

This Prospectus has been seen and approved by the Directors and Promoters of Luster Industries Bhd. ("**Luster**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after 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.

The Adviser, Managing Underwriter and Placement Agent 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 profit forecast (for which the Directors of Luster are fully responsible) prepared for inclusion in the Prospectus has been stated by the Directors after due and careful enquiry and has been duly reviewed by the Reporting Accountants.

The Securities Commission has approved the Public Issue in respect of the public offering and that the approval shall not be taken to indicate that the Securities Commission recommends the Public Issue.

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

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

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

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**TENTATIVE TIMETABLE**

The indicative timing of events leading up to the listing of and quotation for the 60,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital in Luster of RM60,000,000 on the Main Board of the Kuala Lumpur Stock Exchange is set out below:-

<b><u>Indicative Date</u></b>	<b><u>Event</u></b>
11 August 2003	Issue of Prospectus/opening date of the Public Issue
22 August 2003	Closing date of the Public Issue
26 August 2003	Tentative date for balloting of applications
5 September 2003	Despatch of notices of allotment to successful applicants
11 September 2003	Tentative listing date on the KLSE

**THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 8.00 P.M. ON 22 AUGUST 2003 OR SUCH FURTHER PERIOD OR PERIODS AS THE DIRECTORS AND/OR PROMOTERS OF LUSTER TOGETHER WITH MANAGING UNDERWRITER MAY DECIDE. SHOULD THERE BE AN EXTENSION ON THE APPLICATION PERIOD, LUSTER WILL NOTIFY THE INVESTORS VIA ANNOUNCEMENT IN WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH NEWSPAPERS.**

**DEFINITIONS**

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

<b>Acquisition of DP</b>	— The acquisition by Luster of 33.33% of the issued and paid-up share capital of DP, comprising 52,500 Shares, for a total consideration of RM299,558 satisfied by the issuance of 26,866 new Shares credited as fully paid-up at an issue price of approximately RM11.15 per Share
<b>Acquisition of LCW</b>	— The acquisition by Luster of 51.00% of the issued and paid-up share capital of LCW, comprising 1,100,000 Shares, for a total cash consideration of RM966,780
<b>Acquisition of LE</b>	— The acquisition by Luster of the entire issued and paid-up share capital of LE, comprising 500,000 Shares, for a total consideration of RM1,688,002 satisfied by the issuance of 151,390 new Shares credited as fully paid-up at an issue price of approximately RM11.15 per Share
<b>Acquisition of LPE</b>	— The acquisition by Luster of 41.25% of the issued and paid-up share capital of LPE, comprising 618,750 Shares, for a total consideration of RM4,733,400 satisfied by the issuance of 321,606 new Shares credited as fully paid-up at an issue price of approximately RM11.15 per Share and cash consideration of RM1,147,491
<b>Acquisition of LPI</b>	— The acquisition by Luster of 43.07% of the issued and paid-up share capital of LPI, comprising 642,695 Shares, for a total consideration of RM3,179,560 satisfied by the issuance of 285,162 new Shares credited as fully paid-up at an issue price of approximately RM11.15 per Share
<b>Acquisitions</b>	— Acquisitions of DP, LCW, LE, LPE and LPI collectively
<b>Act</b>	— Companies Act, 1965
<b>ADA</b>	— Authorised Depository Agent
<b>ADA Code</b>	— ADA (Broker) Code
<b>AFTA</b>	— Asean Free Trade Area
<b>AI</b>	— Auto Insertion
<b>AmMerchant Bank</b>	— AmMerchant Bank Berhad (23742-V)
<b>Application(s)</b>	— Application(s) for the Public Issue Shares by way of Application Forms or by way of Electronic Share Application
<b>Application Form(s)</b>	— The printed application form(s) for the application of the Public Issue Shares accompanying this Prospectus
<b>ATM</b>	— Automated Teller Machine
<b>Bonus Issue</b>	— The bonus issue of 45,294,976 new Shares in Luster to the existing shareholders of Luster on the basis of approximately 9,466 new Shares for every 1,000 existing Shares held after the Acquisitions

**DEFINITIONS (Cont'd)**

<b>Bonus Shares</b>	— The 45,294,976 new Shares in Luster issued pursuant to the Bonus Issue
<b>Bye-Laws</b>	— The rules, regulations, terms and conditions of the ESOS scheme
<b>CCM</b>	— Companies Commission of Malaysia
<b>CDS</b>	— Central Depository System
<b>Disposal of LMould</b>	— The disposal by Luster of the entire issued and paid-up share capital of LMould, comprising 1,100,000 Shares, for a total cash consideration of RM87,773
<b>DP</b>	— Demand Portfolio Sdn Bhd (446311-P)
<b>Electronic Share Application</b>	— Application for Public Issue Shares through a Participating Financial Institution's ATM
<b>EPS</b>	— Earnings Per Share
<b>EPTE</b>	— Enterport Produsen Tujuan Eksport
<b>ERP</b>	— Enterprise Resource Planning System
<b>ESOS</b>	— The employee share option scheme of up to ten percent (10%) of the issued and paid-up share capital of Luster
<b>ESOS Committee</b>	— A committee comprising of director(s) and senior management personnel appointed by the board of directors to administer the ESOS
<b>ESOS Option(s)</b>	— The contract constituted by acceptance by an employee in the manner provided by Bye-Law 8 of an offer made to such employee by the ESOS Committee pursuant to Bye-Law 7. Each option shall entitle an employee to subscribe for one(1) Share upon its exercise
<b>Executive Director</b>	— A natural person who holds a directorship in a full time executive capacity and is involved in the day-to-day management of any company in the Luster Group and is on the payroll of such company
<b>FIC</b>	— Foreign Investment Committee
<b>FIZ</b>	— Free Industrial Zone
<b>GDP</b>	— Gross Domestic Product
<b>IC</b>	— Integrated Circuit
<b>Initial Public Offering or IPO</b>	— Public Issue
<b>ISO</b>	— International Organisation for Standardisation
<b>KLSE</b>	— Kuala Lumpur Stock Exchange (30632-P)
<b>kwh</b>	— Kilowatt per hour
<b>LAT</b>	— Loss After Tax
<b>LAT after MI</b>	— Loss After Tax after Minority Interest

