipment for their manufacturing process are based on stringent criteria such as high quality standard equipment, good after sales service support, competitive pricing and also reliability of the products.

e) Dependence on the Semiconductor Industry

Our main customers are from the semiconductor industry. We sell our products to customers from various sub-sectors of the industry. Therefore, our performance and industry risk will depend on the semiconductor industry which is cyclical in nature. In fact, any slow down in the semiconductor industry worldwide will have an impact on the demand for our products. No assurance can be given that any adverse development in the semiconductor industry will not affect our business and adversely affect our operations and financials (please refer to Section 4.4 on the current condition of the semiconductor industry). However, we believe that by being attuned to our customers' requirements, we will be able to adapt our strategies to mitigate lower demand during industry slowdown. We will also explore the growth opportunities outside the semiconductor industry, such as the printed circuit board assembly and pharmaceutical industries to mitigate this risk.

f) Dependence on Protection of Intellectual Property

Our success is dependent on our ability to protect our proprietary technology. In this regard, we have put in place several security measures to protect our proprietary technology, e.g. protection of the source codes of our in-house developed software. The nature and functionality of our products also acts as barrier against illegal usage as specialised knowledge and familiarisation with the software as well as mechanical engineering are required to make it work.

As a further mitigation to this, we have submitted applications to register our trademark, "VisDynamics" and patents on two of our core technologies on our vision inspection system. We will continue to apply for patent protections for future developments where applicable.

However, existing copyright, trademark and patent laws afford only limited protection. Accordingly, there can be no assurance that we will be able to protect our proprietary rights against unauthorised third party copying, use or exploitation which could cause a material adverse effect on our business, operating results and financial condition.

We believe that the risk is relatively low due to the nature of our products as the products developed by us involves numerous aspects and technologies, which are considered complex and time consuming to develop and integrate.

Third parties may challenge or dispute our intellectual property rights in terms of, amongst others, title and third party intellectual property rights infringement. We could incur substantial costs in defending or prosecuting any claims relating to our intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise or that any disputes in relation to our intellectual property will be resolved in our favour. Moreover, any such disputes could be time consuming, cause delays in introducing new or improved products and services or require that we discontinue using the challenged technology, and could have an adverse effect on our reputation, business, operating results and financial condition.

g) Foreign Currency Risk

We are subject to foreign currency risk due to the following:

- Some of our products are exported overseas where our revenue is mostly in USD. For FYE 2005, 44.6% of our total revenue is from exports;
- A few of our main raw materials such as camera components are sourced from international suppliers in Singapore where payments are denominated in Euro, SGD and USD. For FYE 2005, this constitutes 9.0% of our total purchases; and
- Certain components such as vision components, motion control components, pneumatic parts, computer peripherals and control and electrical parts are purchased through local distributors but originate from Europe, Japan, Singapore and Taiwan. For FYE 2005, this constitutes 41.3% of our total purchases.

Any unfavourable movement in the relevant currencies against the RM will adversely affect our financial performance and position indirectly. As a mitigation, we have a foreign exchange facility to hedge ourselves from the risk of fluctuations in foreign currency.

h) Dependence on Key Personnel

Our success will depend on the continuous efforts of our existing Directors and key management. We are headed by an experienced, dedicated and dynamic management team. Please refer to their profiles in Sections 5.1.2, 5.3.2 and 5.5.2 for their management experience. We will strive to continue attracting and retaining skilled personnel to support our business operation as well as training of our staff. In this regard, we offer suitable and competitive remuneration packages as well as clear career progression plans to our current and future employees.

Based on the long-term plan to nurture our key management, we plan to recruit and train younger employees to participate in management to further support the senior management and/or to take on additional responsibilities should the need arise. We groom junior employees by ensuring their participation in management meetings, R&D projects as well as discussions with customers/end users. Furthermore, we also implement a policy whereby we are not dependent on one person to perform important job functions such as machine design, software coding and electrical circuit design, among others.

