
2. PARTICULARS OF THE IPO

This Prospectus is dated 12 May 2004.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The approvals of the SC obtained vide its letters dated 23 December 2003 and 22 April 2004 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

Application will be made to the Bursa Malaysia within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of Ibraco on the Main Board of the Bursa Malaysia. These Shares will be admitted to the Official List on the Main Board of the Bursa Malaysia and official quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of Applications for the IPO Shares will be conditional upon permission being granted by the Bursa Malaysia to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares on the Main Board of the Bursa Malaysia. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC).

Pursuant to Section 14 (1) of the Central Depositories Act, Bursa Malaysia has prescribed the Shares of the Company as prescribed securities, which are required to be deposited into the CDS. In consequence thereof, the Shares issued through this Prospectus will be deposited directly with the MCD and dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application must have a CDS account. In the case of an Application by way of an Application Form, an applicant should state his CDS account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by keying his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires his/her to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

The Bursa Malaysia assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Board of the Bursa Malaysia is not to be taken as an indication of the merits of the Company or of its Shares.

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

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

2. PARTICULARS OF THE IPO (cont'd)

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

2.1 CRITICAL DATES OF THE IPO

The indicative timing of events leading to the listing of and quotation for the entire issued and paid-up share capital of Ibraco on the Main Board of the Bursa Malaysia is set out below:-

Events	Tentative Date
Date of Prospectus/ Opening of Application	12 May 2004
Closing of Application	26 May 2004
Tentative balloting date	28 May 2004
Tentative allotment date	11 June 2004
Tentative listing date	16 June 2004

This timetable is tentative and is subject to changes, which may be necessary to facilitate implementation procedures. The Application for the Public Issue Shares will close at the date as stated above or later date as the Directors and/or Promoters of Ibraco together with the Managing Underwriter in their absolute discretion may decide.

Where the closing date of Application for the Public Issue Shares is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated English and Bahasa Malaysia newspaper not less than one(1) market day before the original closing date.

2.2 SHARE CAPITAL

	No. of Shares	Share capital (RM)
AUTHORISED SHARE CAPITAL		
• Shares	500,000,000	500,000,000
• Preference Shares	100,000	100,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL		
• Shares as at date of this Prospectus	74,120,800	74,120,800
• New Shares to be issued pursuant to Public Issue	15,879,200	15,879,200
ENLARGED SHARE CAPITAL	90,000,000	90,000,000

The Issue Price is RM1.20 per Share payable in full upon application, subject to the terms and conditions of this Prospectus. There is only one class of shares in issue in the Company, namely Shares.

The Public Issue Shares to be issued pursuant to this Prospectus will rank pari passu in all respect with the existing Shares of the Company including voting rights and rights to all dividends that may be declared subsequent to the date of allotment of the Public Issue Shares.

2. PARTICULARS OF THE IPO (cont'd)

Subject to any preferential or other special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid up or credited as paid up on the Shares held by them (otherwise than in advance of calls), be entitled to share the whole of the profits distributed by the Company as dividends and other distributions and in respect of the whole of any surplus in the event of the liquidation of the Company, such surplus shall be distributed amongst the members in proportion to the capital paid-up or credited as paid up at the commencement of the liquidation, in accordance with its Articles of Association.

Subject to the provisions in the Listing Requirements and the Articles of Association of the Company and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each shareholder shall be entitled to vote at any general meeting of the Company, in person or by proxy and, on a show of hands, every person present who is a shareholder or proxy of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each Share held. A proxy may be but need not be a member of the Company.

2.3 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM1.20 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 Group's operating and financial history as outlined in Sections 4 and 11 of this Prospectus;
- (ii) The consolidated forecast net PE multiple of 4.90 times based on the forecast net EPS of 24.51 sen for the financial year ending 31 December 2004;
- (iii) The future plans and prospects of Ibraco Group as outlined in Sections 4.8 & 4.10 of this Prospectus;
- (iv) The forecast net dividend yield of 3%;
- (v) The proforma consolidated NTA per Share of Ibraco as at 31 December 2003 of RM1.33 per Share, the IPO Price of RM1.20 per Share represents a discount of 13 sen per Share or 9.77% to the proforma consolidated NTA per Share;
- (vi) The revaluation surplus of the landed properties of the Ibraco Group, as valued by CH Williams Talhar Wong & Yeo Sdn Bhd, an independent registered valuer, as at 31 May 2003 amounted to approximately RM44.24 million (net of deferred taxation) (further details are set out in Section 9 of this Prospectus for information purposes only). Consistent with the present accounting policies of the Group, no revaluation surplus from the landed properties of Ibraco Group has been incorporated in the accounts of Ibraco Group as at 31 December 2003. Nonetheless, for illustration purpose, after taking into consideration the revaluation surplus, the proforma consolidated NTA of the Ibraco Group after the Public Issue will be increased to approximately RM163.87 million or RM1.82 per Share. As such, the IPO price of RM1.20 per Share represents a discount of 62 sen per Share or 34.07% to the said NTA per Share; and
- (vii) The qualitative and quantitative factors as set out in Sections 4 and 11 of this Prospectus.