**DEFINITIONS (Cont'd)**

<b>LBT</b>	— Loss Before Tax
<b>LCW</b>	— Luster Chi Wo Sdn Bhd (401840-P)
<b>LE</b>	— Luster Electronics (M) Sdn Bhd (520661-U)
<b>LHSB</b>	— Luster Holdings Sdn Bhd (290876-K)
<b>Luster Group or Group</b>	— Luster and its subsidiary companies, collectively
<b>Luster or Company</b>	— Luster Industries Bhd. (156148-P)
<b>Listing</b>	— Admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital in Luster of RM60,000,000 comprising 60,000,000 Shares on the Main Board of the KLSE
<b>LM</b>	— Luster Manufacturing Sdn Bhd (185405-D)
<b>LMould</b>	— Luster Mould Sdn Bhd (330327-V)
<b>LMW</b>	— Licensed Manufacturing Warehouse
<b>LN</b>	— Luster-Nakazawa R & D Sdn Bhd (476771-X)
<b>LPE</b>	— Luster Precision Engineering Sdn Bhd (243754-V)
<b>LPI</b>	— Luster Plastic Industries Sdn Bhd (245695-U)
<b>LPR</b>	— Linpower Resources Sdn Bhd (273055-X)
<b>MCD or Central Depository</b>	— Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of KLSE
<b>MIH or Issuing House</b>	— Malaysian Issuing House Sdn Bhd (258345-X)
<b>Market Day</b>	— Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which the KLSE is open for the trading of securities
<b>MI</b>	— Minority Interest
<b>MITI</b>	— Ministry of International Trade and Industry
<b>MNC(s)</b>	— Multi-national company(ies)
<b>m<sup>2</sup></b>	— Square metre
<b>NTA</b>	— Net Tangible Assets
<b>OEM</b>	— Original Equipment Manufacturer
<b>Participating Financial Institution(s)</b>	— Refers to the Participating Financial Institutions for Electronic Share Application as listed in Section 13.9(n) of this Prospectus
<b>PAT</b>	— Profit After Tax
<b>PAT after MI</b>	— Profit After Tax after Minority Interest
<b>PCB</b>	— Printed Circuit Board

**DEFINITIONS (Cont'd)**

<b>PCBA</b>	— Printed Circuit Board Assembly
<b>PBT</b>	— Profit Before Tax
<b>PE Multiple</b>	— Price Earnings Multiple
<b>Private Placement</b>	— Private placement of 4,000,000 Shares in Luster representing 6.67% of the enlarged issued and paid-up share capital of Luster at an issue price of RM1.40 per Share to potential investors by the Placement Agent
<b>Placement Agent</b>	— AmMerchant Bank
<b>Promoters</b>	— The promoters of Luster are Lim See Chea and Chiang Chong Kooi
<b>PTLI</b>	— PT Luster Indonesia
<b>Public Issue</b>	— The public issue of 9,920,000 new Shares in Luster representing approximately 16.53% of the enlarged issued and paid-up share capital of Luster at an issue price of RM1.40 per Share to Malaysian public, eligible Directors and employees, and bumiputera investors and institutions approved by MITI, payable in full on application subject to the terms and conditions of this Prospectus
<b>Public Issue Shares</b>	— The 9,920,000 new Shares in Luster being the subject of the Public Issue
<b>RM and sen</b>	— Ringgit Malaysia and sen respectively
<b>R&amp;D</b>	— Research and Development
<b>SC</b>	— Securities Commission
<b>SC Guidelines</b>	— Policies and Guidelines on Issue/Offer of Securities issued by Securities Commission as amended or expanded from time to time
<b>Sfrs</b>	— Swiss Franc
<b>SGD</b>	— Singapore Dollar
<b>Share(s)</b>	— Ordinary share(s) of RM1.00 each
<b>SIRIM</b>	— Standards and Industrial Research Institute of Malaysia
<b>SMT</b>	— Surface Mount Technology
<b>T</b>	— Tonnes
<b>US or USA</b>	— United States of America
<b>USD</b>	— United States of America Dollar

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation/ Nationality</b>
Abdul Gafoor @ Abdul Gafoor Khan	No.1, Changkat Minden Jalan 13, Sungai Gelugor 11700 Penang	Executive Chairman/ Malaysian
Lim See Chea	4K, Kampung Baru 08000 Sungai Petani, Kedah	Managing Director/ Malaysian
Chiang Chong Kooi	109-06-15, Gold Coast Persiaran Bayan Indah 11900 Bayan Baru, Penang	Executive Director/ Malaysian
Lim See Hua	13, Lorong 15, Taman Mewah 08000 Sungai Petani, Kedah	Executive Director/ Malaysian
Hang Kok Long	23, Lorong 24 Taman Patani Jaya 08000 Sungai Petani, Kedah	Executive Director/ Malaysian
Fong Swee Hin	90, Lorong 29 Taman Patani Jaya 08000 Sungai Petani, Kedah	Executive Director/ Malaysian
Chatar Singh a/l Santa Singh	4379, Lorong Serampang 3 Taman Ria Jaya 08000 Sungai Petani, Kedah	Independent Non- Executive Director/ Malaysian
Tengku Sepachendra Tengku Abdul Rashid	27, Jalan Anggerik 1 Saujana Utama 47000 Sungai Buloh, Selangor	Independent Non- Executive Director/ Malaysian
Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa	28, Changkat Minden Jalan 3, Sungai Gelugor 11700 Penang	Independent Non- Executive Director/ Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tengku Sepachendra Tengku Abdul Rashid	Chairman	Independent Non- Executive Director
Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa	Member	Independent Non- Executive Director
Chatar Singh a/l Santa Singh	Member	Independent Non- Executive Director
Fong Swee Hin	Member	Executive Director

