

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(v) EMetals

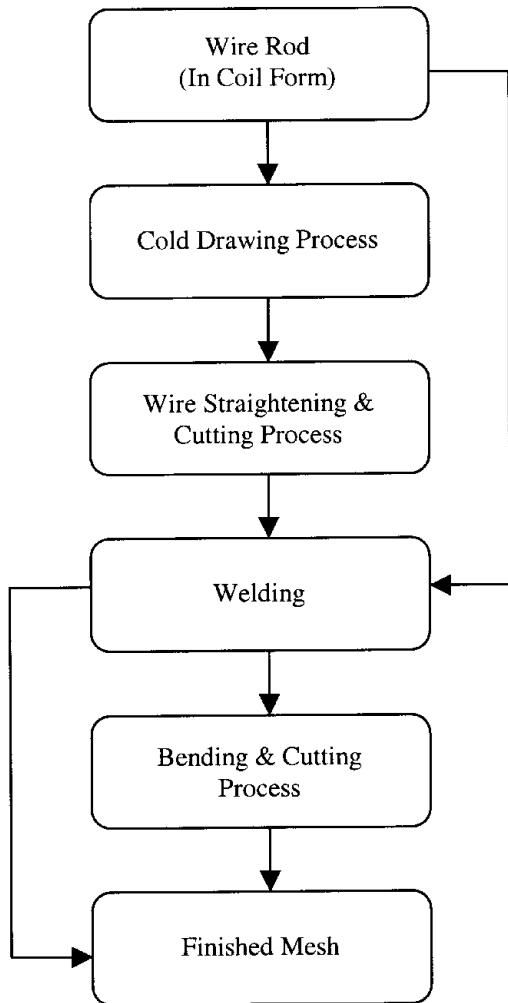
EMetals is principally involved in the manufacturing of welded wire mesh, hard-drawn wire and operating of a steel service centre. Its factory is located at Lot 3407, Jalan Kuala Selangor, Bukit Rahman Putra 47000 Sungai Buloh, Selangor.

EMetals has recently ventured into the operation of a steel service centre, which enables EMetals to shear mild steel coils into the form of steel plates of required sizes. Its steel service centre is located at Lot 37662, Jalan 4/37A, Kawasan Industri Taman Bukit Maluri, 52100 Kuala Lumpur.

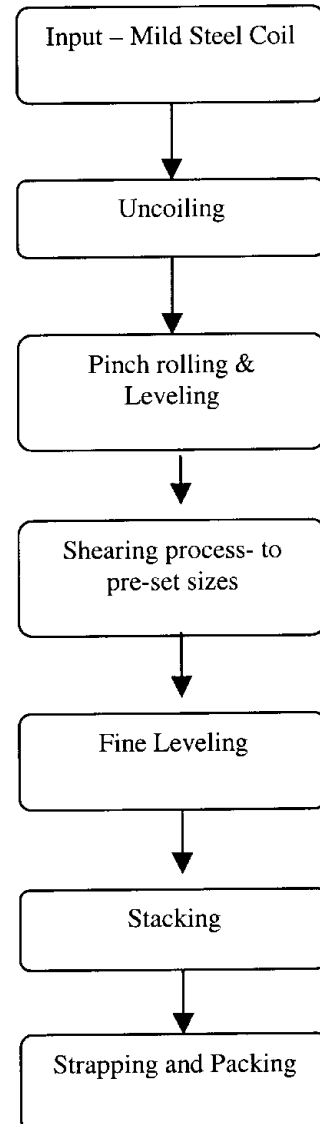
EMetals' targeted customers are metals and general hardware dealers in the central region of Peninsular Malaysia and also SMI manufacturers of steel related products, fabricators and engineering companies, which require steel products.

EMetals has a production capacity of 22,000MT with its expanded production lines. EMetals is currently operating at approximately 90% of its capacity based on one(1)-shift operation and the capacity could be further increased with additional shift of production should the demand increases.

Production Flowchart for Wire Mesh



Production Flowchart for Steel Service Centre



4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

The list of products manufactured by EMetals and their applications are as follows:-

Product	Application(s)
Welded Wire Mesh	Concrete reinforcement for building and construction industry.
Hard-drawn wire	Raw material for welded wire mesh, steel furniture, electrical components, bolt & nuts, screws and steel related industries.
Steel Plates	Steel plates of various sizes according to customers' specifications for use in manufacturing, industrial and engineering sectors.

(c) **Numerous Accreditation and Awards**

Engtex's products are manufactured under stringent quality management systems and procedures. Its commitment to the quality and standards required for their products is supported by the string of accreditation and awards attained to-date. A summary list of Engtex's accreditation and awards is set out below:

No.	Types of Awards/ Accreditation	Approving Authority	Certificate Number	Date of Issuance	Date of Expiry	Remarks
1.	Enterprise 50 2001 Award ESB	Accenture & SMIDEC	-	29.10.2002	-	Winner of the 2001 run of the Enterprise 50 Award Programme
2.	Quality System Registration Certificate MS ISO 9002 Allpipes	SIRIM QAS Sdn Bhd	AR2134	1.12.2000	30.11.2003	Manufacture of cement-lined steel pipes and fittings
3.	Product Certification Certificate LYE	IKRAM	IKRAM/ 97/R4/ E0800-01	-	31.12.2002	Pillar Hydrant (Cast Iron) Size: 100mm & 150mm Brandname: LYE Specification: Spesifikasi JKR No. 1-93(BA)
			IKRAM/ 2001/N/ E05052-05	-	31.12.2002	Air Valves (Ductile Iron) Size: i) Single small orifice (Screwed end) / 20mm & 25mm ii) Double orifice standard/ 50mm - 200mm iii) Double orifice kinetic / 50mm-200mm Coating: Epoxy Coating (Cold Applied) Brandname: LYE Specification: Spesifikasi JKR 20200-0043-99
			IKRAM/ 97/R4/ E0502-01	-	31.12.2002	Wedge Gate Valves (Cast Iron) – Metal & Resilient Seated Type: Type A Class: PN 16 Size: DN 200mm – 600mm Coating: 1. Bituminous Coating 2. Epoxy Coating (Hot Applied) Brandname: LYE Specification: BS5163 : 1986

