

This Prospectus has been seen and approved by the directors and promoters of Engtex Group Berhad and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

AmMerchant Bank Berhad, being the Adviser and Managing Underwriter acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the public offering and are satisfied that the consolidated profit forecast for the financial year ending 31 December 2002 (for which the directors of Engtex Group Berhad are fully responsible) prepared for inclusion in the prospectus have been stated by the directors of Engtex Group Berhad after due and careful enquiry and have been duly reviewed by Messrs. KPMG, the Reporting Accountants.

The Securities Commission has approved the public offering on 3 December 2001, 7 March 2002, 26 March 2002, 29 April 2002, 17 June 2002 and 21 June 2002 and that the approval shall not be taken to indicate that the Securities Commission recommends the public offering.

The Securities Commission shall not be liable for any non-disclosure on the part of Engtex Group Berhad and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

The valuation approved or accepted by the Securities Commission shall only be utilised for the purpose of the corporate proposals submitted to and approved by the Securities Commission and shall not be construed as an endorsement by the Securities Commission on the value of the subject assets for any other purposes.

The Kuala Lumpur Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of Engtex Group Berhad or of its securities.

A copy of this Prospectus has been registered by the Securities Commission and lodged with the Companies Commission of Malaysia who takes no responsibility for its contents.

TENTATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the Company's entire issued and paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange is set out below:-

<u>Date</u>	<u>Event</u>
27 June 2002	Issue of Prospectus/Opening date of the Issue
10 July 2002	Closing date of the Issue*
13 July 2002	Balloting of Applications
29 July 2002	Despatch of Notice of Allotment to successful applicants
2 August 2002	Listing on the KLSE

* or such period or periods as the Directors of Engtex in their absolute discretion may decide.

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DEFINITIONS

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

Acquisition of Allpipes	— Acquisition by ESB of 250,000 Shares in Allpipes representing 5% of the issued and paid-up share capital of Allpipes for a purchase consideration of RM309,736 satisfied by the issuance of 64,531 Shares in ESB at an issue price of approximately RM4.80 per Share.
Acquisition of Benton	— Acquisition by ESB of the remaining 300,000 Shares in Benton representing 30% of the issued and paid-up share capital of Benton for a purchase consideration of RM1,059,379 satisfied by the issuance of 220,714 Shares in ESB at an issue price of approximately RM4.80 per Share.
Acquisition of ELHT	— Acquisition by ESB of the remaining 280,000 Shares in ELHT representing 40% of the issued and paid-up share capital of ELHT for a purchase consideration of RM1,524,240 satisfied by the issuance of 317,564 Shares in ESB at an issue price of approximately RM4.80 per Share.
Acquisition of ESB	— Acquisition by Engtex of 5,611,443 Shares in ESB representing the entire issued and paid-up share capital of ESB for a purchase consideration of RM26,933,726 satisfied by the issuance of 22,444,772 Shares in Engtex at an issue price of approximately RM1.20 per Share.
Acquisition of Mega	— Acquisition by ESB of 7,000 Shares in Mega representing 7% of the issued and paid-up share capital of Mega for a purchase consideration of RM41,441 satisfied by the issuance of 8,634 Shares in ESB at an issue price of approximately RM4.80 per Share.
Acquisition of MI	— Acquisitions of Allpipes, Benton, ELHT and Mega.
Acquisitions	— Acquisition of MI and Acquisition of ESB collectively.
Act	— Companies Act, 1965
ADA	— Authorised Depository Agent
ADA Code	— ADA (Broker) Code
Allpipes	— Allpipes Technology Sdn Bhd (152572-H), a subsidiary of ESB
Application	— Refers to application for the IPO Shares by way of Application Forms or by way of Electronic Share Application
Application Form	— Application for IPO Shares by way of a printed Application Form
AmMerchant Bank	— AmMerchant Bank Berhad (<i>formerly known as Arab-Malaysian Merchant Bank Berhad</i>) (23742-V)
ATM	— Automated Teller Machine
Benton	— Benton Corporation Sdn Bhd (113878-A), a subsidiary of ESB
Board or Directors	— Board of Directors of Engtex

DEFINITIONS (Cont'd)