**CORPORATE DIRECTORY (Cont'd)**

- COMPANY SECRETARY** : Lam Voon Kean (MIA 4793)  
9, Reservoir, 5<sup>th</sup> Avenue  
11500 Penang
- REGISTERED OFFICE** : Suite 2-1, 2<sup>nd</sup> Floor  
Menara Penang Garden  
42-A, Jalan Sultan Ahmad Shah  
10050 Penang
- HEAD OFFICE** : Lot 58 & 59, Bakar Arang Industrial Estate  
08000 Sungai Petani, Kedah  
Tel : 04 – 4213481  
Fax: 04 – 4233189  
Website : [www.lustergroup.com](http://www.lustergroup.com)
- REGISTRAR & TRANSFER OFFICE** : Agriteum Share Registration Services Sdn Bhd (578473-T)  
2<sup>nd</sup> Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04 - 2282321  
Facsimile: 04 - 2272391
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)  
27<sup>th</sup> Floor, Menara Multi-Purpose  
Capital Square  
No.8, Jalan Munshi Abdullah  
50100 Kuala Lumpur
- PRINCIPAL BANKERS** : RHB Bank Berhad (6171-M)  
Penang Area Business Centre  
1<sup>st</sup> & 2<sup>nd</sup> Floor  
2784 & 2785, Jalan Chain Ferry  
Taman Inderawasih  
13600 Prai, Penang
- : Bumiputra-Commerce Bank Berhad (13491-P)  
4<sup>th</sup> Floor, Wisma Ria  
Taman Ria  
08000 Sungai Petani, Kedah Darul Aman
- : Malayan Banking Berhad (3813-K)  
Sungai Petani Business Centre  
G27 1<sup>st</sup> Floor, Central Square Complex  
23, Jalan Kampung Baru  
08000 Sungai Petani, Kedah
- AUDITORS AND REPORTING ACCOUNTANTS** : KPMG  
Chartered Accountants  
1st Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang
- SOLICITORS FOR DUE DILIGENCE** : Ong and Manecksha  
Suite 503, 5th Floor  
Penang Plaza, Jalan Burma  
10050 Penang

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**CORPORATE DIRECTORY (Cont'd)**

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- 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)  
15<sup>th</sup> Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur
  - : Hwang-DBS Securities Berhad (14389-U)  
Levels 2, 3, 4, 7 & 8  
Wisma Sri Pinang  
60, Green Hall  
10200 Penang
  - : UT Securities Sdn Bhd (20710-W)  
6<sup>th</sup>, 10<sup>th</sup> & 12<sup>th</sup> Floor  
Bangunan Mayban Trust  
3, Penang Street  
10200  
Penang
- INDEPENDENT BUSINESS AND INDUSTRY CONSULTANT** : Vital Factor Consulting Sdn Bhd (266797-T)  
75C & 77C, Jalan SS22/19  
Damansara Jaya 47400  
Petaling Jaya  
Selangor Darul Ehsan
- LISTING SOUGHT** : Main Board of the Kuala Lumpur Stock Exchange

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# LUSTER INDUSTRIES BHD.

(Company No. 156148-P)  
(Incorporated in Malaysia under the Companies Act, 1965)

## 1. INFORMATION SUMMARY

**THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE LUSTER GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE SHARES OF THE COMPANY.**

### 1.1 History and Business

Luster was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 19 September 1986 under the name of Luster Industries Sdn Bhd. The Company was converted into a public limited company on 1 October 2002 and assumed its present name. The principal activities of Luster are investment holding, manufacture of precision plastic parts and components, PCBA, sub-assembly and full assembly of plastic parts and products whilst its subsidiary companies are principally involved in the manufacture of high precision and precision plastic parts and components and sub-assembly of plastic parts and products, printed circuit board assembly and full assembly of complete products, R&D, design and fabrication of moulds, tools and dies, including precision moulds, trading in plastic resins and materials for the production of plastics products as well as property investment holding.

Lim See Chea is the founder and Managing Director of Luster. With more than 20 years of experience in the plastic industry, he has been instrumental in the success, growth and development of the Luster Group. Chiang Chong Kooi, the co-founder of Luster Group brings with him approximately 25 years of technical experience in the plastics industry.

Initially, the principal activity of Luster was in the manufacturing of precision plastic parts and components. In 1991, Luster began to expand its manufacturing operations and hence, LM was acquired. Luster Group further expanded its business capabilities in the manufacturing of high precision plastic parts and components through the establishment of LPE in 1992.

LPI was established in 1992 to primarily focus on the manufacture of audio and computer plastic casing as part of Luster Group's intention to provide some form of specialisation within the manufacturing plants to increase economies of scale and efficiency.