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

No.	Types of Awards/ Accreditation	Approving Authority	Certificate Number	Date of Issuance	Date of Expiry	Remarks
	LYE (Cont'd)		IKRAM/ 99/R2/ E0511-03	-	30.06.2002	Wedge Gate Valves (Ductile Iron) – Resilient Seated Type: Type A & B Class: PN 16 Size: DN 80mm – DN 300mm Coating: Epoxy Coating (Cold & Hot Applied) & Bituminous Coating Brandname: LYE Specification: BS5163 : 1986
			IKRAM/ 99/R3/ H0301-02	-	28.02.2003	Gully Tops & Manhole Tops for Vehicular & Pedestrian Areas (Ductile Iron) Type: Manhole Covers & Frames Class: D400 Size: Diameter 600mm Brandname: LYE Specification: BS EN 124: 1994
			IKRAM/ 2000/R1/ H0302-04	-	30.06.2002	Ferrous Saddles (Ductile Iron) Type: Type B Size: DN 100mm/13mm, 20mm & 25mm DN 150mm/13mm, 20mm & 25mm DN 200mm/13mm, 20mm & 25mm DN 250mm/13mm, 20mm & 25mm Coating: Epoxy Coating (Hot Applied) Brandname: LYE Specification: Spesifikasi JKR No. 20200-0044-99
			IKRAM/ 99/R2/ H0402-02	-	30.06.2002	Detachable Joint for uPVC Pipes (Ductile Iron) Type: Type B Size: DN 80mm – DN 200mm Coating: Epoxy Coating (Cold & Hot Applied) Brandname: LYE Specification: Spesifikasi JKR No. 20200-0045-99
			IKRAM/ 99/R2/ H0403-02	-	30.06.2002	Variable Adaptor for AC and uPVC Pipes (Ductile Iron) Type: Type D Size: DN 80mm – DN 200mm Coating: Epoxy Coating (Cold & Hot Applied) Brandname: LYE Specification: Spesifikasi JKR No. 20200-0045-99
	Allpipes		IKRAM/9 9/R3/ E01051-06	-	28.02.2003	Steel Pipes – Submerged Arc Welded (SAW) Size: 355mm – 2235mm Brandname: Allpipes Specification: BS 534 : 1990 BS 3600 : 1976 BS 3601 : 1987
			IKRAM/2 001/N/ E01052-3	-	31.12.2002	Steel Pipes – Electrical Resistance Welded (ERW) Size: 100mm – 250mm Brandname: Allpipes Specification: BS 534 : 1990 BS 3600 : 1976 BS 3601 : 1987

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

No.	Types of Awards/ Accreditation	Approving Authority	Certificate Number	Date of Issuance	Date of Expiry	Remarks
	Allpipes (Cont'd)		IKRAM/2 001/N/ E02052-03	-	31.12.2002	Steel Pipes Specials – Electrical Resistance Welded (ERW) Size: 100mm – 250mm Brandname: Allpipes Specification: BS 534 : 1990
			IKRAM/9 9/R3/ E02051-06	-	28.02.2003	Steel Pipe Specials – Submerged Arc Welded (SAW) Size: 355mm – 2235mm Brandname: Allpipes Specification: BS 534 : 1990
	NBP		IKRAM/ 2000/R1/ E01502-03	-	30.06.2002	Bituminous Coating Enamel (Pipe Asphalt) Type: Type 2 Grade: Gred B Brandname: Pipekotc Specification: BS 4147-1980

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

4.6 Industry Overview

(a) General Overview

The Malaysian economy remained resilient in 2001 in the face of a challenging external environment. While the global economic slowdown in 2001 was more severe than earlier expectations, Malaysia avoided economic contraction and growth for the year remained in positive territory. Unemployment was also contained at a low level. Given the openness of the Malaysian economy, the negative effects of the US economic slowdown and global electronics downturn was felt as early as March 2001. These were manifested in declining manufacturing production and negative export growth. Concerted efforts since the crisis to promote domestic sources of growth and reduce the over-dependence on exports resulted in real Gross Domestic Product (GDP) expanding by 0.4% in 2001.

MALAYSIA: KEY ECONOMIC INDICATORS

	2002 ^f	2001 ^p	2000	1999
Real GDP (RM billion)	217.5	210.2	209.4	193.3
Growth Rate (%)	3.5	0.4	8.3	6.1
Manufacturing (%)	4.2	-5.1	21.0	13.5
Services	3.8	4.9	4.8	4.8
Construction	2.4	2.3	1.0	-4.4

p = Preliminary

f = Forecast

(Source: Bank Negara Annual Report 2001)

Consumer price inflation or headline inflation remained low in 2001. The Consumer Price Index (CPI) moderated further to 1.4% in 2001 (1.6% in 2000). Core inflation or underlying inflation computed by Bank Negara Malaysia, also displayed a similar trend, moderating to 1% (1.5% in 2000). While consumer spending was sustained, the prevalence of excess capacity in several sectors of the economy led to downward pressure on prices. In addition, the moderate appreciation of the Ringgit against non-US dollar currencies during the year, as well as lower inflation abroad, also contributed to lower inflation in 2001.

In 2001, the impact of the slowdown in economic activity was felt by the labour market, particularly in terms of retrenched workers in the manufacturing sector. However, given the flexibility accorded by the labour market, alternative measures that were adopted by employers such as pay cuts and temporary layoffs helped contain the number of workers retrenched. During the year, the slower growth environment and labour force expanding at more moderate rates of 2.6% to 9.5 million workers and 3.2% to 9.9 million persons, respectively. Amidst low inflation and excess capacity, the slack labour market conditions contributed to some moderation in wage increases in 2001. Given the labour market conditions during the year, the unemployment rate edged upwards from 3.1% in 2000 to 3.7% in 2001, with the number of unemployed increasing by 63,500 to 364,800 remained below the 4% deemed as full employment level.

The positive effects of the fiscal stimulus programme were reflected in the continued output expansion of construction-related materials to meet demand from the construction sector. The production of iron and steel

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

products as well as non-metallic mineral products, including cement and concrete products, tiles and ceramic products expanded further during the year. Nevertheless, exports of the non-metallic mineral products declined, reflecting to a large extent, the intense price competition, particularly from Indonesia for tiles and ceramic products as well as other structural clay products in the international markets. These products accounted for about 28% of total exports of the non-metallic mineral products industry.

The fiscal stimulus programme, privatization of infrastructure projects and housing development contributed to a stronger growth 2.3% in the construction sector. Construction activity in the non-residential sub-sector consolidated further due to the large overhang of office and retail space.

The growth projection for 2002 is based on stronger growth in private consumption, a modest recovery in private investment, sustained public sector expenditure and a moderate growth in exports. If the positive trend in the latest indicators for the US economy is sustained, the bias to the growth projection would be on the upside. On the domestic front, aggressive policy measures to enhance the role of the services sector, particularly in the education, tourism and information, communication and technology sub-sectors, would benefit these sectors, which in turn could improve further the GDP growth. Expansionary fiscal policy and accommodative monetary policy already in place are expected to sustain growth in domestic demand.