2. PARTICULARS OF THE IPO (cont'd)

The Directors of the Group and AmMerchant Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, investors should also note that the market price of Ibraco Shares upon listing on the Bursa Malaysia are subject to the vagaries of the market forces and other uncertainties which may affect the price of Ibraco Shares. Investors should form their own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

2.4 DETAILS OF THE IPO

The Public Issue of 15,879,200 new Shares at an issue price of RM1.20 per Share are payable in full on application and shall be subject to the terms and conditions of this Prospectus and will be allocated and allotted in the following manner:-

(i) Malaysian Public

3,000,000 Public Issue Shares representing approximately 3.33% of the enlarged share capital will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Eligible Employees and Directors of the Group

4,494,500 Public Issue Shares representing approximately 5% of the enlarged share capital will be reserved for the eligible employees and Directors of the Group.

The Shares have been allocated to 107 eligible employees and Directors of the Group based on seniority, position, length of service and contribution to the Ibraco Group as approved by the Company's Board of Directors:-

Category	No. of Staff	Pink Form Allocation No. of Shares
Senior Management	4	721,000
Manager & Executives	8	1,217,000
Non-Executives	16	891,700
General workers	73	1,274,800
Total allocation to employees	101	4,104,500
Directors of the Group	6	390,000
Total	107	4,494,500

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2. PARTICULARS OF THE IPO (cont'd)

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

Name of Directors	Designation	Pink Form Allocation No. of Shares
<u>Directors of Ibraco</u>		
Deanna Ibrahim @ Sorayah bt Abdullah	Group Chairman and Non-Independent Non-Executive Director	-
Wan Kamal Ibrahim bin Wan Alwi Ibrahim	Group Managing Director/ Chief Executive Officer	-
Dr Sharifah Deborah Sophia Ibrahim	Executive Director	-
Wan Aziz Ibrahim	Non-Independent Non-Executive Director	-
Datuk (Dr) Ting Ding Ing	Deputy Chairman and Independent Non- Executive Director	100,000
Guido Paul Philip Joseph Ravelli	Independent Non- Executive Director	100,000
Nesarajah a/l Chelliah	Independent Non- Executive Director	100,000
		300,000
Other directors of Ibraco's subsidiaries		90,000
Total		390,000

(iii) Placees

8,384,700 Public Issue Shares are reserved for private placement to investors, which have been identified.

In summary, the Public Issue Shares will be allocated and allotted in the following manner:-

	No. of Shares	%
Malaysian Public	3,000,000	3.3
Eligible Employees and Directors of the Group	4,494,500	5.0
Placees	8,384,700	9.3
	15,879,200	17.6

All the Public Issue Shares available for application by the Malaysian Public and the eligible employees and Directors of the Group are fully underwritten. The Public Issue Shares available for application by identified placees are not underwritten. The Placement Agent have received irrevocable undertakings from the identified placees to take up the Public Issue Shares available for application under the private placement.

In the event of an under-subscription of the Public Issue Shares by the Malaysian Public, the unsubscribed Public Issue Shares will be made available to identified placees.

2. PARTICULARS OF THE IPO (cont'd)

Any Public Issue Shares which are not taken up by eligible employees and Directors of the Group will be made available to identified placees via private placement.

2.5 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To enable Ibraco Group to gain access to the capital markets for funds for its future expansion and growth;
- (ii) The listing of Ibraco Shares on the Main Board of the Bursa Malaysia is expected to enhance the Group's corporate image;
- (iii) To provide an opportunity for Malaysian investors and institutions and the employees, Directors of Ibraco Group to participate in the equity and continuing growth of Ibraco Group; and
- (iv) To facilitate the listing of and quotation for Ibraco's entire issued and paid-up share capital on the Main Board of the Bursa Malaysia and to comply with the listing requirements of the Bursa Malaysia and SC in respect of the minimum spread requirements.

2.6 PROCEEDS OF THE IPO AND THEIR UTILISATION

The Public Issue is expected to raise gross proceeds of approximately RM19.055 million which shall accrue to the Company.

The Company will bear all expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of Ibraco on the Main Board of the Bursa Malaysia, which include underwriting commission, placement fees, brokerage, professional fees, authorities fees, advertising, listing expenses and other fees the aggregate of which is estimated to be RM2.5 million.

There is no minimum subscription to be raised from the IPO.

The proceeds from the Public Issue of approximately RM19.055 million will be utilised as follows:-

	Note	Estimated timeframe of utilisation from receipt of listing proceeds	RM'000
Repayment of borrowings	(i)	Within 3 months	8,000
Payment of estimated listing expenses	(ii)	Within 3 months	2,500
Working capital	(iii)	Within 1 year	8,555
Total			19,055

(i) *Repayment of Borrowings*

As mentioned in Section 1.10.3 of this Prospectus, as at 31 March 2004, the total facilities of the Group amounted to approximately RM87.88 million, out of which facilities utilised and unutilised amount were RM55.36 million and RM32.52 million respectively.