CDS	— Central Depository System
CF	— Certificate of Fitness
Dividends Payout	— Declaration and payout of dividends, amounting to RM10.75 million to the respective shareholders of ESB and its subsidiaries for the financial year ended 31 December 2001, prior to the completion of the Acquisition
Dividends Payout Revision	— Revision to the Dividends Payout, of which the declaration and payout of dividends amounting to RM10.70 million, instead of RM10.75 million, to the respective shareholders of ESB and its subsidiaries for the financial year ended 31 December 2001, prior to the completion of the Acquisition
Domino	— Domino Technology Sdn Bhd (496992-U), a subsidiary of Allpipes
EBIDTA	— Earnings before interest, depreciation, taxation and amortisation
EIndustries	— Engtex Industries Sdn Bhd (393288-T), a subsidiary of ESB
Electronic Share Application	— Application for IPO Shares through a Participating Financial Institution's ATM
ELHH	— ELH Hardware Sdn Bhd (486971-P), a subsidiary of ELHT
ELHT	— Eng Lian Hup Trading Sdn Bhd (267432-H), a subsidiary of ESB
EMarketing	— Engtex Marketing Sdn Bhd (330576-H), a subsidiary of ESB
EMetals	— Engtex Metals Sdn Bhd (342663-H), a subsidiary of ESB
Engtex or Company	— Engtex Group Berhad (536693-X)
Engtex Group or the Group	— Engtex Group Berhad and its subsidiary companies
EPS	— Earnings Per Share
ESB	— Engtex Sdn Berhad (112520-V)
ESelatan	— Engtex (Selatan) Sdn Bhd (396270-M), a subsidiary of ESB
FIC	— Foreign Investment Committee
GDP	— Gross Domestic Product
Hachita	— Hachita Enterprise Sdn Bhd (85852-U), a subsidiary of ESB
ICT	— Information, communication and technology
Initial Public Offering or IPO	— Public Issue
IPO Shares	— Public Issue Shares
JKR	— Jabatan Kerjaraya
KLSE	— Kuala Lumpur Stock Exchange

DEFINITIONS (Cont'd)

LAT	— Loss After Taxation
LBT	— Loss Before Taxation
Listing	— Admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of Engtex of RM60,000,000 comprising 60,000,000 Shares on the Main Board of the KLSE
LPS	— Loss Per Share
LYE	— LYE Manufacturing Sdn Bhd (32836-H), a subsidiary of ESB
LYEM	— LYE Marketing Sdn Bhd (433698-D), a subsidiary of ESB
MCD or Central Depository	— Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of KLSE
M&E	— Mechanical and Electrical Engineering
Mega	— Mega Alliance Builder Supplies Sdn Bhd (283404-M), a subsidiary of ESB
MI	— Minority Interests
MIH or Issuing House	— Malaysian Issuing House Sdn Bhd (258345-X)
mm	— Millimeter
MITI	— Ministry of International Trade and Industry
MIDA	— Malaysian Industrial Development Authority
MNC	— Multi National Corporations
NBP	— Nagasari Bitumen Products Sdn Bhd (393287-H), a subsidiary of Allpipes
NTA	— Net Tangible Assets
NTL	— Net Tangible Liabilities
Participating Financial Institution(s)	— Refers to the Participating Financial Institutions for Electronic Share Application as listed in Section 11 of this Prospectus
PAT	— Profit After Tax
PBT	— Profit Before Tax
PE Multiple	— Price Earnings Multiple
Placement	— Placement of 4,000,000 new Shares in Engtex representing approximately 6.67% of the enlarged issued and paid-up share capital of Engtex at an issue price of RM2.20 per Share to potential investors (who are deemed public) who have been/to be identified

DEFINITIONS (Cont'd)

Public Issue	— Public Issue of 9,100,000 new Shares in Engtex representing 15.17% of the enlarged issued and paid-up share capital of Engtex at an issue price of RM2.20 per Share to be allocated to the following:
	No. of Shares
	Malaysian public 2,100,000
	Directors, eligible employees and business associates of the Group 3,000,000
	Potential investors (who are deemed public) 4,000,000
Public Issue Shares	— The 9,100,000 new Shares to be issued pursuant to the Public Issue
Promoters	— Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan and Ng Yik Soon
PVF	— Pipes, valves and fittings
ResearchLink	— ResearchLink Sdn Bhd (425131-U)
Restructuring and Listing Scheme	— The Acquisitions, Rights Issue, Public Issue and Listing collectively
Rights Issue	— The rights issue of 28,455,226 new Shares in Engtex representing 47.4% of the enlarged issued and paid-up share capital of Engtex at an issue price of RM1.09 per share to the existing shareholders of Engtex on the basis of approximately 1.27 Rights Shares for every one(1) existing share held
Rights Shares	— The 28,455,226 new Shares in Engtex to be issued pursuant to the Rights Issue
RM and sen	— Ringgit Malaysia and sen respectively
SC	— Securities Commission
Share(s)	— Ordinary share(s) of RM1.00 each
sq ft	— Square feet
SMI	— Small and medium-sized industries
Thunder Flow	— Thunder Flow Sdn Bhd (348552-U), a subsidiary of ESB