Additional measures announced by the Government in the 2002 Budget such as the 1-2 percentage points across-the-board reduction in individual income tax rates, raising the income threshold before the maximum income tax rate takes effect and an increase in civil servants' salaries should all further increase disposable income. Growth in private consumption is projected to be stronger in the second half-year when export demand gathers momentum.

(Source : Bank Negara Malaysia Annual Report 2001)

(b) Manufacturing Sector in Malaysia

The overall performance of the manufacturing sector was affected by the slowdown in major industrial countries and the downturn in the global electronics cycle. While production in the export-oriented industries declined, industries that were dependent on domestic demand continued to expand, benefiting from the positive effects of the fiscal stimulus programme and low interest rates. Domestic demand for passenger cars and construction-related materials remained strong throughout the year. As a result, capacity utilization in the domestic-oriented industries remained high at close to 80%. The strength in the domestic-oriented sector had mitigated, to some extent, the more severe contraction in the export-led manufacturing activities.

The production of export-oriented industries, which was relatively resilient in the first quarter of 2001, was affected more by the pronounced slowdown in external demand in the subsequent quarters. Nevertheless, with the emerging signs of improvements in the external environment towards the end of the year, the declines in manufacturing activities moderated in the fourth quarter of 2001, with both exports and production of manufactured goods registering smaller declines. Given these developments, the decline in the overall manufacturing production and value added for 2001 as a whole was contained at a single-digit rate of 6.4% and 5.1% respectively (2000: +25% and +21% respectively).

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

Value added growth in the manufacturing sector is expected to turn around to register a positive growth of 4.2% in 2002. The anticipated upturn in the US economy and electronics demand is expected to translate into stronger demand for Malaysian manufactured exports and, hence, stronger growth in the production of manufactured goods. Both foreign and domestic manufacturers in Malaysia have indicated increased optimism on the outlook for the manufacturing sector in general and the electronics sector in particular. The general consensus is that growth in the manufacturing sector would be modest in the first quarter before gathering strength in the subsequent quarters of 2002.

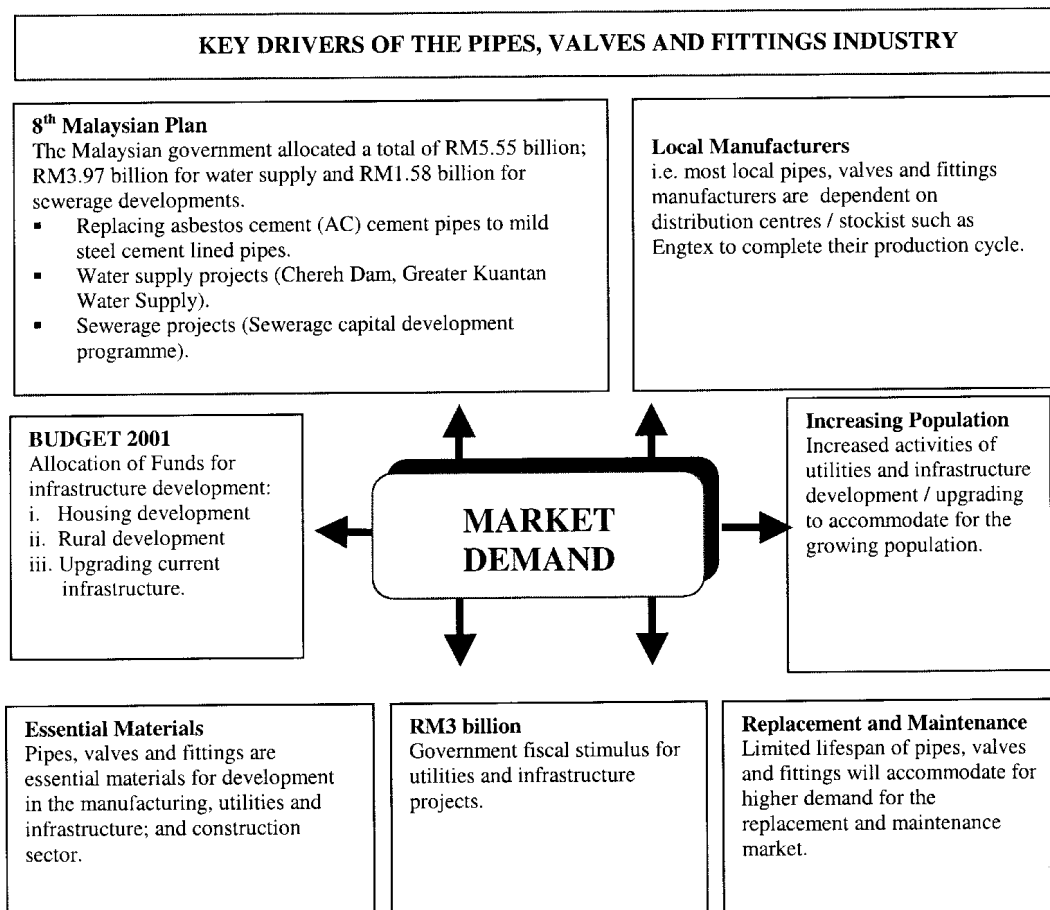
(Source : Bank Negara Malaysia Annual Report 2001)

(c) PVF

The PVF in this industry is defined as a facet of the industry which provides services and components related to the installation and maintenance of plumbing and water, commercial air-conditioning and fire-fighting systems, factories production systems such as liquid, steam or/and cooling piping systems.

The PVF industry plays a vital role as it supports the supply of water to residential, commercial and industrial areas. It is also used for the fire-fighting and air-conditioning systems for commercial and industrial buildings. Basically this industry provides products, components, essential repair and maintenance services to ensure efficient operations of its support industries.