2. PARTICULARS OF THE IPO (cont'd)

RM8 million from the proceeds from IPO will be utilised to repay the following bank borrowings:-

Company	Type	Financial Institution	Purpose	Date first drawn down	Interest Rate (%)	Amount to be repaid from the proceeds from IPO* (RM)
Ibraco	Overdraft	Hong Leong Bank Berhad	Working capital	December 2000	7.00	707,736
Ibraco	Overdraft	RHB Bank Berhad	Working capital	November 2002	7.75	7,292,264
						8,000,000

* based on amount outstanding as at 31 March 2004

Such borrowing have been utilised to finance, inter alia, the working capital requirements of the Group.

The repayment of such borrowings will slightly reduce the Group's gearing level from approximately 46.28% to 39.59% (based on the total borrowings as at 31 March 2004 and proforma shareholders' funds of RM119.63 million as at 31 December 2003). The repayment of the above bank overdraft is expected to result in interest savings of approximately RM0.61 million per annum.

(ii) **Payment of Estimated Listing Expenses**

The estimated listing expenses for the listing of and quotation for the enlarged share capital of 90,000,000 Shares in Ibraco on the Main Board of the Bursa Malaysia are as follows:-

Estimated Listing Expenses	Amount RM
Advertising of Prospectus	50,000
Brokerage	40,000
Fees to the authorities	159,000
Issuing house fee	200,000
Listing fee	51,000
Printing of Prospectus and Application forms and envelopes	250,000
Professional fees	*1,200,000
Underwriting commission and placement fee	210,000
Miscellaneous**	340,000
TOTAL	2,500,000

Notes:-

* Includes fee from advisers, lawyers, auditors, experts, valuers and other professional advisers. It must be noted that the above figure is only an indicative amount.

** Any unutilised amount shall be used for working capital.

(iii) **Working Capital**

Of the total proceeds, approximately RM8.55 million will be used as general working capital for the Group including the payment of creditors, salaries and operating expenses.

2. PARTICULARS OF THE IPO (cont'd)

2.7 FINANCIAL IMPACT FROM THE UTILISATION OF PROCEEDS

The utilisation of the expected proceeds from the Public Issue by the Group is expected to reduce the Group's total interest expense by approximately RM1.43 million per annum.

2.8 UNDERWRITING COMMISSION AND BROKERAGE FEES

The Underwriter mentioned earlier in this Prospectus has agreed to underwrite the 7,494,500 public issue Shares to be offered to the Malaysian Public and eligible employees and Directors of Ibraco Group. Underwriting commission is payable by the Company to the Underwriter at the rate of 2.0% and 0.5% respectively for the 3,000,000 public issue Shares to be offered to the Malaysian Public and 4,494,500 public issue Shares to be offered to the eligible employees and Directors of Ibraco Group at the IPO Price of RM1.20 per Share. There is a force majeure clause in the underwriting agreement dated date which allows the underwriter to withdraw from the underwriting arrangement under adverse circumstances.

Brokerage fee is payable in respect of the Public Issue Shares made available by the Company for application by the Malaysian Public at the rate of 1.0% of the Public Issue Price of RM1.20 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the Bursa Malaysia, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENTS

The following are some of the extract Clauses of the Underwriting Agreement dated 19 April 2004 between the Company and the Underwriter as set out under the "Corporate Information" section of this Prospectus ("**Agreement**"):-

" 3. CONDITIONS PRECEDENT

3.1 *The obligations of each Underwriter hereunder are conditional upon:*

- (a) *the listing of and quotation for the enlarged issued and paid-up capital of the Company on the Main Board of the MSEC having been approved in principle by the MSEC and any conditions thereto having been fulfilled and the Managing Underwriter having been satisfied that such listing and quotation shall be granted 3 clear Market Days after the Underwritten Shares have been issued and despatched to the entitled holders;*
- (b) *the registration with the SC and the lodgement with the CCM of the Prospectus in its final form in accordance with the requirements of the Act;*
- (c) *the offering of the Underwritten Shares pursuant to the Public Issue in accordance with the provisions of the Prospectus not being prohibited by statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including SC and MSEC);*
- (d) *all necessary approvals and consents required from the relevant authorities in relation to the offering of the Underwritten Shares pursuant to the Public Issue having been obtained and all conditions of approvals required to be fulfilled or obtained (as may be applicable) before the listing of and quotation for the entire issued and paid-up capital of the Company have been fulfilled or obtained (as may be applicable);*