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation and Nationality
Dato' Haji Abdul Rahim bin Haji Abdul Razak (Chairman, Independent Non-Executive Director)	82 Jalan Burhanuddin Helmi Dua Taman Tun Dr Ismail 60000 Kuala Lumpur	Company Director Malaysian
Ng Hook (Managing Director)	No 236 Lorong Kuang Ranting Taman Kepong 52100 Kuala Lumpur	Company Director Malaysian
Ng Chooi Guan (Executive Director)	10 Jalan 15/37 Taman Bukit Maluri 52100 Kuala Lumpur	Company Director Malaysian
Ng Yik Soon (Executive Director)	28 Jalan Wangsa 1/6 Taman Wangsa Permai 52100 Kuala Lumpur	Company Director Malaysian
Yap Seng Kuan (Executive Director)	No 236 Lorong Kuang Ranting Taman Kepong 52100 Kuala Lumpur	Company Director Malaysian
Syed Azmin bin Mohd Nursin @ Syed Nor (Independent Non-Executive Director)	No. 2 Jalan 33/70A Desa Sri Hartamas Bukit Kiara 50480 Kuala Lumpur	Company Director Malaysia
Chin Mee Foon (Independent Non-Executive Director)	3 Jalan Ara SD 7/4D Bandar Sri Damansara 52200 Kuala Lumpur	Company Director Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Haji Abdul Rahim bin Haji Abdul Razak	Chairman	Independent Non-Executive Director
Ng Hook	Member	Managing Director
Chin Mee Foon	Member	Independent Non-Executive Director

CORPORATE INFORMATION (Cont'd)

- COMPANY SECRETARIES** : Saw Bee Lean (MAICSA 0793472)
No. 91 Jalan SS22/39
Damansara Jaya
47400 Petaling Jaya
- Tai Yit Chan (MAICSA 7009143)
888 Happy Garden
Jalan Kuchai Lama
58200 Kuala Lumpur
- Teh Chee Ghee (MICPA 2808)
16 Jalan 48/38A
Taman Sri Bintang
52100 Kuala Lumpur
- REGISTERED OFFICE** : Level 7, Setia 1
15 Lorong Dungun, Damansara Heights
50490 Kuala Lumpur
- HEAD OFFICE** : Lot 36 Jalan BRP 9/2B
Putra Industrial Park
Bukit Rahman Putra
47000 Sungai Buloh
Selangor Darul Ehsan
Tel : 03 – 6140 1111
Fax : 03 – 6140 1919
Email : engtex@po.jaring.my
Website: www.engtex.ws
- REGISTRARS & TRANSFER OFFICE** : Tenaga Koperat Sdn Bhd (118401-V)
20th Floor, Plaza Permata
(formerly known as IGB Plaza)
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603 – 4041 2188
Fax : 603- 4043 9233
Email : mr_chuah@tm.net.my
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (238345-X)
27th Floor, Menara Multi-Purpose Capital Square
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur
- PRINCIPAL BANKERS** : Public Bank Berhad (6463-H)
21 Jalan Ambong Kiri Dua
Kepong Baru
52100 Kuala Lumpur
- Hong Leong Bank Berhad (97141-X)
1 Jalan Ambong Kiri Dua
Kepong Baru
52100 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

PRINCIPAL BANKERS (Cont'd)	OCBC Bank (Malaysia) Berhad (295400-W) 2 Jalan Hang Kasturi 50050 Kuala Lumpur
AUDITORS AND REPORTING ACCOUNTANTS	KPMG Chartered Accountants Wisma KPMG, Jalan Dungun Damansara Heights 50490 Kuala Lumpur
SOLICITORS	: Soo Thien Ming & Nashrah Advocates & Solicitors, Commissioner for Oaths, Notary Public Wisma Selangor Dredging 10th Floor, South Block 142-A, Jalan Ampang 50450 Kuala Lumpur
VALUERS	: Henry Butcher Lim & Long (Selangor) Sdn Bhd (495503-K) No 52-3, Jalan SS 15/4D Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Henry Butcher Lim & Long Sdn Bhd (160636-P) No. 25, Jalan Yap Ah Shak Off Jalan Dang Wangi 50300 Kuala Lumpur Henry Butcher Lim & Long (Malacca) Sdn Bhd (246114-T) No. 335A Taman Melaka Raya 75000 Bandar Melaka Melaka Henry Butcher Lim & Long (North) Sdn Bhd (177498-P) No. 2708, Chain Ferry Road Kimsar Garden 13700 Butterworth Penang
MARKET RESEARCH COMPANY	: ResearchLink Sdn Bhd (425131-U) 7.2.11 Jalan 3/109F Danau Business Centre Taman Desa, Jalan Klang Lama 58100 Kuala Lumpur
ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT	: AmMerchant Bank Berhad (23742-V) 22nd Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur
UNDERWRITERS	: AmMerchant Bank Berhad (23742-V) 22nd Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur AmSecurities Sdn Bhd (92977-U) 15th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan 50200 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

UNDERWRITERS (Cont'd) RHB Sakura Merchant Bankers Berhad (19663-P)
Level 12, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

LISTING SOUGHT : Main Board of the Kuala Lumpur Stock Exchange

ENGTEX GROUP BERHAD

(Company No. 536693-X)
 (Incorporated in Malaysia under the Companies Act, 1965)

THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION RELATING TO THE ENGTEX GROUP, AND SHOULD BE READ AND UNDERSTOOD IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1. INFORMATION SUMMARY

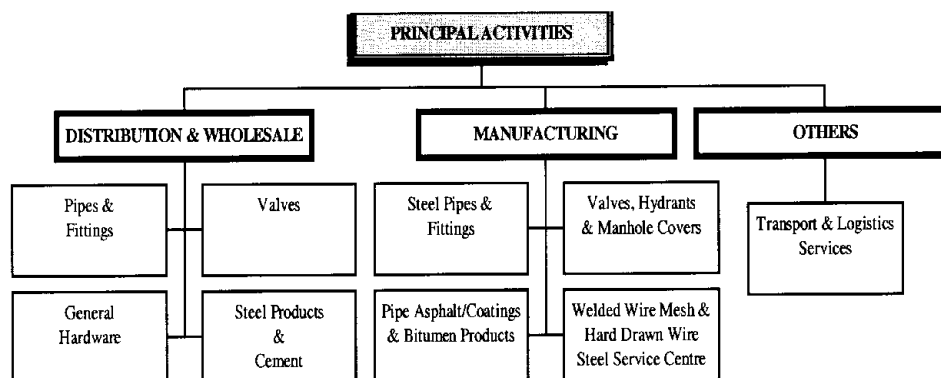
1.1 History and Business

Engtex was incorporated in Malaysia under the Companies Act, 1965 on 13 January 2001 as a private limited company. On 2 March 2001, the Company was converted to a public company and thereafter assumed its present name. Engtex is principally an investment holding company with a wholly-owned subsidiary, ESB which has twelve(12) subsidiaries where, Allpipes, a subsidiary of ESB, has two(2) subsidiaries and ELHT, another subsidiary of ESB has one(1) subsidiary.

The Group's principal activities can be broadly categorised into two major activities:

- distribution and wholesale of PVF, plumbing materials and general hardware products; and
- manufacturing of steel PVF, pipe asphalt/coatings, bitumen products, hydrants, manhole covers, welded wire mesh and hard drawn wire.

The core business activities of Engtex can be illustrated as follows:

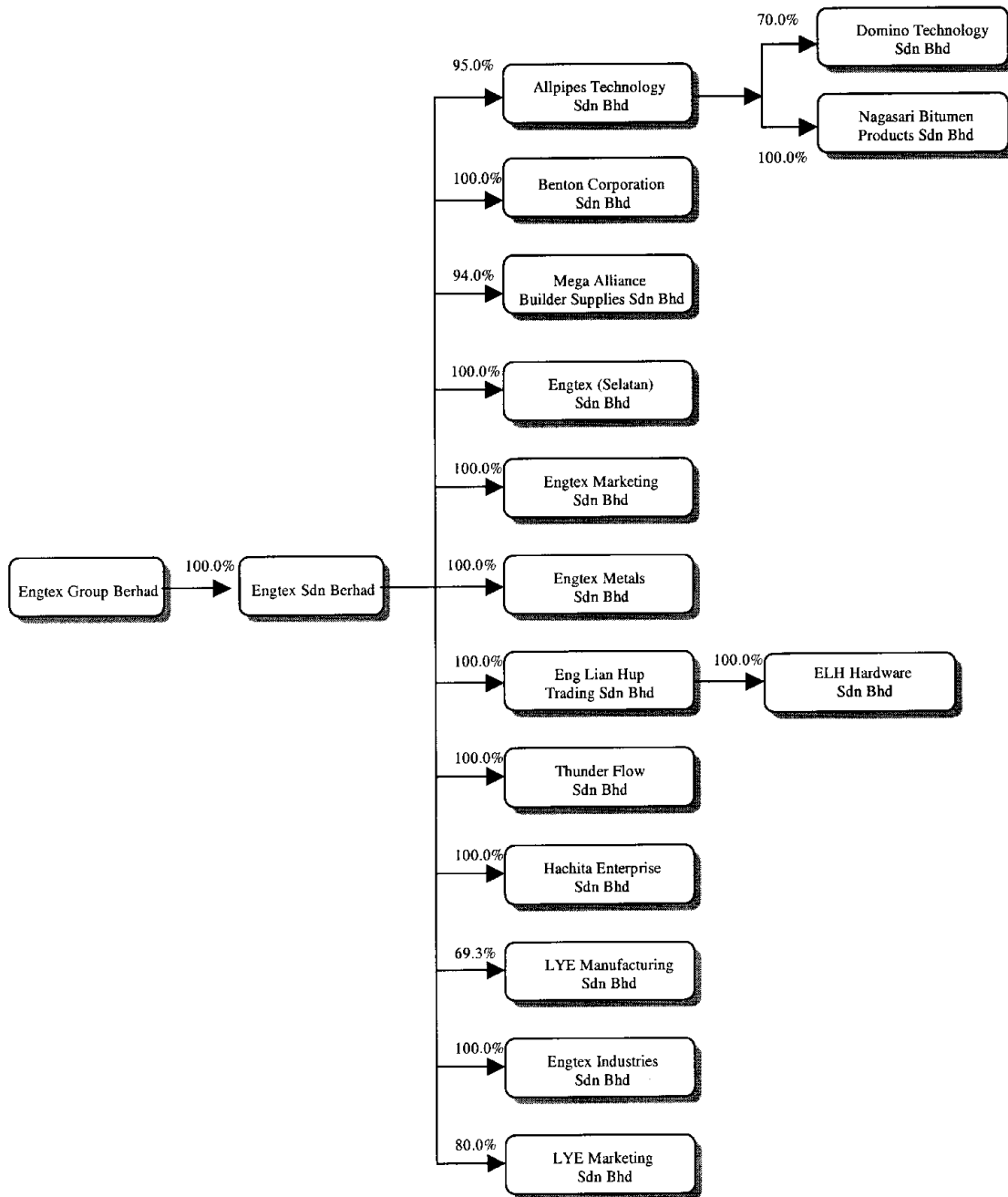


ESB originated from a humble beginning as a general hardware store located in Jalan Ipoh, Kuala Lumpur. Over the past 18 years, the company gradually progressed into a diversified multi-million Ringgit integrated distribution centre with its own warehouses and distribution network, supported with a strong fleet of transportation vehicles capable of handling large volume of businesses.

Since its incorporation, the Group's core activity has been distribution and wholesale of PVF, plumbing materials and general hardware products. From 1996, in a move for further expansion, the Group expanded its business by integrating backwards and started manufacturing steel pipes, bitumen products, welded wire mesh, valves, fittings, hydrants and operating a steel service centre which provides shearing services. Distribution and wholesale of PVF and plumbing materials still remains the principal income contributor for the Group. For the year ended 31 December 2001, Engtex Group posted a group's consolidated revenue of RM222.43 million, an increase of 16.63% from the previous year.

1. INFORMATION SUMMARY (Cont'd)

An overview of the Engtex Group's corporate structure is set out as below:-



1. INFORMATION SUMMARY (Cont'd)

Details of the subsidiary company of Engtex are summarised below:-

Company	Date and Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
ESB	31.12.1983 Malaysia	5,611,443	100.0	Investment holding and wholesale and distribution of PVF, plumbing materials and general hardware products

Details of the subsidiary companies of ESB are summarised below:-

Company	Date and Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
Allpipes	16.04.1986 Malaysia	5,000,000	95.0	Manufacturing of steel pipes, fittings and related products
Benton	25.01.1984 Malaysia	1,000,000	100.0	Distribution of plumbing materials and general hardware products for the Sabah & Sarawak region
Mcga	06.12.1993 Malaysia	100,000	94.0	Supply of PVF and general hardware products for the M&E sector
ESelatan	31.07.1996 Malaysia	100,000	100.0	Supply of general hardware products for the southern region of Peninsular Malaysia
EMarketing	13.01.1995 Malaysia	500,000	100.0	Supply of construction materials and general hardware products
EMetals	06.05.1995 Malaysia	2,500,000	100.0	Manufacturing of welded wire mesh, hard-drawn wire and operates a steel service centre
ELHT	19.06.1993 Malaysia	700,000	100.0	Wholesale and distribution of PVF, plumbing materials and general hardware products for the northern region of Peninsular Malaysia
Thunder Flow	27.06.1995 Malaysia	250,000	100.0	Transportation services and agency
Hachita	08.06.1982 Malaysia	254,002	100.0	Distribution of steel products and cement for the central region of Peninsular Malaysia
EIndustries	08.07.1996 Malaysia	2	100.0	Property Investment
LYE	10.05.1977 Malaysia	2,500,000	69.3	Manufacturing of valves, fittings, manhole covers, hydrants and industrial casting products

1. INFORMATION SUMMARY (Cont'd)

Company	Date and Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
LYEM	03.06.1997 Malaysia	100,000	80.0	Marketing and distribution of valves and industrial casting products

Details of the subsidiary companies of Allpipes are summarised below:-

Subsidiary Company of Allpipes	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective Equity Interest (%)	Principal/Business Activities
Domino	21.10.1999 Malaysia	500,000	70.0	Manufacturing of steel pipe fittings
Nagasari	08.07.1996 Malaysia	2,000,000	100.0	Manufacturing of bitumen products – pipe asphalt/coatings and bitumen products

Details of the subsidiary company of ELHT is summarised below:-

Subsidiary Company of ELHT	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective Equity Interest (%)	Principal /Business Activities
ELHH	28.06.1999 Malaysia	100,000	100.0	Distribution of steel products for the northern region of Peninsular Malaysia

Further information on the Engtex Group is set out in Section 4 of this Prospectus.

1.2 Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management of Engtex

	Final shareholdings after the listing of Engtex*			
	<-----Direct----->		←-----Indirect----->	
	Shares	%	Shares	%
Promoters				
Ng Hook	13,809,847	23.02	13,268,184^	22.11
Ng You Chai	3,113,192	5.19	23,949,839@	39.92
Ng Chin Man	2,834,720	4.72	24,228,311#	40.38
Ng Chooi Guan	2,799,720	4.67	24,263,311\$	40.44
Ng Yik Soon	1,407,360	2.35	25,655,671&	42.76
Substantial Shareholders				
Ng Hook	13,809,847	23.02	13,268,184^	22.11
Ng You Chai	3,113,192	5.19	23,949,839@	39.92
Ng Chin Man	2,834,720	4.72	24,228,311#	40.38
Ng Chooi Guan	2,799,720	4.67	24,263,311\$	40.44
Ng Ai Swee	1,685,832	2.81	25,377,199<	42.30
Ng Ah Leong	1,412,360	2.35	25,650,671>	42.75
Ng Yik Soon	1,407,360	2.35	25,655,671&	42.76
Crystal Image Sdn Bhd	11,918,965	19.86	-	-

1. INFORMATION SUMMARY (Cont'd)

	Final shareholdings after the listing of Engtex*			
	<-----Direct----->		<-----Indirect----->	
	Shares	%	Shares	%
Directors				
Dato' Haji Abdul Rahim bin Haji Abdul Razak	15,000	0.03	-	-
Ng Hook	13,809,847	23.02	13,268,184 [^]	22.11
Ng Chooi Guan	2,799,720	4.67	24,263,311 ^{\$}	40.44
Ng Yik Soon	1,407,360	2.35	25,655,671 ^{&}	42.76
Syed Azmin bin Mohd Nursin @ Syed Nor	15,000	0.03	-	-
Chin Mee Foon	10,000	0.02	-	-
Yap Seng Kuan	15,000	0.03	13,809,847 ^φ	23.02
Key Management of Engtex				
Cheah Hock Kee	20,000	0.03	-	-
Cheong Soo Feng	10,000	0.02	-	-
How Kon Fook	1,051,020	1.75	-	-
Khoo Chong Keong	10,000	0.02	-	-
Khoo Teik Chuan	15,000	0.03	-	-
Lau Joo Hing	10,000	0.02	-	-
Loh Eam Chong	770,136	1.28	-	-
Ng Chin Man	2,834,720	4.72	24,228,311 [#]	40.38
Ng You Chai	3,113,192	5.19	23,949,839 [@]	39.92
Tan Kian Kok	515,284	0.86	-	-
Teh Chee Ghee	50,000	0.08	-	-
Wong Ah Choo	50,000	0.08	-	-
Wong Sun Choy	15,000	0.03	-	-

- * Includes the allocation of shares issued pursuant to the pink form allocation scheme
- [^] Deemed interested through his spouse and brothers Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- [@] Deemed interested through his brothers Ng Hook, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- [#] Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chooi Guan, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- ^{\$} Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Ai Swee, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- [&] Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee and Ng Ah Leong's direct interest in Engtex.
- [<] Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ah Leong and Ng Yik Soon's direct interest in Engtex.
- [>] Deemed interested through his brothers Ng Hook, Ng You Chai, Ng Chin Man, Ng Chooi Guan, Ng Ai Swee and Ng Yik Soon's direct interest in Engtex.
- ^φ Deemed interested through her spouse, Ng Hook's direct interest in Engtex.

The information of the Promoters, Substantial Shareholders, Directors and Key Management of Engtex are detailed in Section 5 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.3 Financial Statistics for the Past Five(5) Financial Years**

The following table has been extracted from the Accountants' Report in Section 9 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

A summary of the proforma consolidated audited results of the Engtex Group for the five(5) financial years ended 31 December 1997 to 2001 has been prepared for illustrative purposes only based on the audited accounts of the Engtex Group and the assumption that the current structure of the Group has been in existence throughout the period under review:-

	Financial Year Ended				
	31.12.1997	31.12.1998	31.12.1999	31.12.2000	31.12.2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	197,561	136,122	149,957	190,720	222,431
EBIDTA	6,036	11,359	17,831	24,388	27,803
Interest expense	(1,516)	(2,746)	(1,632)	(2,361)	(3,523)
Interest income	9	1	146	6	22
Depreciation	(1,347)	(1,442)	(1,809)	(3,079)	(4,840)
Profit before exceptional items	3,182	7,172	14,536	18,954	19,462
Exceptional item	-	-	-	(412) *	-
Share of profits/losses of associated companies	-	-	-	-	-
PBT	3,182	7,172	14,536	18,542	19,462
Taxation	(1,006)	(2,131)	(130)	(5,040)	(6,440)
Profit from ordinary activities	2,176	5,041	14,406	13,502	13,022
Extraordinary item	-	-	-	-	-
MI	(174)	(475)	(860)	(774)	(579)
Pre-acquisition loss**	-	-	-	-	30
Net profit	2,002	4,566	13,546	12,728	12,473
No. of Shares assumed to be in issue of RM1.00 each ('000)***	22,445	22,445	22,445	22,445	22,445
Gross EPS (sen)****	13.4	29.8	60.9	79.2	84.1
Net EPS (sen)	8.9	20.3	60.4	56.7	55.6

* *The exceptional item relates to expenses and write-offs incurred as a result of a flooding in the premises of LYE in November 2000.*

** *The net pre-acquisition loss relates to the acquisition of additional equity interest in Mega and LYE by ESB in 2001.*

*** *The number of ordinary shares assumed in issue throughout the financial years under review is the number of ordinary shares in issue after the acquisition of ESB and its subsidiary companies by Engtex, i.e. 22,444,774 Shares.*

**** *In calculating gross EPS, earnings consist of PBT after MI and extraordinary item.*

Notes:-

1. *The Group's revenue decreased in 1998 despite an increase in profit. An increment of 125% was reported in the Group's PBT in 1998 was due to the Group's change in its strategy and focus to concentrate on selling products with higher gross margins such as PVF. In addition, during the recession period, many small suppliers had to close down, allowing Engtex Group to consolidate its position and have a better pricing for its products.*

2. *Years 2000 and 2001 saw an increase in revenue, respectively due to an improvement in the country's economy and thus an increase in demand for Engtex Group's products.*

The financial information of Engtex is detailed in Section 6 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.4 Summary of Proforma Consolidated Balance Sheets of Engtex as at 31 December 2001**

	Audited as at 31 December 2001	Proforma (1) after Acquisitions	Proforma (2) after Proforma (1) and Rights Issue	Proforma (3) after Proforma (2) and Public Issue	Proforma (4) after Proforma (3) and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	60,357	60,357	60,357	67,257
Other investments	-	5	5	5	5
Current assets					
- Inventories	-	33,105	33,105	33,105	33,105
- Trade and other receivables	-	68,433	68,433	68,433	68,433
- Deposits, cash and bank balances	*	1,589	6,505	26,525	6,034
	-	103,127	108,043	128,063	107,572
Current liabilities					
- Trade and other payables	10	62,581	36,481	36,481	36,481
- Borrowings	-	53,994	53,994	53,994	42,403
- Taxation	-	5,255	5,255	5,255	5,255
	10	121,830	95,730	95,730	84,139
Net Current (Liabilities)/Assets	(10)	(18,703)	12,313	32,333	23,433
	(10)	41,659	72,675	92,695	90,695
Financed by:-					
Share capital	*	22,445	50,900	60,000	60,000
Share premium	-	4,489	7,050	17,970	15,970
Capital reserve	-	2,790	2,790	2,790	2,790
Accumulated losses (Deficit)/Surplus in shareholders' funds	(10)	(10)	(10)	(10)	(10)
	(10)	29,714	60,730	80,750	78,750
MI	-	2,638	2,638	2,638	2,638
Bank borrowings	-	7,577	7,577	7,577	7,577
Deferred taxation	-	1,730	1,730	1,730	1,730
	(10)	41,659	72,675	92,695	90,695
(NTL)/NTA Per share (RM)	(5,000)	1.32	1.19	1.35	1.31

Notes:-

* RM2.00

The Proforma Consolidated Balance Sheet of Engtex as at 31 December 2001 and the Auditors' Letter are contained in Section 6.8 and 6.9 respectively of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.5 The Risk Factors

The following are a list of some of the main risk factors (which may not be exhaustive) as extracted from Section 3 of this Prospectus which applicants for the Public Issue should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Public Issue:-

- i) No Prior Market for Engtex's Shares;
- ii) Competitive Conditions;
- iii) Business Risks;
- iv) Control by Substantial Shareholders;
- v) Exchange Rate Risk;
- vi) Dependence on Key Personnel;
- vii) Political, Economic and Regulatory Considerations;
- viii) Financial Risk;
- ix) Interest Risk;
- x) Effect of Asean Free Trade Area (AFTA);
- xi) Distributorship;
- xii) CF and Building Plans; and
- xiii) Forecasts.

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

1. INFORMATION SUMMARY (Cont'd)**1.6 Principal Statistics Relating to the Initial Public Offering**

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

	RM
AUTHORISED SHARE CAPITAL	
200,000,000 Shares	<u><u>200,000,000</u></u>
ISSUED AND FULLY PAID-UP SHARE CAPITAL	
• 50,900,000 Shares	50,900,000
TO BE ISSUED PURSUANT TO THE PUBLIC ISSUE	
• 9,100,000 Shares	<u>9,100,000</u>
	<u><u>60,000,000</u></u>
IPO PRICE PER SHARE	RM2.20

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

Details of the Initial Public Offering are set out in Section 2.3 of this Prospectus.

1.7 Proforma Consolidated NTA and NTA per Share**PROFORMA CONSOLIDATED NTA AS AT 31 DECEMBER 2001**

Proforma Consolidated NTA (after taking into account the Public Issue and estimated listing expenses of RM2,000,000)	78,750,000
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Proforma Consolidated NTA per RM1.00 share (based on the enlarged share capital of 60,000,000 Shares)	1.31
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Detailed calculations of the Proforma NTA are set out in Section 6.8 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.8 Highlights of the Proforma Consolidated Profit Forecast and Dividend Forecast

PROFORMA CONSOLIDATED PROFIT FORECAST

Financial Year Ending 31 December 2002

	Forecast for financial year ending 31.12.2002
Consolidated PBT (RM'000)	22,116
Less : Taxation (RM'000)	(6,627)
MI (RM'000)	(334)
Consolidated PAT after MI (RM'000)	<u>15,155</u>
Less : Pre-acquisition profits	<u>(6,315)</u>
Consolidated PAT after MI and pre-acquisition profits	<u>8,840</u>
Enlarged issue and paid-up share capital (RM)	60,000,000

	Forecast for financial year ending 31.12.2002	
	<i>Before deducting pre-acquisition profits</i>	<i>After deducting pre-acquisition profits</i>
Gross EPS (Sen)*		
- based on enlarged share capital of 60,000,000 Shares	36.1	21.1
- based on weighted average of 33,483,333 Shares	64.7	37.7
Net EPS (Sen)		
- based on enlarged share capital of 60,000,000 Shares	25.3	14.7
- based on weighted average of 33,483,333 Shares	45.3	26.4
Gross PE multiple based on the IPO price of RM2.20 per share (times)		
- based on enlarged share capital of 60,000,000 Shares	6.1	10.4
- based on weighted average of 33,483,333 Shares	3.4	5.8
Net PE based on the IPO price of RM2.20 per share (times)		
- based on enlarged share capital of 60,000,000 Shares	8.7	15.0
- based on weighted average of 33,483,333 Shares	4.9	8.3

* *In calculating gross EPS, earnings consist of PBT after MI*

DIVIDEND FORECAST

	Forecast for financial year ending 31.12.2002
Gross dividend per share (sen)	7
Dividend yield based on the Public Issue price of RM2.20 per share (%)	2.3
Net dividend cover (times)	5.0

Detailed information on the profit and dividend forecast are set out in Section 6.6 and 6.7 respectively of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.9 Proceeds of the Rights Issue and the Public Issue and Utilisation

All proceeds of the Rights Issue and the Public Issue after deducting the related expenses will accrue to Engtex. The estimated total gross proceeds of the Rights Issue of RM31,016,196, of which RM26,100,000 will be set-off against the amount due to shareholders of Engtex of the same amount, leaving a net proceeds of RM4,916,196. The total proceeds available for utilisation by Engtex would therefore be RM24,936,196 (i.e. RM4,916,196 from the Rights Issue and RM20,020,000 from the Public Issue). Engtex will bear all other expenses incidental to the listing and quotation of Engtex's shares on the Main Board of the KLSE which include underwriting commission, brokerage fee, placement fee, registration fee, professional fees, SC fees, advertising, listing expenses and other fees the aggregate of which is estimated to be approximately RM2 million.

The proceeds from the Rights Issue and the Public Issue of RM24,936,196 will be utilised as follows:-

	RM'000
i) Repayment of borrowings and financing the acquisition of a land and construction of factory building for its subsidiary company	5,000
ii) Expansion plans for manufacturing plants	2,200
iii) Implementation of Enterprise Resources Planning system for Engtex Group	600
iv) Repayment of bank borrowings	10,691
v) Working capital	4,445
vi) Estimated listing expenses	2,000
	<u>24,936</u>

For a detailed commentary of the above-mentioned proceeds, please refer to Section 2.7 of this Prospectus.

1.10 Summary of All Material Litigation, Commitments and Contingent Liabilities

As at 31 May 2002 (*being the last practicable date prior to the printing of this Prospectus*):-

- a) Save as disclosed in Section 10.8 of this Prospectus, the Company and its subsidiaries are not engaged in any material litigation, claims or arbitrage whether, as plaintiff or defendant, and the Board of Directors have no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries;
- b) Save as disclosed in Section 10.5, the Group has no other material commitments/contracts; and
- c) Save as disclosed in Section 6.4.3, the Group has no contingent liabilities.

For details of the material litigation, commitments/contracts and contingent liabilities, please refer to Section 10.8, Section 10.5 and Section 6.4.3 respectively of this Prospectus.