(Source: Extracted from the Market Research Report prepared by ResearchLink Sdn Bhd dated May 2001)



(Source: ResearchLink)

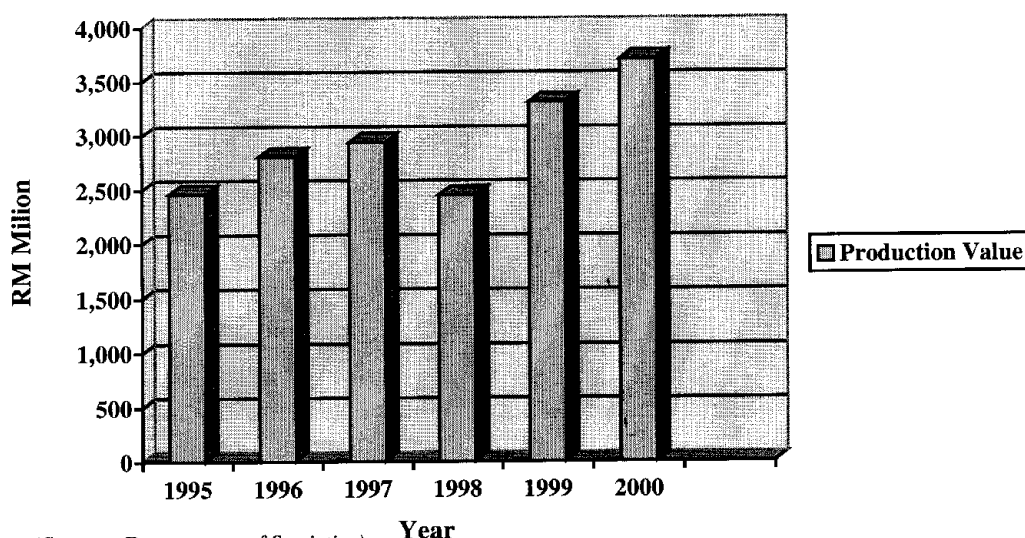
4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

PVF industry is categorized as a mature industry because the usage of PVF have been in the market for over 150 years. The PVF are important as it provides the pipelines for water supply system, sewerage system, telecommunications, air-conditioning systems and fire-fighting systems, manufacturing production systems. The demand and usage of these products are continuously spurred through existence of new land and property developments. Nevertheless, these PVF products are also used for the replacement of old and faulty products.

With continuous growth in the nation's population coupled with the increase of purchasing power and development of the nation, this will lead to a continuous demand for the PVF. The total housing development that was achieved based on 8th Malaysian Plan was 107.4%. The statistics indicates that there is insufficient development for medium and low cost housing. In the recent 2001 budget, the government has expressed their intention to provide incentives for house ownership and housing development campaigns. This is to cater for the increasing population. All these are drivers that will also increase current usage of PVF in the development of utilities and infrastructure to serve the public and private housing developments.

The graph below illustrates the production value of iron and steel basic industry in Malaysia for the past 5 years, which includes galvanized iron sheets, welded iron and steel pipes, tubes and fittings and corrugated steel pipes. Engtex distributes some of these products. The trend of the number of establishments and production value increased over the last 5 years except for the effect of the economic slowdown in 1998.

Production Value Of Other Iron And Steel Based Industries



(Source: Department of Statistics)

With the recent 2001 budget presented last October, the government made fund allocation for developments in infrastructure such as information communication and technology industry, public housing and rural development. Local State Government also allocated funds for the development of water supply, in relation to the increasing number of population and housing projects in their respective states. Other issues that the Local State Government is facing include refurbishment issues such as the replacement of old damage pipes and upgrading of existing water pipes to overcome the low-pressure water supply.

A total of RM3.97 billion was allocated for upgrading and replacing of water pipes under the 8th Malaysia Plan. Local state government and related agencies has applied for allocation of fund under the 8th Malaysia Plan. For instance, Selangor Waterworks Department requires RM2 billion for repairs and replacement of old

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

asbestos water pipes. According to the Selangor Menteri Besar, there are about 6,000 km of pipes to be repaired. The Negeri Sembilan State Government needs RM400 million for upgrading and replacement of water pipes.

(Source: Extracted from the Market Research Report prepared by ResearchLink Sdn Bhd dated May 2001)

4.7 Information on Employees

As at 31 May 2002, the Group has a total of 471 employees. The management of the Group is of the opinion that its dedicated and efficient employees are instrumental to its success. The management of the Group enjoys a good working relationship with the employees.

The Group's employees are generally segregated into 6 categories as follows:-

Category of Employees	1-5 Years	>5 years	>10 years	Total
Directors and General Managers	4	6	4	14
Senior Managers and Managers	16	2	6	24
Executives	19	4	2	25
Officers and Supervisors	39	13	6	58
Clerical	53	7	0	60
Technicians and General Workers	247	42	1	290
TOTAL	378	74	19	471

The employees of the Company and its subsidiaries do not belong to any union except for the non-executive employees of LYE, who belong to the Metal Industry Employees Union. There has not been any industrial dispute in the past and the management enjoys the continuous cordial working relationship with the union and with its employees.

Training & Development

Training and development are based on an annual training schedule. The programmes are competency-based as well as skill-based. These programmes are selected to cater to the needs of the employees and the Group. The main objective of the Group's training and development programmes is to develop and upgrade a knowledgeable, skilled and productive work force to enable them to contribute to the corporate goals of the Group.

The list of training programmes which have been identified by the Group is as follows:

- a) Product training conducted by the Group's local and foreign principals;
- b) Implementation of the Enterprise Resources Planning (ERP) System and related users training;
- c) In-house sales and products training;
- d) Computer competency training for all levels of management;
- e) Leadership and supervisory skills for managers and supervisors;
- f) On the job training for production staff; and
- g) ISO 9001 and Quality Management System trainings for all levels of management.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

The management of the Group believes that the training are essential to improve its staff's efficiency in performing their duties. In addition, the Group will make continuous effort to identify any programs that enables its staff to upgrade and develop their skills further.

4.8 Prospect and Future Plans of the Engtex Group

(i) *Increased Use of Information, Communication and Technology (ICT)*

Engtex is focused on enhancing itself as an integrated one-stop distribution centre for PVF, plumbing materials and other general hardware products which would be further integrated upwards to its manufacturing operations. In line with its ICT objective, the Group is currently implementing and upgrading its current ICT systems. The Group had installed a structured networking cabling system, utilizing inter alia, a fibre optic networking system in its headquarters which links the systems in the main office to its warehouses and are currently in the midst of implementing Enterprise Resource Planning (ERP) system throughout the Group's manufacturing, distribution and wholesale operations, linking the headquarters with all of its subsidiaries for smoother and efficient operations.

ERP will enable the Group to share a central database utilising integrated applications to manage the operations of its business and to support cross-functional processes. It will also function as an enabler for the further implementation of shared services and a supply chain management (SCM) system with the aim of increasing the level of service, achieving a more effective and efficient operations and at the same time at a reduced cost.