2. PARTICULARS OF THE IPO (cont'd)

- (e) *there have not been on or prior to Closing Date, any adverse changes or adverse change nor any development likely to result in any prospective adverse change in the condition (financial or otherwise) of the Ibraco Group, which is material in the context of the Public Issue from that set forth in the Prospectus, nor the occurrence of any event which makes any of the warranties and undertaking contained in clause 4 in the opinion of the Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as they have been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of undertaking and covenants contained in clause 4;*
- (f) *the delivery to the Managing Underwriter:*
- (i) *prior to the date of the registration of the Prospectus, a copy certified as true copy by an authorised officer of the Company, of all the Company's resolutions of Directors and shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus;*
- (ii) *a certificate, in the form or substantially in the form contained in Schedule 2, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in clause 3.1 (e);*
- (g) *the delivery to the Managing Underwriter of such reports or confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may require to ascertain there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Ibraco Group;*
- (h) *the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in clause 8 and the Commission referred to in clause 7.*
- 3.2 *If any of the conditions set forth in clause 3.1 is not satisfied within 3 months from the date of this Agreement or any further period as the Underwriter may otherwise determine, any party to this Agreement shall, subject to clause 3.3 and clauses 7.1 and 8.1 below, be entitled to terminate this Agreement.*
- 3.3 *In relation to clause 3.2 above:*
- (a) *the Underwriter (other than the Managing Underwriter) may only terminate this Agreement following prior consultation with the Company and the Managing Underwriter and by giving notice to the Company and the Managing Underwriter not later than the Closing Date;*
- (b) *the Company may only terminate this Agreement following prior consultation with the Managing Underwriter and by giving notice to the Managing Underwriter and the Underwriter not later than the Closing Date;*
- (c) *the Managing Underwriter may only terminate this Agreement following prior consultation with the Company and by giving notice to the Company and the Underwriter not later than the Closing Date;*

2. PARTICULARS OF THE IPO (cont'd)

and in that any of the said events (except for the liability of the Company for the payment of the expenses as provided in clause 8 and any rights and liabilities of the Company and/or the Underwriter under clauses 4 or 5 and subject to clause 7 hereof) the parties hereto shall be released and discharged from their respective obligations hereunder save and except for antecedent breaches provided that the Underwriter may at its discretion waive compliance with any provision of this clause 3 and any condition so waived shall be deemed to have been satisfied in relation to it.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE COMPANY

4.1 *In consideration of the Underwriter agreeing to underwrite the Underwritten Shares, the Company hereby represents, warrants and undertakes as follows:*

- (a) *the Directors have made all reasonable enquiries to ensure all facts material for the Prospectus have been disclosed, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, no material fact has been omitted therefrom;*
- (b) *the Prospectus:*
 - (i) *will comply in all material respects with the Companies Act 1965 ("the Act") and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to the SC, and all other relevant authorities;*
 - (ii) *will contain all information which is material in the context of the Public Issue, and such information as contained therein will be true, complete, and accurate in all material respects;*
 - (iii) *will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the Public Issue and a statement of fact and information so made and/or disclosed, in the light of the circumstances under which it is made or disclosed, is true and accurate and not misleading in any respect;*
- (c) *the Public Issue and compliance by the Company with the terms of this Agreement:-*
 - (i) *do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or its subsidiaries or any existing law, regulation or listing requirements applicable to or affecting the Company or its subsidiaries or the Public Issue; and*
 - (ii) *do not and will not infringe the terms of, or constitute a default under, any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or its subsidiaries is a party or by which the Company or any of its subsidiaries or any part of the undertakings, assets, properties or revenues of the Company or its subsidiaries is bound or affected;*
- (d) *save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Managing Underwriter prior to the date hereof and on or before the Closing Date:*

2. PARTICULARS OF THE IPO (cont'd)

- (i) *there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by the MSEB and the SC), criminal charge or investigation current or pending, or to the knowledge of the Company (after due and careful enquiry), threatened against the Company or its subsidiaries the effect of which would materially and adversely affect the financial condition of the Company or the Ibraco Group as a whole; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto; and*
- (ii) *neither the Company nor its subsidiaries is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, directive, legislation or regulation of any relevant authority (including the MSEB and the SC) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Ibraco Group as a whole;*
- (e) *no circumstances or situations have arisen and/or are existing, which will or are likely to materially and adversely affect the financial condition or business of the Company or its subsidiaries, or the success of the Public Issue;*
- (f) *each of the Company and its subsidiaries will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;*
- (g) *save as disclosed in the Prospectus and the documents (if any) attached thereto, neither the Company nor its subsidiaries has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Public Issue, might be material for disclosure;*
- (h) *all necessary consents, waivers, approvals, authorizations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the Public Issue and any other matters contemplated hereby:*
 - (i) *have been or will be unconditionally obtained by the due dates;*
 - (ii) *if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Managing Underwriter by the due dates;*
 - (iii) *and are or will remain in full force and effect;*
- (i) *all information furnished or supplied or to be furnished or supplied to the Underwriter for the purpose of or in connection with the Public Issue is true, complete and accurate in all respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information untrue, incomplete inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriter to underwrite the Underwritten Shares;*
- (j) *each statement of opinion, intention and expectation (including the profit forecast) made in the Prospectus and the documents (if any) attached thereto are truly, fairly, reasonably, and honestly held by the Directors of the Company and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions, those assumptions are reasonable;*