With the increase in the sales volume of the Group, DP was incorporated in 1997 as the trading arm of the Group focusing on trading in plastic resins and materials for the production of plastic products. The Group has also in 1997, acquired LMould to strengthen its mould design and fabrication activities. In 1999, LMould entered into a joint-venture arrangement with Chi Wo Plastic Mould Fty. Ltd., a Hong Kong based company specialising in the design and fabrication of moulds, to form LCW.

**1. INFORMATION SUMMARY (Cont'd)**

In 1999, LN, the research and development arm of the Group was established as a result of a joint-venture arrangement between the Luster Group and Nakazawa Kogyo Co. Ltd. LN mainly focuses on research and development activities, including all the technical aspects of the operations such as developments in moulding, manufacturing processes and design of precision plastic parts and components. Subsequently in 2001, Luster Group started its PCBA facilities with the aim to provide value added services to its customers. In the same year, PTLI, which is also involved in the PCBA was established in Indonesia primarily to service the Group's customers in that country. PTLI also carries out final assembly in its plant in line with the Group's plan to be an OEM.

As Luster Group is an integrated manufacturer of high precision and precision plastic parts and components, the relevant technology used can be classified into three (3) categories, namely injection moulding, moulds and dies, and SMT.

Over the last four(4) years, Luster Group received numerous awards from its MNC customers as follows:-

<b>Awards</b>	<b>Customers</b>	<b>Year</b>
A99 Award (Home Video)	Sony Electronics (M) Sdn Bhd	1999
Best Delivery Award	TIM Electronics Sdn Bhd	1999
Excellent Vendor Award	TIM Electronics Sdn Bhd	1999 and 2000
400 PPM Achievement, Best Performance and Best Innovative Idea Award	Sony Electronics (M) Sdn Bhd	2000
Best Vendor Award	Sharp-Roxy Corporation (M) Sdn Bhd	2000 and 2001
Best Business Partner Award	Agilent Technologies (Penang) Sdn Bhd	2001
Excellent Leadership Award	Sony Electronics (M) Sdn Bhd	February and June 2002
Quality Achievement for the Most Improved Vendor	Sony Electronics (M) Sdn Bhd	May 2002
Green Partner (Green Partnership Program)	Sony Electronics (M) Sdn Bhd	2003

Apart from the above, Luster Group also obtained the quality accreditations from SIRIM for its management systems as follows:-

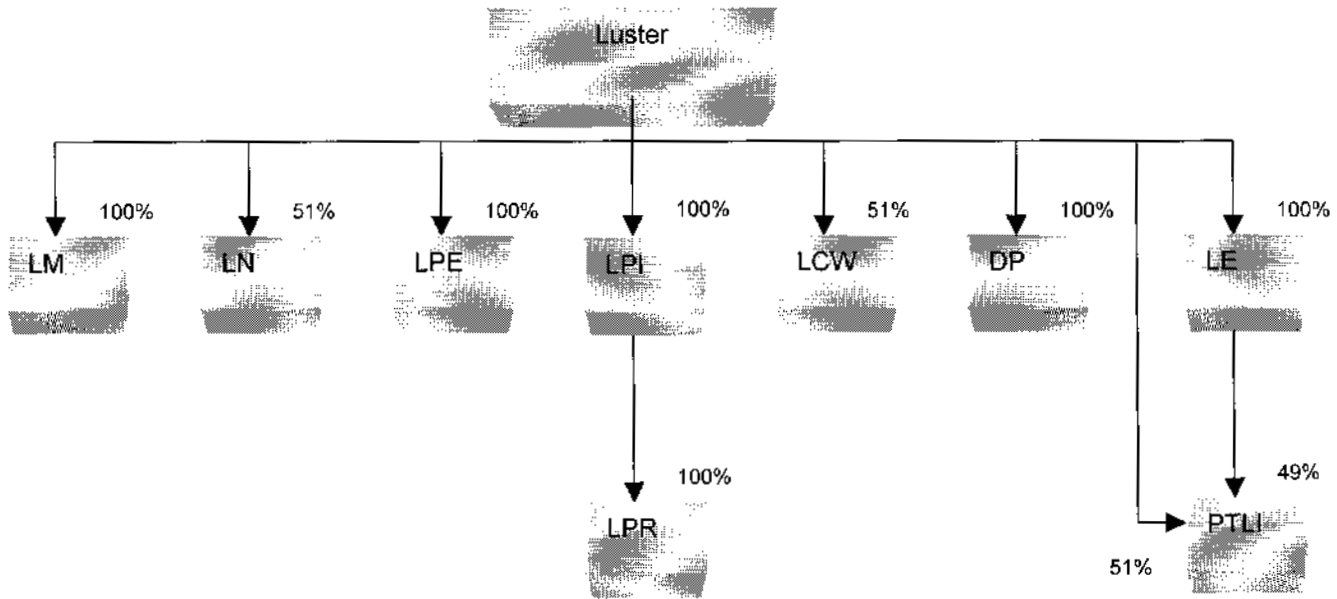
	<b>ISO 9002</b>	<b>ISO 9001:2000</b>
LM	Since December 1999	Since November 2001
LPE	Since May 1999	Since May 2002
LPI	-	Since September 2002
Luster	-	Since December 2002
LCW	-	Since February 2003

**1. INFORMATION SUMMARY (Cont'd)**

The Group has a total of six(6) manufacturing plants in Malaysia and overseas. Of these six(6) manufacturing plants, four(4) are focusing on the manufacturing of plastic parts and components including precision and high precision parts and components. The four(4) manufacturing plants are supported by the following facilities: -

- LCW, a subsidiary company involved in the design and fabrication of mould and die in Sungai Petani, Kedah;
- LN, a subsidiary company in research and development activities in Sungai Petani, Kedah;
- DP, the Group's sales and marketing arm in Penang; and
- Sub-assembly and full assembly of PCB facilities in Luster, Sungai Petani, Kedah and PTLLI, Indonesia.

The Luster Group's corporate structure is set out as follows: -



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**1. INFORMATION SUMMARY (Cont'd)**

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

<b>Subsidiary Companies</b>	<b>Date and Place of Incorporation</b>	<b>Issued and Paid-up Share Capital</b>	<b>Effective Equity Interest (%)</b>	<b>Principal Activities</b>
DP	10.09.1997 Malaysia	RM157,500	100.00	Trading in plastic resins and materials for the production of plastics products
LCW	12.09.1996 Malaysia	RM2,157,000	51.00	Design and fabrication of moulds, tools and dies, including precision moulds
LE	18.07.2000 Malaysia	RM500,000	100.00	Investment holding
LM	14.08.1989 Malaysia	RM1,200,000	100.00	Manufacture of precision plastic parts and components and sub-assembly of plastic parts and products
LN	06.02.1999 Malaysia	RM400,000	51.00	R&D, design and fabrication of moulds
LPE	06.07.1992 Malaysia	RM1,500,000	100.00	Manufacture of high precision plastic parts and components and sub-assembly of plastic parts and products
LPI	31.07.1992 Malaysia	RM1,492,120	100.00	Manufacture of precision plastic parts and components
PTLI	20.11.2000 Indonesia	USD1,000,000	*100.00	PCBA and full assembly of complete products
<b><u>Subsidiary Company of LPI</u></b>				
LPR	12.08.1993 Malaysia	RM350,000	100.00	Property investment holding

\* 51% held by Luster and 49% held by LE

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

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**1. INFORMATION SUMMARY (Cont'd)****1.2 Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management**

	After the Public Issue <sup>^</sup>			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
<b><u>Promoters</u></b>				
Lim See Chea	11,000	0.02	*28,670,000	47.78
Chiang Chong Kooi	11,000	0.02	#	#
<b><u>Substantial Shareholders</u></b>				
LHSB	28,670,000	47.78	-	-
Muthanna Bin Abdullah	12,179,060	20.30	-	-
Lim See Chea	11,000	0.02	*28,670,000	47.78
Gey Ah Sang @ Lee Ah Sim	9,000	0.01	*28,670,000	47.78
<b><u>Directors</u></b>				
Abdul Gafoor Khan	59,000	0.10	-	-
Lim See Chea	11,000	0.02	*28,670,000	47.78
Chiang Chong Kooi	11,000	0.02	#	#
Lim See Hua	699,536	1.17	-	-
Hang Kok Long	11,000	0.02	-	-
Fong Swee Hin	10,000	0.02	-	-
Chatar Singh a/l Santa Singh	9,000	0.01	-	-
Tengku Sepachendra Tengku Abdul Rashid	9,000	0.01	-	-
Tunku Dato' Dr. Ismail Bin Tunku Mohammad Jawa	9,000	0.01	-	-
<b><u>Key Management</u></b>				
Chan Boon Kong	9,000	0.01	-	-
Loh Soo Fung	9,000	0.01	-	-
Hooi Chew Yoon	9,000	0.01	-	-
Chia Teng Seng	9,000	0.01	-	-
Kam Teik Lim	11,000	0.02	-	-
Tan Tang Chai	10,000	0.02	-	-
Ratnarajah s/o Sivapragasam	10,000	0.02	-	-
Ch'ng Paed Koon	10,000	0.02	-	-
Yu Fujihara	-	-	-	-

<sup>^</sup> Includes pink form allocation pursuant to the Public Issue.

\* By virtue of his interests of more than 15% in the Shares of LHSB.

# He has 11.12% shareholding in LHSB.

The information of the Promoters, Substantial Shareholders, Directors and Key Management of Luster Group is detailed in Section 5 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.3 Financial Statistics for the Past Financial Periods/ 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 results of the Luster Group for the fourteen(14) months period ended 31 December 1998, four(4) financial years ended 31 December 1999 to 2002 and the three(3) months period ended 31 March 2003 has been prepared for illustrative purposes only based on the audited financial statements of Luster Group and the assumption that the current structure of the Group has been in existence throughout the period under review, and after making such adjustments considered necessary:-

	Financial Year Ended 31 December					3 Months Ended 31.03.2003 RM'000
	14 Months Ended 31.12.1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Revenue	138,511	110,092	169,858	170,880	130,619	23,129
Profit before depreciation and interest	16,809	15,683	19,664	24,668	23,952	3,221
Depreciation	(5,404)	(4,730)	(5,236)	(8,273)	(9,443)	(2,372)
Interest expense	(1,353)	(1,083)	(2,352)	(2,860)	(2,004)	(472)
PBT	10,052	9,870	12,076	13,535	12,505	377
Taxation	1,297	272	(3,162)	(4,469)	(2,586)	253
PAT	11,349	10,142	8,914	9,066	9,919	630
Extraordinary items	-	-	-	-	-	-
MI	-	110	21	235	160	144
PAT after MI	11,349	10,252	8,935	9,301	10,079	774
Proforma no. of Shares in issue ('000)	50,080	50,080	50,080	50,080	50,080	50,080
EPS (sen)						
- Gross	*17.20	19.93	24.16	27.50	25.29	*4.16
- Net	*19.42	20.47	17.84	18.57	20.13	*6.18
Gross dividend rate (%)	12.0	24.0	-	270.0	187.5	-
NTA	34,079	47,422	57,276	54,179	56,437	55,522

\* Annualised.

Notes:-

- i) The proforma consolidated results of Luster Group are prepared for illustrative purposes only and are based on the audited financial statements of Luster, LPI, LPE, LM, DP, LN, LCW, LPR, LE and PTLI respectively.
- ii) There were no extraordinary or exceptional items in the financial periods/years under review.
- iii) Revenue decreased in financial year ended 31 December 1999 mainly attributed to the change of customers base where sales volume was low at the initial stage.

**1. INFORMATION SUMMARY (Cont'd)**

*In the financial years ended 31 December 2000 to 2001, the Group's revenue improved with all the companies in the Group enjoyed continuing growth in demand for their products partly due to the recovery of the Asian financial crisis and multinationals awarding more contracts to local companies as part of their cost-containing measures.*

*Revenue decreased in financial year ended 31 December 2002 mainly due to global economy slow down and geopolitical uncertainty.*

*The Group recorded lower revenue for the first quarter of 2003 in tandem with the cyclical trend of the industry.*

- iv) *PBT decreased in 1999 mainly due to the lower revenue as explained in (iii).  
  
The Group's PBT increased in 2002 despite the reduction in revenue due to the cost reduction measures.*
- v) *The low tax charge in 1999 was due to tax waiver on business income earned during the year.  
  
The disproportionate tax charge for the Group for the financial years ended 2000, 2001 and 2002 were mainly due to tax incentives available to the subsidiary companies.  
  
There was a tax credit due to the reversal of deferred taxation. These tax credit will be set off against the tax expense when revenue increases in the second quarter of 2003.*
- vi) *An interim tax-exempt dividend of RM4.62 million and a gross dividend of RM2.88 million totalling RM7.5 million was declared for the financial year ended 31 December 2002 to the existing shareholders of Luster.*
- vii) *The gross EPS has been calculated based on the PBT after MI and on the assumption that the issued and paid-up share capital of the Company of 50,080,000 (after Acquisitions, Disposal and Bonus Issue) had been in issue throughout the periods/years under review.*
- viii) *The net EPS has been calculated based on the PAT after MI and on the assumption that the issued and paid-up share capital of the Company of 50,080,000 (after Acquisitions, Disposal and Bonus Issue) had been in issue throughout the periods/years under review.*

The financial information of the Luster Group is detailed in Section 7 of this Prospectus.

**1.4 Audit Qualifications in the Audited Financial Statements for the Past Financial Periods /Years**

The financial statements of Luster Group for the past five(5) financial period/years ended 31 December 2002 and the three (3) months period ended 31 March 2003 were reported without any audit qualification.

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**1. INFORMATION SUMMARY (Cont'd)****1.5 Summary of Proforma Consolidated Balance Sheets of Luster Group as at 31 March 2003**

The proforma Consolidated Balance Sheets of Luster Group as at 31 March 2003 as set out below are provided for illustrative purpose only to show the effects of the Acquisitions, Disposal of LMould, Bonus Issue, Public Issue and proposed utilisation of proceeds from the Public Issue, on the assumption that these transactions were completed on 31 March 2003.

		(I)	(II)	(III)
	Per audited financial statements of existing Luster Group RM'000	Proforma Group after Acquisitions, Disposal of LMould and Bonus Issue RM'000	After (I), Public Issue and proposed utilisation of proceeds RM'000	After (I), (II) and the exercise of ESOS RM'000
PROPERTY, PLANT AND EQUIPMENT	73,746	73,746	78,596	78,596
<b>CURRENT ASSETS</b>				
Inventories	15,522	15,522	15,522	15,522
Trade and other receivables	20,061	20,061	20,061	20,061
Tax refundable	1,447	1,447	1,447	1,447
Cash and bank balances	4,314	4,314	8,128	16,528
	<u>41,344</u>	<u>41,344</u>	<u>45,158</u>	<u>53,558</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	24,810	24,810	26,510	26,510
Bank borrowings	15,645	15,645	10,421	10,421
Taxation	14	14	14	14
	<u>40,469</u>	<u>40,469</u>	<u>36,945</u>	<u>36,945</u>
<b>NET CURRENT ASSETS</b>	<u>875</u>	<u>875</u>	<u>8,213</u>	<u>16,613</u>
	<u>74,621</u>	<u>74,621</u>	<u>86,809</u>	<u>95,209</u>
<i>Financed by</i>				
<b>SHARE CAPITAL</b>	4,785	50,080	60,000	66,000
Retained Profits	42,904	5,577	5,577	5,577
Share Premium	7,988	-	2,268	4,668
Exchange Fluctuation Reserve	(135)	(135)	(135)	(135)
<b>SHAREHOLDERS' FUNDS</b>	<u>55,522</u>	<u>55,522</u>	<u>67,710</u>	<u>76,110</u>
<b>LONG TERM AND DEFERRED LIABILITIES</b>				
NEGATIVE GOODWILL	1,572	1,572	1,572	1,572
BORROWINGS	12,791	12,791	12,791	12,791
MI	741	741	741	741
DEFERRED TAXATION	3,995	3,995	3,995	3,995
	<u>74,621</u>	<u>74,621</u>	<u>86,809</u>	<u>95,209</u>
No. of Shares in Issue	4,785	50,080	60,000	66,000
NTA	55,522	55,522	67,710	76,110
NTA per Share (RM)	11.60	1.11	1.13	1.15

The Reporting Accountants' Letter and the Proforma Consolidated Balance Sheets of Luster Group as at 31 March 2003 are contained in Section 7.10 and 7.11 of this Prospectus respectively.

**Note:-**

The notes to the proforma consolidated balance sheets as at 31 March 2003 are set out in Section 7.11 of this Prospectus.

**1. INFORMATION SUMMARY (Cont'd)****1.6 The Risk Factors**

The following is a list of some of the main investment considerations (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 Shares: -

<b>Item</b>	<b>Risk factors</b>	<b>Summary</b>
(1)	Dependency on Major Customers	Luster Group is dependent on its top three(3) customers by virtue of their substantial contribution to the Group's total revenue. There is no assurance that the loss of any one or more of these customers would not adversely impact on the Group's operating results.
(2)	No Prior Market for Luster Shares	There have been no public market for Luster's Shares and there can be no assurance that the Public Issue price will correspond with the price at which Luster's Shares will trade on Main Board of the KLSE or subsequent to its listing.
(3)	Foreign Currency Risk	Luster Group is not significantly affected by fluctuations in foreign exchange though the import of its raw materials is transacted in USD. The fixed pegging of Ringgit to the USD has enabled the Group to plan with a higher degree of certainty and be less vulnerable to fluctuations in foreign exchange.
(4)	Political and Economic Factors	Adverse development in political, economic and regulatory conditions in Malaysia could materially affect the financial, operation as well as the overall profitability of the Group.
(5)	Control by Substantial Shareholders	The substantial shareholders with collective shareholdings of 68.08% of Luster's enlarged issued and paid-up share capital, may be able to influence the outcome of certain matters which requires the vote of the Company's shareholders.
(6)	Dependence on Directors/Key Management	The success of Luster Group depends substantially upon the vision and continued efforts of its Directors and key management and the availability of skilled workers. The loss of Directors and key management could adversely affect the Group's ability to compete in the industry.
(7)	Competitive Conditions	Luster Group faces intense competition in the industry. The intensity of the competition depends on the market served, product categories, complexity of the end products and capability to focus on value added or high precision plastic injection moulded parts and components.
(8)	Threat of Substitute	Some of the substitute of plastic injection moulded products is steel, reinforced fibreglass and other composite materials. However, the probability of other materials replacing plastic is low due to the low cost of plastic mass production.

**1. INFORMATION SUMMARY (Cont'd)**

<b>Item</b>	<b>Risk factors</b>	<b>Summary</b>
(9)	Business Risks	Luster Group is subject to market forces and there is potential for its products being obsolete, process technologies being cost ineffective, its market share being eroded or the industry experiencing downturn.
(10)	Ease of Entry	There are no other Government regulations prohibiting the entry of operators into the Plastic Injection Moulding Industry. The barriers to entry based on capital requirements excluding land and building are low.
(11)	Implementation of AFTA	The reduction of import duties with the implementation of AFTA would make imports very competitive against locally manufactured products. However, Luster Group being the existing player in the industry with good track record, network and a one-stop centre for its customers, will be able to benefit from the implementation of AFTA.
(12)	Increased Competition from Lower-Cost Producing Countries	Low-cost producing countries such as China present intense competition, domestically and internationally for manufacturers within the Plastic Injection Moulding Industry. There is a no assurance that the relocation of Luster Group's MNC customers to lower-cost producing countries will not materially affect the Group's revenue.
(13)	Absence of Long Term Contractual Agreement with Customers and/or Suppliers	Luster Group does not have any formal long term contract with its customers and suppliers. However, the Group believes that by providing quality products, on-time delivery, competitive pricing and value added services, it will be able to maintain a firm relationship with its customers.
(14)	Achievability of Profit Forecast	The profit forecast of Luster Group contained in this Prospectus is based on certain assumptions made by the Directors of Luster, which nevertheless is subject to uncertainties and contingencies.
(15)	Adequacy of Insurance Coverage of the Group's Assets	Luster Group is aware of the adverse consequences arising from inadequate insurance coverage and has taken necessary measures to ensure its building; plant and machinery; raw materials; finished products and all its other assets are insured.
(16)	Dependency on Foreign Labour	Shortage of foreign labour is not a major issue to Luster Group, neither has it impeded on the Group's business growth or interruptions in its operations.
(17)	High Elasticity of Demand	Elasticity of demand for precision plastic parts and components for electronic or electrical products is high. These products are complex with a stronger emphasis on quality. However, the elasticity of demand for high precision plastic parts and components is moderate as these are regarded as higher value products and competition is less intense.

**1. INFORMATION SUMMARY (Cont'd)**

<b>Item</b>	<b>Risk factors</b>	<b>Summary</b>
(18)	Capital Market Risk	The performance of our local bourse is dependent on external factors and the inflow or outflow of foreign funds, which contribute to the volatility of trading volumes on KLSE. Nevertheless, the profitability of Luster Group is not dependent on the performance of the KLSE.
(19)	Failure in the Listing Exercise	The success of the listing exercise is also exposed to the risk that it may fail or be delayed should certain event occurs.
(20)	Forward Looking Statements	All forward looking statements contained in this Prospectus are based on forecasts and assumptions made by the Directors of Luster and are subject to known and unknown risk, uncertainties and other factors which may cause the actual results to differ from the future results implied in the forward looking statements.
(21)	Financial Risk	All the bank borrowings of Luster Group are interest bearing and are subject to the future fluctuations of interest rates, which may materially affect the Group's profitability.
(22)	Technological Change	The markets for the Group's products and services are characterised by rapid technological developments. The Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers.
(23)	Security and System Disruption	The Group did not experience any security and system disruption in its business prior to the date of this Prospectus. However, there is no assurance that security and system disruption will not materially affect Luster Group's business.
(24)	Rapid and Over-Expansion of Business	The management of Luster is adopting an aggressive perspective to achieve the Group's projections for the coming years. However, there is no assurance that Luster Group will be successful in managing or sustaining any of its anticipated growth.

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

**1. INFORMATION SUMMARY (Cont'd)****1.7 Principal Statistics Relating to the Public Issue**

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

	Par Value	RM
<b>Share Capital</b>		
<b>Authorised</b>		
100,000,000 Shares	RM1.00	<u>100,000,000</u>
<b>Issued and fully paid-up as at the date of this Prospectus</b>		
50,080,000 Shares	RM1.00	50,080,000
<b>To be issued pursuant to the Public Issue</b>		
9,920,000 Shares	RM1.00	9,920,000
<b>Total enlarged share capital</b>		<u>60,000,000</u>
<b>PUBLIC ISSUE PRICE PER SHARE</b>	<b>RM1.00</b>	<b>RM1.40</b>

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue shares 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.

**1.8 Proforma Consolidated NTA and NTA Per Share**

PROFORMA CONSOLIDATED NTA AS AT 31 MARCH 2003	RM'000
Proforma consolidated NTA (after taking into account the Acquisitions, Disposal, Bonus Issue, Public Issue and proposed utilisation of proceeds)	67,710
Proforma consolidated NTA per Share	1.13

Details of the Proforma Consolidated NTA are set out in Section 7.11 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.9 Highlights of the Consolidated Profit/Dividend Forecast****CONSOLIDATED PROFIT FORECAST**

<b>Financial Year Ending</b>	<b>Forecast 31.12.2003 RM'000</b>
Consolidated PBT	14,641
Taxation	<u>(3,275)</u>
Consolidated PAT	11,366
Pre-acquisition profit <sup>#</sup>	(513)
MI	24
Profit attributable to shareholders	<u>10,877</u>
Profit attributable to shareholders (before pre-acquisition profit)	<u>11,390</u>
Enlarged issued and paid-up share capital (Shares)	60,000

	<b>Before Deducting Pre-Acquisition Profit Forecast 31.12.2003</b>	<b>After Deducting Pre-Acquisition Profit Forecast 31.12.2003</b>
Fully diluted gross EPS (sen) <sup>^</sup>	24.40	23.59
Fully diluted net EPS (sen) <sup>*</sup>	18.98	18.13
Fully diluted gross PE multiple based on the Public Issue price of RM1.40 per Shares (times)	5.74	5.74
Fully diluted net PE multiple based on the Public Issue price of RM1.40 per Share (times)	7.38	7.72

<sup>^</sup> Based on PBT.

<sup>\*</sup> Based on enlarged share capital of 60,000,000 Shares.

<sup>#</sup> Pre-acquisition profit represents MI before date of acquisition.

**DIVIDEND FORECAST**

<b>Financial Year Ending</b>	<b>Forecast 31.12.2003</b>
Gross dividend per Share (sen)	5.00
Dividend yield based on the Public Issue price of RM1.40 per Share (%)	2.57
Net dividend cover (times)	# 5.27

<sup>#</sup> Based on fully diluted net EPS before pre-acquisition profit.

**Detailed information on the profit and dividend forecast is set out in Section 7.6 and 7.9 of this Prospectus.**

**1. INFORMATION SUMMARY (Cont'd)****1.10 Basis of Arriving at the Public Issue Price**

The Public Issue price of RM1.40 per Share was determined and agreed upon by the Company and AmMerchant Bank as Adviser, Managing Underwriter and Placement Agent based on various factors including the following:-

- i) the proforma forecast net PE Multiple (before pre-acquisition profit on an enlarged share capital of 60,000,000 Shares) of 7.38 times, based on the proforma consolidated profit forecast net EPS of 18.98 sen (before pre-acquisition profit on an enlarged share capital of 60,000,000 Shares) for the financial year ending 31 December 2003;
- ii) the future plans and prospects of the Luster Group as outlined in Section 4 of this Prospectus; and
- iii) the proforma consolidated NTA per Share of Luster as at 31 March 2003 of RM1.13.

The Directors of Luster and AmMerchant Bank are of the opinion that the Public Issue price is fair and reasonable after careful consideration of the abovementioned factors.

However, investors should also note that the market price of the Shares upon listing on the Main Board of KLSE is subject to the vagaries of the market forces and other uncertainties, which may affect the price of Shares being traded.

**1.11 Utilisation of Proceeds of the Public Issue**

The total gross proceeds of approximately RM13,888,000 to be raised from the Public Issue will accrue to Luster and shall be utilised as follows: -

<b>Description</b>	<b>RM'000</b>
Repayment of bank borrowings	4,047
Capital expenditure	5,827
Investment in new robotic arms	200
Acquisition of companies	2,114
Estimated listing expenses	1,700
<b>Total</b>	<b><u>13,888</u></b>

Details of the utilisation of proceeds of the Public Issue are set out in Section 2.6 of this Prospectus.

**1.12 Summary of all Material Litigations, Commitments and Contingent Liabilities**

As at 30 June 2003 (being the latest practicable date prior to the printing of this Prospectus):-

*a) Material Litigation*

The Company and its subsidiary companies are not engaged in any material litigation, claim and arbitration whether, as plaintiff or defendant, and the Board of Directors have no knowledge of any proceeding pending or threatened against the Company and its subsidiary companies or any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company and its subsidiary companies.

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**1. INFORMATION SUMMARY (Cont'd)**

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*b) Material Capital Commitments*

Save as disclosed in Section 12.5 of this Prospectus, the Group has no other material capital commitments, which upon becoming enforceable, may have material impact on the profit or net asset value of the Group.

*c) Material Contingent Liabilities*

The Group does not have any material contingent liability.

Details of the material litigations, commitments and contingent liabilities are set out in Section 12.5, 12.6 and 12.7 of this Prospectus.

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