Supply chain is the backbone of the Group whilst the ability to manage SCM's integration via ICT will allow the Group to further establish and strengthen its customer database and credit control management, heading towards customer relationship management in the near future.

(ii) *Implementation of Shared Services*

Shared services will be the Group's immediate strategy to enhance the value of the Group's internal support functions. It is a strategy gaining significant "inside" competitive advantage by identifying the optimal way to deliver each support service in the Group, emphasizing a service-oriented mindset at market competition prices to the Group's individual business units. ICT would be the enabler for the Group's shared services, especially with the implementation of ERP coupled with the present ICT infrastructure network that have been in place.

The Group has identified, inter alia, the following transaction-based processes that would allow its multiple business units to share processing of common functions:

- Group human resource, credit control, administration and payroll
- One-stop integrated warehousing, distribution, logistics and orders processing
- Group procurement and accounts payable processing; and
- Group internal control, finance and accounting services

Shared services involves consolidating the above chosen processes to achieve economies of scale and enhance the level of services. As a result, the Group will be able to enjoy cost savings, improve its service levels and thus be able to further focus on its core activities.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

(iii) *Expansion of Manufacturing Capacity and Product Range*

With its ongoing efforts to strengthen its position as a market leader in this industry, the Group plans to further expand its manufacturing activities. The Group will allocate RM2.2 million from the proceeds of the Rights and Public Issues for the purchase of machinery and equipment to increase the production capacity of its plants. Engtex's subsidiary, LYE plans to increase its production of bronze casting products which will provide higher returns and to increase the furnace capacity for its cast iron and ductile iron foundry. The Group also intends to venture towards the manufacturing of import-substitution products such as cast iron ball valves, check valves and ductile iron products which would further enhance its manufacturing, distribution and wholesale divisions.

The Group plans to form strategic alliances with major established PVF manufacturers to enable them to access a wider distribution channel and enable the Group to undertake the distribution of their products to the marketplace. With the existing large scale integrated warehousing and logistics facilities, the Group is continuously seeking to expand their products range within the PVF and plumbing materials.

The manufacturing group of the Company is committed towards cost effective, consistent quality products and continuous improvements in the products, process and quality management system and on-going research and development – mainly on product development for a wider range of products and improvements of existing products.

(iv) *Enhancing Current Warehouse and Distribution Facilities*

There are also plans to upgrade its current warehouse, fleet of transportation and materials handling equipment. This is to complement the Integrated One-Stop Distribution Centre concept.

In terms of product range, the extensive range of products currently provided by the Group has enabled it to create a competitive edge against others in the industry. The Group strives to continuously seek suppliers with new and improved products as well as products with competitive prices to provide for every customer's needs, thus providing its customers with a one-stop centre for the purchase of an extensive range of PVF, plumbing materials and general hardware products.

4.9 Major Customers

Engtex has a large clientele base ranging from government agencies, general hardware stores, property developers and contractors. As at 31 May 2002, the Group has more than 2,500 customers, of which approximately 84% of them are resellers, mainly general hardware stores. Hence, the Board foresees that the Group will not be overly dependent on any single customer in the future.

Engtex's customers are divided into two(2), which are the distribution and wholesale division and manufacturing division. The top ten major customers for the Group's distribution and wholesale division contribute approximately 9.0% of the total sales for the Group distribution and wholesale division. The table below shows the top ten(10) major customers and their length of relationship for the distribution and wholesale division:

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

	Customer's Name	Length of relationship (years)
1	Loo Sek Choy Plumbing Const. Sdn Bhd	12
2	Perfect Eagle Holdings Sdn Bhd	2
3	Ahmad Zaki Sdn Bhd	13
4	Kwong Chuan Hardware Sdn Bhd	8
5	Ricwil (M) Sdn Bhd	6
6	Paumin Hardware Sdn Bhd	13
7	SAJ Holdings Sdn Bhd	4
8	Pywatec (M) Sdn Bhd	7
9	Hoo Trading	4
10	Hong Trading Co.	13

The top ten major customers for the Group's manufacturing division contribute approximately 33.7% of the total sales for the Group's manufacturing division. The table below shows the top ten(10) major customers and their length of relationship for the manufacturing division:

	Customer's Name	Length of relationship (years)
1	Hoo Trading	4
2	Ban Hin Electrical & Construction Sdn Bhd	6
3	CL Hardware Sdn Bhd	9
4	Jabatan Bekalan Air Negeri Pahang Darul Makmur	2
5	Ahmad Zaki Sdn Bhd	4
6	LPC Best Enterprise Sdn Bhd	2
7	Wengsong Corporation Sdn Bhd	17
8	NSK Hardware Sdn Bhd	2
9	Hatimuda Sdn Bhd	8
10	Techvance Steel Manufacturing Sdn Bhd	2

4.10 Major Principals/Suppliers

As at 31 May 2002, Engtex sources from more than 400 suppliers for its PVF and plumbing materials, and hence is not overly-dependent upon a few particular suppliers.

The Group's principals/suppliers are also divided into two(2), which are distribution and wholesale and manufacturing divisions. The top ten(10) major suppliers for the distribution and wholesale division contributes approximately 27.2% of the total purchases for the Group's distribution and wholesale division. Their length of relationship between these principals/suppliers and the Group are from two(2) to fourteen(14) years.

As for the manufacturing division, approximately 52.2% of its purchases are contributed by the top ten(10) major principals/suppliers of Engtex with one(1) of its suppliers, Amsteel Mills Marketing Berhad contributing approximately 40% each to the Group's purchases for the manufacturing division. The length of relationship between these suppliers and the Group is from three(3) to twelve(12) years.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

4.11 Approvals, Major Licences and Permits

Approvals, major licences and permits under the possession of the Group are as follows:

No.	Types of Licence	Approving Authority	License Number	Date of Issuance	Date of Expiry	Remarks
1.	<i>Manufacturing Licence</i>	<i>Ministry of International Trade and Industry</i>				
	Allpipes		A 010752	2.04.1997	-	Cement lined welded steel pipes
	LYE		A 010705	26.2.1997	-	a) Casting of bronze, brass, copper and aluminium b) Cast iron hydrants, air valves, pipe fittings, sluice valves, manhole covers, breeching and others on jobbing basis
2.	<i>Registered Supplier/Manufacturer</i>	<i>Ministry of Finance</i>				
	ESB		098726	18.04.2001	24.04.2003	140100 Construction Materials (Supplier)
	Allpipes		097361	7.3.2001	20.11.2002	140199 Manufacturer – Steel Pipes