We emphasise teamwork and integration between team members and every important assignment will have backup personnel. However, there can be no assurance that the above steps will always be successful in retaining the key personnel or ensuring a smooth transition should change occur.

i) Material Litigation / Legal Uncertainty

Mr Choy Ngee Hoe, our director and substantial shareholder was previously the president of STISB, a wholly-owned subsidiary of ASTI. His terms of employment included certain provisions for restraint of activities in the event Mr Choy left STISB. These include a restraint of trade clause which states that for a period of two years after termination of employment, Mr Choy cannot be directly or indirectly involved in any similar business. As Mr Choy left STISB in December 2002 and co-founded VRSB in the same period, there is a risk that ASTI may take legal action against Mr Choy to enforce the terms referred to above. To assess the risk, we have appointed Infinitus Law Corporation, which is based in Singapore, to act as our legal counsel to provide an opinion on the matter.

According to the legal counsel, ASTI is unlikely to succeed in enforcing the restraint of trade clause or any other restraint of activities clauses. Furthermore, the clauses, if at all enforceable, are only applicable to Mr Choy and not our other founding members. In addition, our other founding members, who were also previously with ASTI/STISB do not have any restraint of trade clauses in their terms of employment. Premised on the above, we believe that it is unlikely that our business will be materially adversely affected by the enforcement of the restraint of activities clauses against Mr Choy.

j) Adequacy of Insurance Coverage of Our Assets

We are aware of the adverse consequences arising from inadequate insurance coverage that could affect the business operation. In ensuring such risks are minimised, we review and ensure adequate coverage for our assets on a continuous basis.

We have taken necessary measures to ensure that our raw materials, work in progress, finished goods and property, plant and equipment are adequately covered by insurance for common peril such as fire and burglary.

k) Control by Promoters and Substantial Shareholders

Upon completion of the IPO, the Promoters and Substantial Shareholders, as set out in Sections 5.1 and 5.2 of this Prospectus respectively, will collectively own and control approximately 69.2% of our enlarged issued and paid-up share capital. As a result, they would be able to exercise some extent of influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law, covenants and / or the relevant authorities.

We believe the appointment of two (2) non-executive independent directors to our Board of Directors and the establishment of the Audit Committee will help to ensure that there are effective controls as well as check and balances in the management of our Group. Our non-executive independent directors are long-standing corporate figures who bring with them sound business acumen and professional objectivity.

l) Data Corruption and System Failure

Most of our in-house mechanical designs, automation software codes and important databases and documents are kept in computerised data form which is subjected to corruption arising from unexpected computer virus infection, operating system failure, fire etc. Furthermore, we depend on the computerised system to carry out our mechanical design, software coding, inventory and assembly planning and operations, accounting and administrative works of which the total failure of the respective computerised system will inevitably affect the proper functioning of our operation, which in turn have an adverse impact on us operationally and financially.

We have undertaken contingency plan where important databases, documents, in-house mechanical design and automation software code are backed-up in a secured server at regular intervals. Adequate and prompt system recovery plan is also in place to handle any contingency situation that may appear.

However, there is no assurance that the data corruption and system failure will not happen and if happen, will not have any material impact on our business.

m) Absence of Long Term Contractual Agreement with Customer and/or Contractor/Supplier

There is no long-term contractual agreement between us and our customers and/or contractors/suppliers in accordance with the general practice of the industry. We seek to limit this risk by employing various strategies to expand our clientele base. This includes setting up our own regional marketing/sales and service centres to serve our existing customers in Southeast Asia, North Asia and North America.

Contractual agreements between us and our customers concerning our products may also be revoked if the performance of our products does not meet their expectations or even when the semiconductor industry is experiencing a downturn, which is a common practice of the players in the semiconductor ATE industry. The revocation of the orders may have a material adverse effect on our future financial performance.

However, we have recurring orders for our products from existing customers who are satisfied with the performance of our products. This enables us to build and maintain long-standing business relationships with our customers since we have proven that we are able to satisfy their stringent demands.

Notwithstanding the absence of any long-term contracts, we have maintained and will continue to build good relationship with our existing customers by providing product enhancement, product upgrading and related sales services.