2. PARTICULARS OF THE IPO (cont'd)

- (k) *the Public Issue or as the case may be, the execution and delivery by the Company, of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate actions of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and, to the extent it is required) and upon due execution of this Agreement, the obligations assumed hereunder will constitute the legally valid, binding and enforceable obligations of the Company in accordance with their terms;*
- (l) *the Company and its subsidiaries are duly incorporated under the laws of their place of incorporation and validly existing with full power and authority to conduct their business in the jurisdiction where they carry on their business and are not in liquidation and no steps have been taken by any person for or with a view to appoint a liquidator, receiver and/or manager or judicial manager of the Company or its subsidiaries or of any of their respective assets or undertakings;*
- (m) *the relevant audited financial statements have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and its subsidiaries for the financial period ended 31 December 2003 and the Company and its subsidiaries have made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent, of the Company and its subsidiaries as at such dates and have complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 1 January 2004, there has been no material adverse change in the financial position of the Company or its subsidiaries taken as a whole, save as may be disclosed in the Prospectus and the documents (if any) attached thereto, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Managing Underwriter prior to the date of this Agreement;*
- (n) *other than indebtedness contested in good faith by the Company or its subsidiaries as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or its subsidiaries has become or is likely to become payable by reason of default by the Company or any such subsidiaries and no event has occurred or is (so far as the Company is aware) impending which with the lapse of time, or the fulfilment of any condition, or the giving of any notice, may result in any such indebtedness becoming so payable;*
- (o) *all taxes (whether income tax, property tax or otherwise) of the Company and its subsidiaries in particular but not limited to all taxes which are material in the context of the Public Issue, for which the Company and/or its subsidiaries are liable or which ought to have been paid, have been duly paid or adequately provided for in the Accounts; all the returns, notices or information which are required to be made or given by the Company or its subsidiaries for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably be aware) which are likely to give rise to any such dispute;*

2. PARTICULARS OF THE IPO (cont'd)

- (p) *the records, statutory books and books of accounts of the Company and its subsidiaries are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or other relevant authorities have been duly and correctly delivered or made;*
- (q) *the material business assets of the Company and its subsidiaries which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured part;*
- (r) *there will be no material variation between the Prospectus in the form attached hereto and the Prospectus in the form registered by the SC without the prior written consent of the Managing Underwriter.*

4.2 *The Company irrevocably and unconditionally, covenants and undertakes with the Underwriters to do the following:*

- (a) *to pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution of the Public Issue and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;*
- (b) *to apply for and obtain the approval in principle of the MSEB and SC for admission of the Company to the Official List of the MSEB and for permission to deal in and quotation for the entire issued and paid-up share capital of the Company including the Public Issue Shares, before the Closing Date and to comply with all requirements and provisions of the Companies Act 1965, the Act, the Listing Requirements of the MSEB and all other applicable laws, rules and regulations and the requirements of all other relevant authorities;*
- (c) *to comply with all the conditions, if any, imposed by the SC and MSEB for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the MSEB;*
- (d) *to promptly and without any delay whatsoever notify the Underwriter of any breach of any of the representations, warranties or agreements or of any facts, information, situations or circumstances which the Company in its reasonable opinion believes may materially and adversely affect the business of the Company and/or the Ibraco Group as a whole, or the success of the Public Issue and without prejudice to the generality of the foregoing, to take such steps as may be reasonably requested by the Underwriter to remedy and/or publicise the same, at any time prior to the Closing Date;*
- (e) *to promptly and without any delay give to the Underwriter any or all information which the Underwriter may require in respect of the accounts or affairs of the Company or the Ibraco Group or in connection with the Public Issue or the other proposals contained in the Prospectus and the documents (if any) attached thereto;*
- (f) *to fix the Closing Date together with the Managing Underwriter; and*

2. PARTICULARS OF THE IPO (cont'd)

- (g) *to do all other things and sign or execute such other documents as may be reasonably required by the Underwriter.*

4.3 *The commitment of the Underwriter to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this clause 4 and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite, the Company irrevocably and unconditionally undertakes with the Underwriter that it shall:*

- (a) *hold and keep the Underwriter fully and effectively indemnified and shall hold them harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, and legal fees, paid or incurred in disputing or defending any such claim or action) which the Underwriter may incur or suffer or which may be brought against the Underwriter as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to deposit the Underwritten Shares allotted to the Underwriter or its nominees pursuant to clause 2.6 into the Securities Accounts of the Underwriter (unless the Underwriter shall have been advised in writing of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to clause 4.3(b) below and the Underwriter shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations herein which entitles the Underwriter to terminate this Agreement pursuant to the provisions of clause 9 herein;*
- (b) *forthwith notify the Underwriter of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (c) *not to publish any amendment or supplement to the Prospectus which the Underwriter have not previously been notified in writing of or to which the Underwriter or their legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (d) *to notify in writing and discuss with the Underwriter any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (e) *to the extent permitted by law, not to make public any information which will or is likely to affect the market price of the Public Issue shares (i.e. the Underwritten Shares) without prior written notice to and the prior written consent of the Underwriter unless required to do so by law.*

2. PARTICULARS OF THE IPO (cont'd)

9. TERMINATION

Notwithstanding anything contained in this Agreement, if in the reasonable opinion of the Majority Underwriters:

- (a) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter or the Company by reason of Force Majeure (as defined in clause 1.1 above) which would have or can reasonably be expected to have, a material adverse effect on the financials, business or the operations of Ibraco Group or the success of the offering of the Underwritten Shares pursuant to the Public Issue or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms;*
- (b) there is any breach by the Company of any of its covenants, representations, warranties, undertakings or material obligations under this Agreement or which is contained in any certificate, statement or notice provided under or in connection with this Agreement which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;*
- (c) the Company has withheld any information from the Underwriter, or any statement given or representation made to the Underwriter is inaccurate or untrue which would have or can reasonably be expected to have, a material and adverse effect on the business, operations or prospect of the Ibraco Group or the success of the offering of the Underwritten Shares pursuant to the Public Issue;*
- (d) there shall have been any government requisition or other occurrence of any nature whatsoever which would have or can reasonably be expected to have, a material and adverse effect on the business, operations financial condition or prospect of the Ibraco Group or the success of the offering of the Underwritten Shares pursuant to the Public Issue; or*
- (e) there shall have been any change in law, regulation, directive, policy or ruling in any jurisdiction which would have or can reasonably be expected to have, a material and adverse effect on the success of the offering of the Underwritten Shares pursuant to the Public Issue or which has or likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms;*
- (f) the Public Issue is stopped or delayed for any reasons whatsoever;*
- (g) the listing and quotation for the Underwritten Shares on the MSEB do not take place within two (2) months from the date of the Prospectus.*

then the Underwriter may by notice in writing to the Managing Underwriter require the Managing Underwriter to terminate this Agreement and terminate, cancel and withdraw their commitment to underwrite the Underwritten Shares by giving written notice to the Company before 5.00 p.m. on the Closing Date and thereupon the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in clause 8 hereof incurred and subject to clause 7.1 hereof prior to or in connection with such termination and/or any antecedent breaches) be released and discharged from their respective obligations hereunder.

3. RISK FACTORS

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

3.1 BUSINESS AND ECONOMIC RISKS

Ibraco Group is subject to risks inherent in the property development industry. These may include, inter-alia, shortage of skilled workforce, raw material shortages, increase in cost of workforce and raw materials, changes in general economic, business and credit conditions and changes in government policies. The property development industry could in turn be sensitive to the economic conditions as it is primarily reliant on consumer demand.

Notwithstanding that the Directors and the management of the Group have the necessary experience and expertise to manage the risks inherent in the business of the Group, no assurance can be given that any changes in these factors would not have any material adverse impact on the Group's business and profitability.

3.2 NO PRIOR MARKET FOR IBRACO SHARES

Prior to this IPO, there has been no public market for Ibraco's Shares. There can be no assurance that an active market for Ibraco's Shares will exist upon its listing on the Main Board of the Bursa Malaysia or, if developed, that such market will be sustained. The IPO Price of RM1.20 per Share has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, its prospects and the prospects for the industry in which the Group operates, the management of Ibraco, the market prices for shares of companies engaged in businesses similar to that of the Group and the prevailing economic and capital market conditions at the time of listing of Ibraco Shares on the Main Board of the Bursa Malaysia. There can be no assurance that the IPO Price will correspond to the price at which Ibraco's Shares will be traded on the Main Board of the Bursa Malaysia upon or subsequent to its listing or that an active market for Ibraco's Shares will develop and continue upon or subsequent to its listing.

3.3 CAPITAL MARKET RISKS

The performance of the Malaysian local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow and outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on the Bursa Malaysia, thus adding risk to the market price of the listed Shares of Ibraco. Nevertheless the profitability of Ibraco is not dependent on the performance of the Bursa Malaysia as the business activities of Ibraco have no direct correlation with the performance of the Bursa Malaysia.

3.4 QUANTITY AND QUALITY OF LAND BANK

The success of every development company is very much dependent on the locality and size of its land bank in order to achieve successful property launches which will in turn sustain its future profitability. Since 1974, Ibraco Group has grown and established itself as one of the leading property developers in Kuching. Its development projects are known to be well-planned, value for money and for its quality finishes. This is evidenced by its past track record of having most of its projects substantially sold within the first fortnight of launching.

3. RISK FACTORS (cont'd)

The bulk of Ibraco Group's land bank is located in the bustling Tabuan Jaya area, 7km from Kuching central business district. The Company has developed this satellite township from 1974 to this day. Tabuan Jaya has approximately 50,000 inhabitants and has all the amenities for modern convenient living, such as, shopping complexes, clinics, banks, schools, recreational grounds, public parks and etc..

In addition to the Group's approximate 900 acres of land, Ibraco has entered into a an option agreement with IPSB (a company wholly-owned by the Ibrahim Family) whereby IPSB agree to grant to Ibraco the option to purchase approximately 255 acres of land (96 acres have been approved for development) for future development, at the market price to be fixed by an independent registered valuer agreed by the parties. In order to sustain the Group's future growth and profitability, the Group is looking for land bank in strategic locations throughout Malaysia.

Although the Group possess strategic land banks, if the Group is not able to maintain and improve its products or its projects fail to achieve market acceptance or the Group's competitors introduce new projects that better address customer requirements, the Group's business, operating results and financial conditions could be adversely affected.