4.12 Related Party Transactions

4.12.1 Promotions of any assets acquired/to be acquired within two years preceding the date of Prospectus

Save as disclosed below, none of the Directors or experts has any interest, direct or indirect, in the promotion of or in any assets which have, within the two(2) years immediately preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or its subsidiaries or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

Acquisition of Benton	
Persons interested	Nature of relationship
Ng Hook	Director of Benton Director & substantial shareholder of Engtex

Acquisition of ELHT	
Persons interested	Nature of relationship
Ng Hook	Director of ELHT Director & substantial shareholder of Engtex

Acquisition of Allpipes	
Persons interested	Nature of relationship
Ng Hook	Director of Allpipes Director & substantial shareholder of Engtex

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

Ng Chin Man	Director of Allpipes Director & substantial shareholder of Engtex
-------------	--

Acquisition of Mega	
Persons interested	Nature of relationship
Ng Hook	Director of Mega Director & substantial shareholder of Engtex

Acquisition of ESB	
Persons interested	Nature of relationship
Ng Hook	Director & substantial shareholder of ESB Director & substantial shareholder of Engtex
Ng You Chai	Director & substantial shareholder of ESB Substantial shareholder of Engtex
Ng Chin Man	Director & substantial shareholder of ESB Substantial shareholder of Engtex
Ng Chooi Guan	Substantial shareholder of ESB Director & substantial shareholder of Engtex
Ng Ai Swee	Substantial shareholder of ESB Substantial shareholder of Engtex
Ng Ah Leong	Substantial shareholder of ESB Substantial shareholder of Engtex
Ng Yik Soon	Substantial shareholder of ESB Director & substantial shareholder of Engtex

Details of the Acquisition of ESB are set out in Section 4.3(i) of this Prospectus.

4.12.2 Transactions between Engtex Group and the Promoters/Directors

Save as follows, there are no transactions which involve the Directors or substantial shareholders of the Company:-

Financial Year	31.12.2000		31.12 2001	
	RM'000	% of Engtex's Revenue	RM'000	% of Engtex's Revenue
Companies in which certain Directors have interest				
- Sales	(7,165)	(3.76)	(6,062)	(2.73)
- Purchase	461	0.24	727	0.33
- Cost of construction of building paid and payables	94	0.05	-	-
- Rental Income	(72)	(0.04)	(30)	(0.01)
- Rental Expenses	140	0.07	254	0.11
Person connected to certain Directors				
- Disposal of property, plant and equipment	(23)	(0.012)	-	-

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

4.12.3 Advisers' Declaration of Interest

AmMerchant Bank hereby confirms that there is no conflict of interest in its capacity as the Adviser in relation to the IPO.

Messrs Soo Thien Ming & Nashrah has given its confirmation that there is no conflict of interest in its capacity as the Solicitors in relation to the IPO.

Messrs KPMG has given its confirmation that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the IPO.

Messrs Henry Butcher Lim & Long (Selangor) Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Valuer in relation to the IPO.

Messrs Henry Butcher Lim & Long Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Valuer in relation to the IPO.

Messrs Henry Butcher Lim & Long (Malacca) Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Valuer in relation to the IPO.

Messrs Henry Butcher Lim & Long (North) Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Valuer in relation to the IPO.

4.13 Trade Debtors

A summary of the debtors ageing analysis for financial year ended 31 December 2001 is set out in the table below:

	Group Trade Receivables Analysis as at 31 December 2001					
	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	Exceeding credit period	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group trade receivables	16,081	16,884	15,512	9,150	9,779	67,406
	24%	25%	23%	14%	14%	100%

Based on the management records as at 31 March 2002, subsequent receipts for the debts exceeding the credit period amounted to RM7,136,394 or 73% of the total debts exceeding the credit period.

Total provision for doubtful debts for the Group stood at RM2,991,309 for the financial year ended 31 December 2001. The Directors are of the opinion that the aforementioned provision is adequate and the recoverability of the receivables exceeding credit limits are considerably high as the Company practices prudent credit management to ensure minimal default risk.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

4.14 Summary of Landed Properties

4.14.1 The landed properties owned by the Engtex Group are set out below:-

Registered/ Beneficial Owner	Location	Description/ Existing Use	Tenure (Approximate Age of building)	Approximate Land Area/ (Built up area) square feet	Audited NBV as at 31.12.01 RM	Open Market Value as at the date of valuation RM	Method of Valuation
Melawati Development Sdn Bhd /ESB*	H.S.(D) 26648 PT 3947 Mukim of Setapak, District of Gombak, Selangor No.6, Jalan E1, Taman Melawati, 53100 Selangor	An Intermediate Double Storey Shop Office/ Rented Out	Freehold (15 years)	1,400 (2,800)	194,206.50	280,000.00 @ 18.05.2001	Comparison & Investment
ESB	H.S.(M) 3300 Lot No 35415, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan No. 758 Batu 4 ½, Jalan Ipoh, 51200 Kuala Lumpur	An Intermediate 4 Storey Shop Office Unit with basement	99 years leasehold expiring on 09.12.2083 (16 years)	1,430 (6,600)	454,760.01	900,000.00 @ 18.05.2001	Comparison & Investment
ESB	H.S.(D) 31889 & H.S.(M) 31890 Lot No. PT 13177 & 13178 Mukim of Rawang, District of Gombak, Selangor Lot 36, Jalan BRP 9/2B Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor	3 Storey Office Building annexed with a Single Storey Warehouse Building	Freehold (2 years)	117,610 (66,674)	9,879,761.77	10,000,000.00 @ 18.05.2001	Comparison & Investment
ESB	H.S.(D) 31897 & H.S. (M) 31898 Lot No. PT 13185 & 13186 Mukim of Rawang, District of Gombak, State of Selangor. Lot 37, Jalan BRP 9/2B Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor	1 ½ Storey Office Building annexed with a Double Storey Warehouse Building	Freehold (2 years)	116,752 (99,207)	9,879,894.38	10,100,000.00 @ 18.05.2001	Comparison & Investment

* This property is currently awaiting for the issuance of new title from the land office. Upon procuring the new title, the property will be transferred by the registered owner (who is the property developer) to the beneficial owner thereof. The full purchase price for this property has been duly settled by the beneficial owner.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