The major raw materials we utilise can be easily sourced and it is not necessary for us to enter into long-term contract(s) with our contractors/suppliers.

n) Dependence on Contractor / Supplier

As mentioned in Section 4.6 of this Prospectus, we are not solely dependent on any major contractors or suppliers, as we have established a wide network of contractors and suppliers. Such network is established through relationships with most of our contractors and suppliers over the past one (1) to three (3) year.

However, there can be events outside our control which may interrupt the supply of the standard parts/components and fabricated parts to us, including, inter-alia, war and riot which may affect the smooth running of our business and hence the performance of our business.

o) Dependence on Major Customer

We are not solely dependent on any major customer as we have a diversified customer base in China, Malaysia, Philippines, Singapore and the USA. However, as set out in Section 4.5, we have four (4) customers that contributed more than 10% to our sales for FYE 2005. Please refer to Section 4.5 for our ten (10) major customers in FYE 2005.

While we have developed good business relationship with these customers, there can be no assurance that they will continue to be our customer or that the failure to maintain our business relationship or reduction in orders from these customers would not affect our operating results.

We will continue to enhance our value added services proposition, improve our service level, maintain our competitiveness including broadening our product range and develop a more diversified portfolio of customers and markets in the future, both locally and overseas, to lessen our dependency on any major customer even further.

p) Financial Risk

Restrictive Covenants

Pursuant to credit facility agreements entered into by us with banks or financiers, we are bound by certain positive and negative covenants, which may limit our operating and financial flexibility. The covenants are of a nature, which is commonly contained in credit facility agreements in Malaysia. Any act by us falling within the ambit or scope of such covenants will require the consent of the relevant bank/ financier. Breach of such covenants may give rise to a right by the bank/ financier to terminate the relevant credit facility and/ or enforce any security granted in relation to that credit facility. We are aware of such covenants and shall take all precautions necessary to prevent any such breach.

Borrowings

As disclosed in Section 8.4 (iii) of this Prospectus, our borrowing is approximately RM635,406, which is within the manageable level and would not have an adverse financial impact on us.

Material Commitments

As at 20 February 2006, we entered into a sale and purchase agreement to acquire two (2) pieces of land in Mukim Bukit Baru, Melaka for a total consideration of RM963,488 of which we have paid a deposit of RM96,349, which represents 10% of the total purchase consideration.

Details of the sale and purchase agreement are included in Section 12.4 of this Prospectus.

Save for the above, we have not incurred or known to have incurred any material commitments for capital expenditure, which may have a substantial impact on our financial position.

q) Change in or Loss of Pioneer Status/LMW Licence

VRSB was granted Pioneer Status by MITI pursuant to the Promotion of Investments Act 1986 on 25 June 2004, with income tax exemption of 100% on statutory pioneer income for a period of five (5) years with effect from 1 June 2003 with the extension for five (5) years on expiry upon application by VRSB.

VRSB was also granted the LMW licence by Kastam Diraja Malaysia in accordance to Section 65 and 65A of Customs Act 1967 (Act 235). Under the LMW licence, raw materials/components directly used in the manufacturing process of approved process are exempted from payment of import duties and sales tax.

There can be no assurance that we will be able to continuously comply with the conditions laid down by the respective government bodies and hence, retain our Pioneer Status and LMW licence or that we will continue to enjoy or not experience delays in enjoying the incentives outlined above, all of which could materially and adversely affect our business, operating results and financial condition.

In addition, there can be no assurance that the government will not introduce additional conditions or change the nature of incentives granted to us.

r) Reliance on Sales/Service Representative/Agent

We depend on the sales/service representatives/agents to conduct sales and marketing activities and technical/after sales supports on our behalf in Southeast Asia, North Asia, and the USA. These sales/service representatives/agents normally carry many other products and consequently may not concentrate on promoting our products and/or may not carry out the necessary technical/after sales supports promptly and effectively. In addition, we cannot ensure continuance of services offered by the sales/service representatives/agents on a long term basis.

In the industry that involves complex and sophisticated technology, we recognise the importance of maintaining direct and close relationship with all customers, both house accounts and end users, to ensure all technical issues are resolved satisfactorily within the shortest time possible. Furthermore, we are planning on a brand building exercise which will strengthen our image in the market and therefore reduce our level of dependence on our sales/service representatives/agents.

Nevertheless, no assurance can be given that our sales and operations will not be affected arising from the discontinuance of sales/service representatives' services.

s) Warranty Risk

Our delivery notes and pro-forma/commercial invoices to customers usually incorporate warranty provisions for damaged or faulty equipment/part. To date, there has been no warranty claims from our customers for the machines sold.

There can be no assurance that a suit alleging a defect or a breach of an express or implied warranty in future will not have an adverse effect on our reputation and financial performance.

t) Breakout of Fire, Energy Crisis and Other Emergency

Every business faces the risk of losses arising from emergencies such as breakout of fire and energy crisis. We have taken note of such risks and have taken various steps to reduce such risks by having proper fire-fighting systems and carrying out periodic review on our security and maintenance. We have also taken insurance coverage to mitigate the financial losses from such happenings where possible. In the event of temporary energy crisis, the shortfall in production volume can be made up by increasing the scheduled production volume.

u) Uncertainty of Proposed Business Development Plan

The success of our business plan will largely depend on market acceptance of our products as well as our ability to further develop and commercialise future products. In addition, our proposed future plan and prospects will depend on, among other things, our ability to enter into strategic marketing on a timely basis, and on favourable terms, hire and retain skilled personnel in all areas of financial, marketing and technical. We also have the challenge of successfully managing growth (including monitoring operations and controlling costs) and obtaining adequate financing as and when needed.

v) Risk on Impairment of Goodwill

The carrying amounts of assets, other than those to which the Financial Reporting Standards ("FRS") 136 on Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. The impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

The Acquisition of VRSB had resulted in a goodwill amounting to approximately RM1,576,446. Goodwill represents the excess of the fair value of the purchase consideration over our share of the fair values of the separable net assets of the subsidiary at the date of acquisition. The said goodwill will be recorded in our consolidated balance sheet.

The carrying value of the goodwill will be reviewed annually and may be written down for impairment where it is considered necessary. Any impairment in the value of the goodwill will then be taken to our consolidated income statement as impairment cost.

Based on this, there is no assurance that our financial position will not be affected by any write-down of goodwill for impairment which may occur in the future.

w) Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any forward-looking statements in nature are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by us, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements express or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competitions and the impact of new laws and regulations affecting us. In light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation by us or our adviser that our plans and objectives will be achieved.

x) Dependence on Capital Market Risk

As our investors, you must note that we will be listed on the MESDAQ Market. Therefore, the performance of our share price is dependent on external factors such as the performance of the regional and global bourses and the cycle of inflow or outflow of foreign investment. The capital market is also influenced by internal factors such as economics and political conditions in Malaysia as well as the growth potential of various sectors of the country. These factors contribute to the volatility of trading volumes witnessed on Bursa Securities.

Nevertheless, it shall be noted that our profitability is not dependent on the performance of the Bursa Securities.

y) No Prior Market for Our Shares

Prior to this Public Issue, there has been no public market for our shares. There can be no assurance that an active market for our shares will develop and continue to develop upon or subsequent to us listing on the MESDAQ Market or, if developed, that such a market will be sustained.

The Issue Price for the Public Issue has been determined after taking into consideration a number of factors, including but not limited to, our financial and operating history and condition, our prospects and the prospects of the industry in which we operate, our technical capabilities and the prevailing market conditions. There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the MESDAQ Market upon or subsequent to our listing.

z) Failure/Delay in Listing Exercise

The success of the listing exercise is also exposed to the risk that it may fail or be delayed should any of the following events occur:

- (i) The placees under the private placement fail to subscribe the IPO Shares allocated to them; and
- (ii) We are unable to meet the public spread requirement i.e. at least 25% but not more than 49% of the total number of shares for which listing is sought must be in hands of a minimum of 200 public shareholders.