3.5 COMPETITION FROM OTHER PROPERTY DEVELOPERS

Although competition from new entrants is limited due to the high cost of entry into the property industry, Ibraco Group faces competition from existing players in these industries. The competition arises in respect of the availability of strategically located and reasonably priced land banks, the supply of labour and the selling price of properties.

Ibraco Group has taken pro-active measures to mitigate these risks which include constantly reviewing its development and marketing strategies in response to the ever changing market conditions and to adopt different development concepts and marketing strategies that will correctly position itself to meet the needs of the target market. Furthermore, Ibraco Group is already in the advantageous position as compared to its competitors for having strategic land bank mainly in the Tabuan Jaya area which is within the vicinity of Kuching city centre. Over the years, the values of houses and shophouses in this area have been appreciating and the management expects this trend to continue in future. With this in mind, many buyers/ potential buyers perceive buying properties in this area as a profitable and secure investment with good potentials for capital appreciation.

Although the Group seeks to stay competitive by taking the various pro-active steps as mentioned above in its endeavours to secure new developing opportunities, no assurance can be given that any changes to these factors will not have any material adverse effect on the Group's business.

3.6 DELAY IN COMPLETION OF PROJECTS

Completion of a development and/ or construction project on time is dependent on many external factors which may be beyond the control of the Group, such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials in adequate amounts, favourable credit terms and satisfactory performance of contractors who were appointed to complete the development project. The Directors and management of the Group monitor the project schedules closely to minimise any delay in completion of projects. Nevertheless, there can be no assurance that the above mentioned factors will not lead to delays in the completion of a project. The delays may have a direct impact on the Group's profitability and reputation.

3. RISK FACTORS (cont'd)

3.7 COST OF DEVELOPMENT FOR PROPERTY PROJECTS AND DEMAND RISKS

Appreciation of land cost and the fluctuations of construction cost are inherent risks in the property development industry. Higher cost of land and construction costs, such as cost of materials, labor costs, sub-contractors fees and overheads, will affect the profit margin on property developers where the selling prices of properties are fixed. Even if the Group is able to increase the selling prices of its development properties, demand for these properties and projects may be adversely affected.

So far, all of Ibraco Group's projects have been completed ahead of or within the stipulated time and within budget, due to close monitoring and good coordination of various sub-contractors. Earlier completion time means savings on financial and labour costs.

3.8 FLUCTUATIONS IN INTEREST RATES

Fluctuation in interest rate could materially affect the profitability of any project with respect to interest payments on the outstanding borrowings. Ibraco Group is able to meet its financial obligations through a combination of internally generated funds and external financing. Ibraco Group presently enjoys good credit standing with its bankers and has adequate credit facilities.

The listing of Ibraco on the Bursa Malaysia will be advantageous in the long term as it will enable Ibraco to tap into the capital market in the future to meet its long term funding requirements. The usage of relatively cheaper funds from the capital market will enhance profitability through interest savings and expansion of operations.

Fluctuations in interest rates also affect the demand for properties as higher interest rates will increase the cost of acquisition for house buyers and may affect the demand for the Group's properties. With the low interest rates (the current BLR of major commercial banks is 6.0%) coupled with attractive house financing packages offered by financial institutions, this risk has been minimised to a certain extent. Nevertheless, there is no assurance that interest rates will remain at this low level and demand for the Group's properties will not be affected in the future.

3.9 POLITICAL AND GOVERNMENT REGULATIONS AND CONTROLS

The Government regulation and control in the property development industry are principally to achieve the aspiration of the New Economic Policy of equitable distribution of income and the ownership of homes by the population in general. All the banks are encouraged to extend attractive interest rates for housing loans. In addition, the property development industry is also subject to the jurisdiction of several governmental regulating agencies such as Pusat Khidmat Kontraktor (PKK), Unit Pendaftaran Kontraktor Negeri Sarawak (UPK), CIDB as well as various statutory acts and regulations, including the Occupational Safety and Health Act, Environmental Quality Act, 1974 (Act 127), Strata Titles Ordinance, 1995 and the requirements of Bomba and local municipal councils. These regulations, acts and requirements are to control and protect individual consumers as well as set the minimum standard for the property development and construction industries.

The Group has maintained and will continue to maintain strict compliance to all acts, requirements and regulations under which it operates. However, no assurance can be given that any future changes to the present acts, regulations and requirements or the introduction of any new acts, regulations and requirements will not have a material impact on the Group's business.

3. RISK FACTORS (cont'd)

3.10 OWNERSHIP AND CONTROL OF THE GROUP

Upon completion of the IPO, the Promoters of Ibraco control approximately 72.6% of Ibraco. As such these shareholders will be able to control the outcome of certain matters requiring the votes of the company's shareholders unless they are required to abstain from voting and deliberating by law, covenants and/or by the relevant authorities.