Registered/ Beneficial Owner	Location	Description/ Existing Use	Tenure (Approximate Age of building)	Approximate Land Area/ (Built up area) square feet	Audited NBV as at 31.12.01 RM	Open Market Value as at the date of valuation RM	Method of Valuation
ESB	P.M. 439 Lot No. 31658, Mukim of Kapar, District of Klang, Selangor No. 26, Lorong Mahkota 2E, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan	A Corner Unit Double Storey Terraced House	99 years leasehold expiring on 08.05.2093 (2 years)	3,574 (2,136)	390,400.00	410,000.00 @ 18.05.2001	Comparison & Investment
ESB	Master Title No. H.S.(D) 14948, Master Lot No. PT 97, Mukim of Pekan Telok Kemang, District of Port Dickson, Negeri Sembilan Penthouse Unit No. 404 3 rd & 4 th Floor, Block A PD Perdana Condo Resort 71000, Port Dickson Negeri Sembilan Darul Khusus	Duplex Penthouse	99 years leasehold commencing from issuance of strata title (5 years)	NA (1,193)	166,060.00	173,000.00 @ 18.05.2001	Comparison
ESB #	Master Title Geran No. Hakmilik 30548, No. Lot 440, Bandar and Daerah Kuala Lumpur, 282-05-06 Block A, Menara Warisan (The Heritage) Jalan Pahang 53000 Kuala Lumpur	Condominium/ Rented out	Freehold (7 Years)	NA (1,207)	199,106.16	204,912.00	-
Emarketing ^	Master Title No. H.S (D) 2483, Master Lot No. P.T.6260, Mukim of Dengkil, District of Sepang, Selangor No. H-1-06, Kiambang (Itville) Apartments, Jalan Putra Perdana 5F Taman Putra Perdana 47100 Puchong, Selangor Darul Ehsan	A Medium Cost Apartment	Leasehold commencing from issuance of strata title (1 year)	NA (790)	91,286.00	85,000.00 @ 18.05.2001	Comparison & Investment

Based on the purchase price stated in the Sales and Purchase Agreement dated 24 August 2000 entered into between the vendor and ESB, the purchaser. A valuation was not carried out on the said property because the sale and purchase transaction was completed on 13 December 2001 and the said property was duly assigned to ESB on even date.

^ The strata title for the property has yet to be issued.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

Registered/ Beneficial Owner	Location	Description/ Existing Use	Tenure (Approximate Age of building)	Approximate Land Area/ (Built up area) square feet	Audited NBV as at 31.12.01 RM	Open Market Value as at the date of valuation RM	Method of Valuation
Emarketing ^	Master Title No. H.S.(M) 22712, Master Lot No. P.T. 19502, Mukim & District of Petaling, Selangor No.50C, 3 rd Floor, Jalan TK 4/5 Taman Kinrara Seksyen 4, 47100 Puchong, Selangor Darul Ehsan	A Shop/ Apartment Unit	Leasehold commencing from issuance of strata title (2 years)	NA (1,088)	83,226.56	86,000.00 @ 18.05.2001	Comparison & Investment
Hachita	Lot 120, Geran Peringkat Pertama No.14125, Kawasan Bandar XXV, Daerah Melaka Tengah, Melaka No. 79 Jalan Parameswara 75000 Melaka	An Intermediate Unit of Double Storey Pre-war Terrace House	Freehold	5,792 (2,930)	154,716.62	200,000.00 @ 18.05.2001	Comparison
Allpipes	H.S.(M) 151 & H.S. (M) 404, PT 70 & PT 531 respectively Mukim of Ulu Yam, District of Hulu Selangor, Selangor, Lot 3757 Batu 29, Jalan Kuala Lumpur ke Ipoh, Hulu Selangor, 48200 Serendah, Selangor	A Single-Storey Office Building with 5 units of Single Storey Factory Buildings	Leasehold for 99 years expiring on 06.10.2076 and 01.10.2082 respectively (3 to 5 years)	165,528 (62,643)	3,866,273.24	3,800,000.00 @ 18.05.2001	Comparison & Investment
NBP	H.S.(M) 177 No. P.T. 80 Mukim of Ulu Yam, District of Hulu Selangor, Selangor P.T.80, Batu 29, Jalan Kuala Lumpur ke Ipoh, Hulu Selangor, 48200 Serendah, Selangor Darul Ehsan	A parcel of Agriculture Land	99 years leasehold expiring on 21.07.2079	130,680 (NA)	599,062.30	720,000.00 @ 18.05.2001	Comparison
EIndustries	H.S.(M) 628 & H.S.(M) 629 P.T. 789 & P.T. 790 respectively Mukim of Ulu Yam District of Hulu Selangor, Selangor P.T. 789 & P.T. 790, Batu 29 Jalan Kuala Lumpur – Ipoh Hulu Selangor 48200 Serendah, Selangor Darul Ehsan	} } Two parcels } of adjoining } Agriculture } Land }	99 years leasehold expiring on 05.05.2086	261,360 (NA)	1,119,201.00	1,440,000.00 @ 18.05.2001	Comparison

^ The strata title for the property has yet to be issued

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

Registered/ Beneficial Owner	Location	Description/ Existing Use	Tenure (Approximate Age of building)	Approximate Land Area/ (Built up area) square feet	Audited NBV as at 31.12.01 RM	Open Market Value as at the date of valuation RM	Method of Valuation
ELHT	H.S.(D) 1578 Lot No. 3420 Mukim 13, Province Wellesley Central, Penang, Plot 10, Lorong Industri Ringan 1, Juru Light Industrial Park, 14100 Simpang Ampat, Penang	2 1/2 Storey Detached Light Industrial Building	Freehold (3.5 years)	20,527 (13,111)	1,058,705.99	1,300,000.00 @ 18.05.2001	Comparison & Contractor's
ELHT	H.S.(D) 1572 Lot No. 3414 Mukim 13, Province Wellesley Central, Penang	A parcel of vacant Industrial land	Freehold	16,146 (NA)	466,730.00	400,000.00 @ 18.05.2001	Comparison
ELHT	H.S.(D) 573/96 Lot No. 776, Section 41, Town of Kulim, District of Kulim, Kedah 490 Jalan Kota Kenari 3 Kota Kenari, 09000 Kulim, Kedah	2 Storey Shop Office	Freehold (3 years)	1,400 (2,400)	177,600.04	158,000.00 @ 18.05.2001	Comparison & Investment
LVE <	Geran Mukim 474, Lot No. 1844 Mukim of Cheras, District of Ulu Langat, Selangor. Lot 1844, Kampung Barn Balakong, Off Batu 13 Jalan Sungai Bcsi 43300 Kajang, Selangor	A parcel of Industrial land	Freehold	95,287.5 (NA)	2,715,000.00	1,900,000.00 @ 18.05.2001	Comparison
EMetals	Geran of Mukim 125, Lot No. 443, Mukim Ijok, District of Kuala Selangor, Selangor	A parcel of Industrial land	Freehold	220,522 (NA)	1,105,080.00	1,500,000.00 @ 18.05.2001	Comparison
EMetals	Geran of Mukim 300, Lot No. 442, Mukim Ijok, District of Kuala Selangor, Selangor	A parcel of Agriculture Land	Freehold	220,500 (NA)	850,000.00*	850,000.00*	--
Total					33,451,070.57	34,506,912.00	

1. The approximate age of the building is taken as at the date of valuation.

2. The above valuations do not require the approval from SC.

< The valuer has valued the subject land only. Please refer to Section 4.14.3 for further details on the building erected on the said subject land.