3.11 DEPENDENCE ON KEY PERSONNEL AND CONTINUITY OF MANAGEMENT

As in any other business, the Group believes that its continual success will depend to a significant extent upon the abilities, skills, experience, competency and continuous efforts of its existing Directors and management team. The Group is headed by its Chairman, Deanna Ibrahim @ Sorayah bt Abdullah and Wan Kamal Ibrahim bin Wan Alwi Ibrahim, the Managing Director who have collectively been in the industry for more than 40 years. They are backed up by a very experienced Board of Directors of high calibre businessmen and professionals and supported by an experienced, dedicated and dynamic management team. The Group will strive to continue attracting and retaining qualified and experienced personnel which is essential towards maintaining the high performance standard of the Group.

Efforts have been made to groom the younger members in the senior management to gradually take-over from the senior members to ensure smooth transition in the management team. Nevertheless, there is no assurance that the loss of any key Directors and management personnel may not adversely affect the Group's ability to compete in the industry in the short term.

3.12 ACHIEVABILITY OF FORECAST

This Prospectus contains profit forecast of Ibraco Group that are based on certain assumptions made by the Directors of Ibraco, but which nevertheless are subject to uncertainties and contingencies. Because of the inherent uncertainties of the profit forecast, and due to the fact that events and circumstances do not always occur as expected, there can be no assurance that the profit forecast contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the profit forecast that are contained herein.

3.13 POTENTIAL CONFLICT OF INTEREST

As disclosed in Section 8.1 of this Prospectus, there are certain related-party transactions involving the Directors and Substantial Shareholders and/or persons connected with the Directors or Substantial Shareholders of Ibraco. The Directors and Substantial Shareholders of Ibraco have given an undertaking that all business transactions between the Group and the Directors and Substantial Shareholders and their related persons, shall be transacted at arm's length basis and not based on terms which are more favourable than the normal commercial terms which are detrimental to the Ibraco Group.

As disclosed in Section 8.4 of this Prospectus, some of the Promoters, Directors and/or Substantial Shareholders of Ibraco have interests in a company carrying on similar businesses as the Group. To mitigate any potential conflict of interest, the Promoters and Substantial Shareholders of Ibraco have provided written undertakings not to be involved in the future, in any new businesses which are similar/competing with the existing business of Ibraco Group.

In addition, an audit committee comprising a majority of independent directors which is required to be formed under the listing requirements of the Bursa Malaysia will, inter-alia, monitor any transactions between the Group and its Directors/ Substantial Shareholders and/or persons connected with them.

3. RISK FACTORS (cont'd)

3.14 FORWARD LOOKING STATEMENT

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any forward-looking statements in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by the Company, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, general economic and business conditions, competition and the impact of new laws and regulations affecting the Group. In the light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded that the plans and objectives of the Group will be achieved.

3.15 DEPENDENCE ON CONTRACTORS/SUB-CONTRACTORS

The Group has in the recent past carried out all the development projects itself so as to have maximum control over the quality and thus to maintain its good reputation. The Group procures all the required building materials itself and engages various subcontractors for all aspects of civil and building works. These subcontractors have been selected and appointed on the basis of optimum combination of the quality of work performed and the cost of services provided. Over time, Ibraco has developed good working relationships with these subcontractors. The Group does not have any long-term contracts with its sub-contractors. The Board is however of the opinion that should its existing subcontractors be unable to service the Group, Ibraco would have no difficulty in identifying other suitable subcontractors to undertake the Group's projects as there are sufficient qualified subcontractors who would be pleased to work with Ibraco.

3.16 INSURANCE COVERAGE ON ASSETS

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple its business operation. In ensuring such risks are maintained to the minimum, the Group reviews and ensures adequate coverage for its assets, and development projects on a continuous basis. For the Group's operations, all assets such as plant and equipment, inventory, office equipment and furniture and fitting are sufficiently insured under fire and other insurance policies.

Although the Group has taken the necessary measures to ensure that all its assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate to compensate for the replacement cost of the assets or any consequential loss arising therefro.

3.17 RISKS ASSOCIATED WITH THE ENVIRONMENT

As there are risks to the operations of the Group arising from adverse weather conditions, the Group takes precautionary steps to mitigate these risks such as always ensuring that proper civil and drainage systems are completed prior to commencement of building works to minimise problem of accessibility to site during the rainy period, having a comprehensive contractors all risk insurance and maintaining a fire monitoring security unit at its property development sites. Weather reports and forecasts are also monitored to ensure the workers are well prepared for any potential adverse weather conditions to avoid delays in its projects.

There is no assurance that any sustained adverse changes in weather will not affect the performance of the Group.

3. RISK FACTORS (cont'd)

3.18 RESTRICTIVE COVENANTS ON BORROWINGS

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

3.19 FAILURE/DELAY IN THE LISTING

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

- (i) The eligible Directors and employees of the Group fail to subscribe the IPO Shares allocated to them;
- (ii) The Managing Underwriter and/or Underwriter exercising their rights pursuant to the underwriting agreements, discharging themselves from their obligations thereunder;
- (iii) The places under the private placement fail to subscribe the IPO Shares allocated to them; and
- (iv) Ibraco is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of Ibraco must be held by a minimum of 1,000 public shareholders holding no less than 100 Shares each.

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