* Based on the Sales and Purchase Agreement dated 24 August 2001 entered into between the vendor and EMetals, the purchaser

The resultant net revaluation surplus of RM1,055,841.43 based on Net Book Value ("NBV") as at 31 December 2001, has not been incorporated or proposed to be incorporated into the accounts of Engtex Group.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)**4.14.2 Pending completion of Sale and Purchase**

The following sale and purchase agreements are currently pending completion:

- (a) a sale and purchase agreement dated 26 December 2001 entered into between Benton as the vendor and Kota Niaga Sdn Bhd as the purchaser for the disposal of a property (as detailed in table below) to the purchaser for a full purchase price of RM400,000.00; and pursuant to the agreement, Kota Niaga Sdn Bhd has paid to Benton the sum of RM40,000.00 being the deposit sum; and
- (b) a sale and purchase agreement dated 30 April 2002 entered into between Benton as the vendor and Global Kiara Sdn Bhd as the purchaser for the disposal of a property (as detailed in table below) to the purchaser for a full purchase price of RM2,850,000; and pursuant to the agreement, Global Kiara Sdn Bhd has paid to Benton the sum of RM285,000 being the deposit sum.

Registered Owner/ Purchaser	Location	Description/ Existing Use	Tenure (Approximate Age of building)	Approximate Land Area/ (Built up area) square feet	Audited NBV as 31.12.01 RM	Open Market Value as at the date of valuation RM	Method of Valuation
Benton/Kota Niaga Sdn Bhd	H.S.(M) No. 5336, P.T. No. 6265, Mukim Sungai Buloh, District of Petaling, Selangor No. 440 Jalan Perusahaan 2, Bandar Baru Sungai Buloh, Seksyen U20, 40160 Shah Alam	An intermediate unit one and a half storey terraced factory	99 years leasehold expiring on 13.03.2087 (14 years)	3,000 (2,760)	290,181.71	400,000.00 @ 18.05.2001	Comparison & Investment
Benton/Global Kiara Sdn Bhd	H.S.(D) of 31870 Lot No. P.T..13157 Mukim of Rawang, District of Gombak, State of Selangor. Lot 20, Jalan BRP 9/1B Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan	A 3 Storey Office Building and a Double Storey Warehouse	Freehold (4 years)	21,780 (25,064)	2,955,933.20	2,600,000.00 @ 18.05.2001	Comparison & Investment
Total					3,246,114.91	3,000,000.00	

Note: The approximate age of the building is taken as at the date of valuation.

The sale and purchase agreements are expected to be completed by the parties by end of 2002, and the subject properties should be transferred to their respective purchaser.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

There were no transactions in the acquisitions of the abovementioned properties set out in Section 4.14.1 during the two(2) years preceding the valuation date i.e. 18 May 2001 save for the following:

Registered Owners/ Location	Details of Transaction	Date of Transaction	Price Paid (RM)
EMetals	Geran Mukim 300, Lot No. 442, Mukim Ijok, District of Kuala Selangor, Selangor	24.08.2001	850,000.00
	Geran Mukim 125, Lot No. 443, Mukim Ijok, District of Kuala Selangor, Selangor	16.03.2001	901,125.00
ESB	Master Title Geran No. Hakmilik 30548, No. Lot 440 Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan	24.08.2000	204,912.00

4.14.3 CF and Building Plans of LYE

LYE had previously obtained a temporary CF for the factory building erected on Lot 1844, Mukim Cheras, Daerah Hulu Langat, Selangor ("Property") and the last temporary CF has expired on 13 June 1996. Thereafter, LYE has not been able to obtain the full CF as the infrastructure for the vicinity has not been completed by the relevant authorities. Vide a letter dated 30 December 1999 issued by Majlis Perbandaran Kajang, the relevant authorities had decided that set up a fund named "Tabung Amanah Infrastruktur Kawasan Industri Balakong" for the purpose of defraying the costs of infrastructure and related works in the area wherein all the landowners of the vicinity are to contribute a sum of RM1.20 per square foot in progressive stages; and that the Majlis Perbandaran Kajang shall issue the CF to the relevant landowner/applicant within one(1) month from the relevant applicant's fulfillment of all conditions from the relevant technical departments.

One of the conditions to be fulfilled prior to obtaining the CF is to ensure that the infrastructure of the whole Kawasan Industri Balakong is to be upgraded to a satisfactory level. In addition, the upgrading works will only be carried out upon receipt of payments for the upgrading of the works from all landowners in the said area. Any delay in the receipt of payments from the landowners may result in a delay in contracting out the construction job to contractors and as such, a delay in the completion of the construction.

In view that the upgrading of the infrastructure of the whole Kawasan Industri Balakong to a satisfactory level is expected to take some time to be fulfilled and is beyond the company's control, the SC has, vide its letter dated 7 March 2002, approved Engtex's application to proceed with the issuance of this Prospectus prior to obtaining the CF and building plans approval. The aforementioned is subjected to the condition that Engtex is to obtain the said CF and building plans approval within one(1) year from the issuance of this Prospectus.

4 INFORMATION ON THE ENGTEX GROUP (Cont'd)

Taking into the fact that LYE has a revised building structure in its premises, approval for the revised building plans is required to be obtained from the local authorities. As such, LYE has appointed a consultant to assist in, inter-alia, the submission and obtaining of the building plans approval and in the application for a full CF. Although the Company is pursuing all avenues within its ability to procure the approval for the building plans and CF for the Property, one of the Promoters of Engtex, Ng Hook has given his undertaking that in the event that the building plans and the CF is not obtained within three(3) years from the date of issuance of this Prospectus, he will purchase the said Property and the building erected on the Property from LYE at LYE's cost or at market value prevailing at the end of the three(3) years timeframe, whichever is higher, and indemnify Engtex of all costs incurred in pursuing the approvals for the building plans and full CF.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK