

1. CORPORATE INFORMATION**BOARD OF DIRECTORS**

The Board of Directors of LCTH is set out as follow: -

Name	Designation	Nationality	Address	Occupation
Lui Choon Hay	Executive Chairman	Singaporean	32 West Coast Park Singapore 127650	Director
Datuk Muhammad Feisol Bin Haji Hassan	Vice Chairman/ Independent Non-Executive Director	Malaysian	113 Lorong Setiabistari 1 Bukit Damansara 50490 Kuala Lumpur	Director
Hew Lien Lee	Managing Director	Malaysian	41 Jalan Intan Satu Taman Intan 86000 Kluang Johor Darul Ta'zim	Director
Ching Heng Yang	Executive Director	Singaporean	8A Galistan Avenue Singapore 669681	Director
Tam Wai	Executive Director	Singaporean	54 West Coast Rise Singapore 127496	Director
Ho Nee Kit	Executive Director	Singaporean	31 Kingsmead Road Singapore 267982	Director
Ong Seng Pheow	Independent Non-Executive Director	Malaysian	16 Jalan 14/54 46100 Petaling Jaya Selangor Darul Ehsan	Director
Mohd Nasir Bin A. Khalid	Independent Non-Executive Director	Malaysian	82 Jalan BU 7/8 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Advocate & Solicitor

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1. CORPORATE INFORMATION (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Ong Seng Pheow	Chairman	Independent Non-Executive Director
Lui Choon Hay	Member	Executive Chairman
Datuk Muhammad Feisol Bin Haji Hassan	Member	Vice Chairman/Independent Non-Executive Director
Mohd Nasir Bin A. Khalid	Member	Independent Non-Executive Director

COMPANY SECRETARIES :

Leong Oi Wah (MAICSA 7023802)
 21, Jalan 4/54
 46050 Petaling Jaya
 Selangor Darul Ehsan
 Tel: 603-2718 1551

Leong Siew Foong (MAICSA 7007572)
 3, Jalan Bayam
 Taman Kota Besar
 89000 Kota Tinggi
 Johor Darul Ta'zim
 Tel: 607-332 3536

Zaini Binti Che Ali (MAICSA 7028124)
 No. 12, Jalan RP 4/8
 Taman Rawang Perdana
 48000 Rawang
 Selangor Darul Ehsan
 Tel: 603-2718 1551

REGISTERED OFFICE :

Level 5, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 50490 Kuala Lumpur
 Tel: 603-2718 1551

HEAD/MANAGEMENT OFFICE :

Classic Advantage Sdn Bhd (266535-A)
 Lot 2592, Jalan Perindustrian III
 Kawasan Perindustrian Senai II,
 81400 Senai
 Johor Darul Ta'zim
 Tel: 607-599 3331
 Email: classicadv@classicadvantage.com.my
 Website: www.lcth.com.my

AUDITORS AND REPORTING ACCOUNTANTS :

Ernst & Young (AF 0039)
 Suite 11.2, Level 11
 Menara Pelangi, 2, Jalan Kuning
 Taman Pelangi
 80400 Johor Bahru
 Johor Darul Ta'zim
 Tel: 607- 334 1740

1. CORPORATE INFORMATION (Cont'd)

- SOLICITORS FOR THE LISTING** : Lee Choon Wan & Co.
No. 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 603-2093 0078
- PRINCIPAL BANKERS** : RHB Bank Berhad (6171-M)
180-181, Jalan Belimbing
81400 Senai
Johor Darul Ta'zim
Tel: 607-599 6960
- Malayan Banking Berhad (3813-K)
No. 2741, 2742 & 2743
Jalan Chain Ferry
Taman Inderawasih
13600 Prai Penang
Tel: 604-399 2967
- ISSUING HOUSE** : MIDF Consultancy And Corporate Services
Sendirian Berhad (11324-H)
Ground Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-2161 3355
- REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
(formerly known as Malaysian Share Registration Services Sdn Bhd)
Level 26, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 603-2721 2222
- ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 603-2059 1888
- UNDERWRITERS** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 603-2059 1888
- A.A. Anthony Securities Sdn Bhd (17812-U)
Suite 8.2, Level 8
Menara Sarawak Enterprise
5, Jalan Bukit Meldrum
80300 Johor Bahru
Johor Darul Ta'zim
Tel: 607-333 2000

1. CORPORATE INFORMATION (Cont'd)

AmSecurities Sdn Bhd (92977-U)
15th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2078 2788

Mayban Securities Sendirian Berhad (165630-M)
8th Floor, MaybanLife Tower C
Dataran Maybank
No 1, Jalan Maarof,
59000 Kuala Lumpur
Tel: 603-2297 8888

MIDF Consultancy and Corporate Services
Sendirian Berhad (11324-H)
Ground Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-2161 3355

PM Securities Sdn Bhd (66299-A)
5th Floor, Mui Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Tel: 603-2146 3000

RHB Sakura Merchant Bankers Berhad (19663-P)
Level 12, Tower Three
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-9287 3888

Thong & Kay Hian Securities Sdn Bhd (14592-P)
Level 5 & 6, Wisma Sri Pinang
60, Green Hall
10200 Pulau Pinang
Tel: 604-263 5481

**INDEPENDENT BUSINESS AND
MARKET RESEARCH
CONSULTANTS**

: Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7728 0248

LISTING SOUGHT

: Main Board of Bursa Securities

2. INFORMATION SUMMARY

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

2.1 History And Business

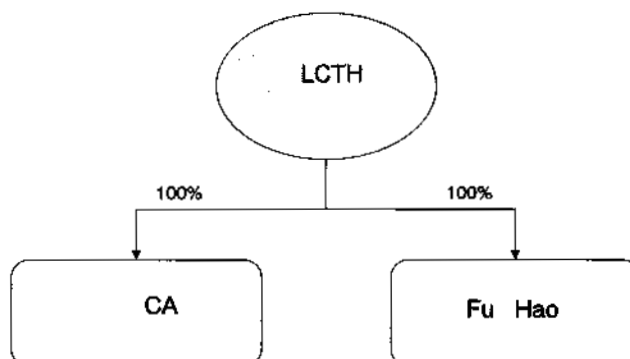
LCTH was incorporated in Malaysia on 10 November 2003 under the Act as a private limited company under the name of Axis Famous Sdn Bhd. On 11 December 2003, the Company was converted into a public company. On 16 January 2004, the Company changed its name from Axis Famous Berhad to LCTH Corporation Berhad, which is its present name.

FYI is the substantial shareholder and promoter of LCTH. FYI's parent company, FYC, was incorporated in 1980 to produce small plastic injection moulds and manufacture plastic injection moulded parts. It is one of the largest suppliers of high precision injection moulds and plastic injection moulded parts in the Asia region and is listed on the Main Board of SGX since 1995. Today, FYC has altogether ten (10) manufacturing plants located in Malaysia, China and Singapore.

LCTH is principally an investment holding company, with two wholly owned subsidiaries, namely CA and Fu Hao. The two subsidiaries are engaged in manufacturing and sub-assembly of precision plastic parts and components.

Detailed information on the history and business of the LCTH Group is set out in Section 5 of this Prospectus.

The corporate structure of the LCTH Group is as follows: -



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2. INFORMATION SUMMARY (Cont'd)

2.2 Promoter, Substantial Shareholders, Directors And Key Management

2.2.1 Promoter

Name	Place Of Incorporation	←-After The Public Issue And The Offer For Sale -→			
		←-Direct -→		←-Indirect -→	
		No. Of Shares	%	No. Of Shares	%
FYI	Singapore	359,999,990	60.00	-	-

2.2.2 Substantial Shareholders

Name	Place Of Incorporation/ Nationality	←-After The Public Issue And The Offer For Sale -→			
		←-Direct -→		←-Indirect -→	
		No. Of Shares	%	No. Of Shares	%
FYI	Singapore	359,999,990	60.00	-	-
FYC	Singapore	-	-	359,999,990 [@]	60.00
FYH	Singapore	-	-	359,999,990 [#]	60.00
Lui Choon Hay [^]	Singaporean	500,000	0.08	359,999,990 [*]	60.00
Ching Heng Yang	Singaporean	500,000	0.08	359,999,990 [*]	60.00
Tam Wai [^]	Singaporean	500,000	0.08	359,999,990 [*]	60.00
Ho Nee Kit	Singaporean	500,000	0.08	359,999,990 [*]	60.00

Notes: -

[@] Deemed interested by virtue of FYC's 100% shareholding in FYI pursuant to Section 6A of the Act.

[#] Deemed interested by virtue of FYH's 60% shareholding in FYC, and FYC's 100% shareholding in FYI pursuant to Section 6A of the Act.

^{*} Deemed interested by virtue of his direct shareholdings of more than 15% in FYH which in turn holds 60% shareholding in FYC, and FYC holds 100% shareholding in FYI pursuant to Section 6A of the Act.

[^] Lui Choon Hay and Tam Wai are brothers-in-law.

The above shareholdings include the pink form allocation to eligible Directors of the LCTH Group which is set out in Section 3.6 of this Prospectus.

2.2.3 Directors

Name	Designation	Nationality	←-After The Public Issue And The Offer For Sale -→			
			←-Direct -→		←-Indirect -→	
			No. Of Shares	%	No. Of Shares	%
Lui Choon Hay [^]	Executive Chairman	Singaporean	500,000	0.08	359,999,990 [*]	60.00
Datuk Muhammad Feisol Bin Haji Hassan	Vice Chairman/ Independent Non-Executive Director	Malaysian	20,100,000 [*]	3.35	-	-

2. INFORMATION SUMMARY (Cont'd)

Name	Designation	Nationality	← After The Public Issue And The Offer For Sale →			
			← Direct →		← Indirect →	
			No. Of Shares	%	No. Of Shares	%
Hew Lien Lee	Managing Director	Malaysian	5,052,541	0.84	-	-
Ching Heng Yang	Executive Director	Singaporean	500,000	0.08	359,999,990*	60.00
Tam Wai^	Executive Director	Singaporean	500,000	0.08	359,999,990*	60.00
Ho Nee Kit	Executive Director	Singaporean	500,000	0.08	359,999,990*	60.00
Ong Seng Pheow	Independent Non-Executive Director	Malaysian	100,000	0.02	-	-
Mohd Nasir Bin A. Khalid	Independent Non-Executive Director	Malaysian	7,100,000#	1.18	-	-

Notes: -

* Deemed interested by virtue of his direct shareholdings of more than 15% in FYH which in turn holds 60% shareholding in FYC, and FYC holds 100% shareholding in FYI pursuant to Section 6A of the Act.

^ Lui Choon Hay and Tam Wai are brothers-in-law.

Includes MITI's allocation of 7,000,000 LCTH Shares.

` Includes MITI's allocation of 20,000,000 LCTH Shares.

The above shareholdings include the pink form allocation to eligible Directors of the LCTH Group which is set out in Section 3.6 of this Prospectus.

2.2.4 Key Management

Name	Designation	Nationality	← After The Public Issue And The Offer For Sale →			
			← Direct →		← Indirect →	
			No. Of Shares	%	No. Of Shares	%
Lim Shook Kong	Group General Manager	Malaysian	500,000	0.08	-	-
Goh Guey Shen	Assistant General Manager	Malaysian	300,000	0.05	-	-
Teh Tuan Hock	Assistant General Manager	Malaysian	150,000	0.03	-	-
Lye Tjin Joeng	Operation Manager	Singaporean	150,000	0.03	-	-

2. INFORMATION SUMMARY (Cont'd)

Name	Designation	Nationality	← After The Public Issue And The Offer For Sale →			
			← Direct →		← Indirect →	
			No. Of Shares	%	No. Of Shares	%
Tea Chee Sia	Plant Manager	Malaysian	150,000	0.03	-	-
Folk Jee Yoong	Group Finance Manager	Malaysian	30,000	#	-	-
Yap Yin Peng	Accountant	Malaysian	75,000	0.01	-	-
Chok Yeen Kien	Human Resource & Admin Manager	Malaysian	75,000	0.01	-	-
Lim Kim Siong	Planning Manager	Malaysian	75,000	0.01	-	-
Tan Swee Hock	QA Manager	Malaysian	75,000	0.01	-	-

Note: -
Negligible.

The above shareholdings include the pink form allocation to the eligible employees of the LCTH Group which is set out in Section 3.6 of this Prospectus.

Detailed information on the promoter, substantial shareholders, Directors and key management is set out in Section 6 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.3 Income Statement For The Past Five (5) Financial Years And Period Ended 31 March 2004

The summary of the proforma consolidated audited results of the LCTH Group for the five (5) years from 31 December 1999 to 2003 and period ended 31 March 2004 has been prepared for illustrative purposes only based on the audited accounts of the LCTH Group and the assumption that the current structure of the Group has been in existence throughout the years and period under review, and after making such adjustments considered necessary. The following table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report in Section 11 of this Prospectus.

	← FYE 31 December →					31 March
	1999	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	42,849	94,664	80,420	207,488	237,176	51,875
EBIDTA	4,515	14,051	14,612	49,723	71,674	14,820
Depreciation	(2,748)	(4,298)	(6,077)	(7,148)	(7,769)	(1,945)
Interest expense	(96)	(117)	(218)	(203)	(22)	(7)
PBT	1,671	9,636	8,317	42,372	63,883	12,868
Taxation	(100)	(144)	(552)	(11,514)	(17,036)	(2,563)
PAT and MI	1,571	9,492	7,765	30,858	46,847	10,305
Enlarged share capital of LCTH assumed in issue ('000)^	600,000	600,000	600,000	600,000	600,000	600,000
Basic gross EPS (sen) [@]	0.28	1.61	1.39	7.06	10.65	2.14
Basic net EPS (sen) [#]	0.26	1.58	1.29	5.14	7.81	1.72

Notes: -

- * During the FYE 31 December 2003, Fu Hao adopted MASB 25, Income Taxes for the first time. The adoption of MASB 25 had given rise to adjustments to the opening balance of accumulated losses and tax charge for the FYE 31 December 2002.
- ^ LCTH's enlarged issued and paid-up share capital of 600,000,000 ordinary shares of RM0.20 each.
- @ This is calculated based on the PBT with an enlarged share capital of 600,000,000 ordinary shares.
- # This is calculated based on the PAT with an enlarged share capital of 600,000,000 ordinary shares.

There were no extraordinary or exceptional items during the period under review. Further details of the financial information of the LCTH Group is set out in Section 10 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.4 Proforma Consolidated Balance Sheet As At 31 March 2004

The proforma consolidated balance sheet of the LCTH Group as at 31 March 2004 has been prepared solely to illustrate the effects of the Public Issue and the Offer For Sale on the assumption that this transaction was effected on that date and should be read in conjunction with the notes and assumptions to the Proforma Consolidated Balance Sheet as set out in Section 10.11 of this Prospectus.

	(1)	(2)	(3)	(4)	(5)
	Audited As At 31 March 2004 RM'000	After (1) And The Acquisitions RM'000	After (2) And The Public Issue RM'000	After (3) And The Offer For Sale RM'000	After (4) And Utilisation Of Proceeds RM'000
Non-current assets					
Property, plant and equipment	-	43,351	43,351	43,351	164,351
Deferred tax assets	-	531	531	531	531
		<u>43,882</u>	<u>43,882</u>	<u>43,882</u>	<u>164,882</u>
Current assets					
Inventories	-	13,727	13,727	13,727	13,727
Receivables	604	42,067	42,067	42,067	41,463
Tax recoverable	-	75	75	75	75
Fixed deposits	-	459	459	459	459
Cash and bank balances	^	55,919	212,244	212,244	84,648
	<u>604</u>	<u>112,247</u>	<u>268,572</u>	<u>268,572</u>	<u>140,372</u>
Current liabilities					
Payables	610	49,243	49,243	49,243	49,243
Hire purchase and finance lease payables	-	16	16	16	16
Taxation	-	2,167	2,167	2,167	2,167
	<u>610</u>	<u>51,426</u>	<u>51,426</u>	<u>51,426</u>	<u>51,426</u>
Net current assets/(liabilities)					
	<u>(6)</u>	<u>60,821</u>	<u>217,146</u>	<u>217,146</u>	<u>88,946</u>
	<u>(6)</u>	<u>104,703</u>	<u>261,028</u>	<u>261,028</u>	<u>253,828</u>
Capital and reserves					
Share capital	^	91,051	120,000	120,000	120,000
Share premium	-	-	127,376	127,376	123,176
Retained profits/(Accumulated losses)*	(6)	10,437	10,437	10,437	7,437
Shareholders' equity/(deficit)	<u>(6)</u>	<u>101,488</u>	<u>257,813</u>	<u>257,813</u>	<u>250,613</u>

2. INFORMATION SUMMARY (Cont'd)

	(1)	(2)	(3)	(4)	(5)
	Audited As At 31 March 2004 RM'000	After (1) And The Acquisitions RM'000	After (2) And The Public Issue RM'000	After (3) And The Offer For Sale RM'000	After (4) And Utilisation Of Proceeds RM'000
Long-term liabilities					
Deferred taxation	-	3,187	3,187	3,187	3,187
Hire purchase and finance lease payables		28	28	28	28
	-	3,215	3,215	3,215	3,215
	<u>(6)</u>	<u>104,703</u>	<u>261,028</u>	<u>261,028</u>	<u>253,828</u>
NTA/(NTL) (RM'000)	(6)	101,488	257,813	257,813	250,613
No. of shares ('000)	@	455,255	600,000	600,000	600,000
NTA/(NTL) per share (RM)	(600)	0.22	0.43	0.43	0.42

Notes: -

* *Movements of Retained profits/(Accumulated losses)*

	RM'000
<i>Audited as at 31 March 2004</i>	(6)
<i>Retained profits after the acquisition of subsidiaries</i>	99,994
<i>Merger deficit arising from the acquisition of subsidiaries</i>	<u>(89,551)</u>
<i>As per proforma (2)</i>	10,437
<i>Public issue</i>	-
<i>As per proforma (3)</i>	10,437
<i>Offer for sale</i>	-
<i>As per proforma (4)</i>	10,437
<i>Expenses incurred for the relocation and consolidation of plants</i>	<u>(3,000)</u>
<i>As per proforma (5)</i>	<u>7,437</u>

^ Represent RM2.

@ Represent 10 ordinary shares.

Merger accounting is adopted for the consolidation of the subsidiaries. For more details please refer to the notes to the Proforma Consolidated Balance Sheet as set out in Section 10.11 of this Prospectus.

2.5 Auditors' Qualifications

There were no qualifications reported in LCTH's first audited financial statements for the period ended 31 March 2004 (as LCTH was incorporated on 10 November 2003). There were no qualifications reported in the audited financial statements of CA and Fu Hao for the past five (5) years ended 31 December 2003 and period ended 31 March 2004.

2. INFORMATION SUMMARY (Cont'd)

2.6 Summary Of Material Risk Factors

Prospective investors should consider carefully all the relevant information contained in this Prospectus, including, inter-alia, the following risk factors. The order in which the risk factors are presented should not be construed as a ranking of the risk factors.

- (a) Dependency on certain customers;
- (b) Dependency on the HP Group;
- (c) Dependency on suppliers;
- (d) No prior market for the LCTH Shares;
- (e) Business risks;
- (f) Fluctuations in the prices of raw materials;
- (g) Foreign exchange fluctuations;
- (h) Dependency on key management and key personnel;
- (i) Risks associated with security and system disruptions;
- (j) Adequacy of insurance coverage of the Group's assets;
- (k) Competition;
- (l) Ownership and control of the Group;
- (m) Political and economic considerations;
- (n) Legal uncertainties;
- (o) Shortage of foreign labour;
- (p) Potential conflicts of interest and related party transactions with FYC;
- (q) Risk associated with environment;
- (r) Increased competition from lower-cost producing countries;
- (s) Disclosure regarding forward-looking statements;
- (t) Trade Debtors;
- (u) Consolidated Profit forecast; and
- (v) Failure/delay in the listing exercise.

Details of the risk factors are set out in Section 4 of this Prospectus.

2.7 Profit And Dividend Forecast

2.7.1 Consolidated Profit Forecast

	FYE 2004
	RM'000
Revenue	<u>288,622</u>
Consolidated PBT	80,762
Taxation	<u>(15,453)</u>
Consolidated PAT	<u>65,309</u>
Weighted average ("WA") number of ordinary shares assumed in issue ('000)*	481,752
Enlarged number of ordinary shares assumed in issue ('000)	600,000
Based on WA number of ordinary shares assumed in issue	
Gross EPS (sen)	16.8
Net EPS (sen)	13.6
Gross PE Multiple based on Issue/Offer Price per LCTH Share (times)	6.4
Net PE Multiple based on Issue/Offer Price per LCTH Share (times)	7.9

2. INFORMATION SUMMARY (Cont'd)

	FYE 2004
	RM'000
Based on enlarged number of ordinary shares assumed in issue	
Gross EPS (sen)	13.5
Net EPS (sen)	10.9
Gross PE Multiple based on Issue/Offer Price per LCTH Share (times)	8.0
Net PE Multiple based on Issue/Offer Price per LCTH Share (times)	9.9

Note: -

* WA number of ordinary shares assumed in issue is computed as follows: -

	<i>Date Of Completion</i>	<i>No. Of Shares Issued</i>	<i>WA No. Of Shares Issued</i>	<i>Cumulative WA No. Of Shares Issued</i>
Subscribers' Shares	10 November 2003	10	10	10
Acquisitions	1 June 2004	455,255,000	455,255,000	455,255,010
Public Issue	26 October 2004	144,744,990	26,497,034	481,752,044
Total		<u>600,000,000</u>		

Further details are set out in Section 10.6 of this Prospectus.

2.7.2 Dividend Forecast

	Year Ending 31 December 2004
Gross dividend per ordinary share (sen)	7.56
Net dividend per ordinary share (sen)	5.44
Gross dividend yield based on the Issue/Offer Price (%)	7.00
Net dividend yield based on the Issue/Offer Price (%)	5.04
Net dividend cover (times)	2.00

Details of the dividend forecast are set out in Section 10.9 of this Prospectus.

2.8 Proforma Consolidated NTA

	RM'000
Proforma Consolidated NTA as at 31 March 2004 (after taking into account the Acquisitions, the Public Issue, the Offer For Sale and utilisation of proceeds)	250,613
NTA per share (RM)	0.42*

Note: -

* Based on the enlarged issued and paid-up share capital of 600,000,000 LCTH Shares.

Detailed calculations of the Proforma Consolidated NTA are set out in Section 10.11 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.9 Principal Statistics Relating To The Public Issue And The Offer For Sale

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

2.9.1 Share Capital

	RM
Authorised share capital	
2,500,000,000 ordinary shares of RM0.20 each	500,000,000
Issued and fully paid-up share capital	
455,255,010 ordinary shares of RM0.20 each	91,051,002
To be issued pursuant to the Public Issue: -	
144,744,990 new ordinary shares of RM0.20 each	28,948,998
	120,000,000
To be offered pursuant to the Offer For Sale: -	
83,255,010 ordinary shares of RM0.20 each	16,651,002

2.9.2 Issue/Offer Price Per Ordinary Share RM1.08

2.9.3 Class Of Securities

There is only one class of shares in the Company, namely ordinary shares of RM0.20 each. The new LCTH Shares to be issued pursuant to the Public Issue will rank pari passu in all respects with the other existing issued and paid-up share capital of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Details of the Public Issue and the Offer For Sale are set out in Section 3.5 of this Prospectus.

2.10 Utilisation Of Proceeds

All proceeds from the Public Issue after deducting the relevant Listing expenses will accrue to LCTH. The gross proceeds of the Public Issue are approximately RM156.3 million. LCTH will bear all expenses incidental to the Listing, which include professional advisory fees, underwriting commission, placement fees, brokerage fees and other fees, the aggregate of which is estimated to be approximately RM4.20 million.

The gross proceeds arising from the Public Issue will be utilised by the Group in the following manner: -

	RM' 000	Expected Time Frame For Utilisation After Listing
Purchase of land	16,000	Within 6 months
Construction of building	55,000	Within 2 years
Purchase of machineries	25,000	Within 1 year
Moulds and dies fabrication	25,000	Within 2 years
Working Capital	28,125	Within 6 months
Plants relocation and consolidation	3,000	Within 2 years
Estimated listing expenses	4,200	Within 6 months
Total	156,325	

2. INFORMATION SUMMARY (Cont'd)

The gross proceeds pursuant to the Offer For Sale of RM89.92 million shall accrue directly to the Offerors and no part of such proceeds will be received by LCTH. The Offerors shall bear all expenses relating to the Offer For Sale.

Details of the utilisation of proceeds are set out in Section 3.8 of this Prospectus.

2.11 Working Capital, Material Litigations, Material Commitments, Borrowings And Contingent Liabilities

(i) Working Capital

The Directors of the LCTH Group are of the opinion that, after taking into consideration the cashflow position and the banking facilities available and the net proceeds of the Public Issues, the LCTH Group will have adequate working capital for a period of twelve (12) months from the date of the Prospectus.

(ii) Material Litigations

As at 17 September 2004 (being the latest practicable date of which such matter could be determined prior to the issuance of this Prospectus), the Company and its subsidiaries are not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and/or adversely affect the position or business of the Group.

(iii) Material Commitments

As at 17 September 2004 (being the latest practicable date of which such amounts could be determined prior to the issuance of this Prospectus), the Group has material commitments amounting to approximately RM51.97 million which are as follows: -

	RM'000
Authorised and not contracted for	41,792
Authorised and contracted for	10,176
Total	51,968

(iv) Borrowings

As at 17 September 2004 (being the latest practicable date of which such amounts could be determined prior to the issuance of this Prospectus), the LCTH Group does not have any outstanding interest bearing bank borrowings.

As at 17 September 2004, the LCTH Group has bank guarantees totalling RM2,357,000. The bank guarantees are in favour of Tenaga Nasional Berhad as security deposit and the Royal Malaysian Customs as security against any imposition of penalties by the Royal Malaysian Custom. Currently, no liability should be recognised nor any interest payment is required by LCTH as there are no claims arising from the bank guarantees issued to the respective beneficiaries.

2. INFORMATION SUMMARY (Cont'd)

Saved as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding. The LCTH Group does not have any outstanding foreign bank borrowing as at 17 September 2004. There have been no defaults on payments of either interest and/or principal in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof.

(v) Contingent Liabilities

As at 17 September 2004 (being the latest practicable date at which such amounts could be calculated prior to the issuance of this Prospectus), the Directors are not aware of any other contingent liabilities which, upon becoming enforceable, may have material impact on the profit or net assets of the Company and its subsidiaries.

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3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE

This Prospectus is dated 30 September 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 ROC and neither SC nor ROC takes any responsibility for its contents.

Approvals have been obtained from the SC in respect of the flotation of the entire issued and fully paid-up share capital of LCTH on the Main Board of Bursa Securities on 11 May 2004. The approvals from the SC shall not be taken to indicate that the SC recommends the initial public offering and/or the flotation of the entire issued and fully paid-up share capital of LCTH on Bursa Securities. Prospective investors should rely on their own evaluation to assess the merits and risks of any investments in the Company.

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

An application will be made to Bursa Securities within three (3) market days from the date of this Prospectus for admission to the Official List of the Main Board of Bursa Securities and for permission to deal in and for the listing of and quotation for the entire issued and paid-up ordinary shares of RM1.08 each in LCTH including the Public Issue Shares and Offer Shares, which are the subject of this Prospectus. These ordinary shares will be admitted to the Official List of Main Board of Bursa Securities and official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of the entire issued and fully paid-up ordinary shares of LCTH on the Main Board of Bursa Securities. Accordingly, monies paid in respect of any application accepted 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, provided that the Company is notified by or on behalf of Bursa Securities within the aforesaid timeframe.

Only an applicant who has a CDS account can make an application by way of an application form. The applicant shall furnish his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIDFCCS or the Company. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an application for the Public Issue Shares and Offer Shares. If a successful applicant fails to state his/her CDS account number, MIDFCCS under the instruction of the Company will reject the application. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has CDS account can make an Electronic Share Application.

Pursuant to the Listing Requirements of Bursa Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each, upon completion of the Public Issue and the Offer For Sale and at the point of Listing. **In the event that the above requirement is not met pursuant to the Public Issue and the Offer For Sale, the Company may not be allowed to proceed with its Listing on the Main Board of Bursa Securities. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.**

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and the Offer For Sale and if given or made, such information or representation must not be relied upon as having been authorised by LCTH. Neither the delivery of this Prospectus nor any offer 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 the LCTH Group since the date hereof.

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE *(Cont'd)*

This Prospectus has been prepared in the context of a public offering of securities under the laws of Malaysia. The distribution of this Prospectus and the sale of the Public Issue Shares and Offer Shares in certain other jurisdictions 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 shall not be used for the purpose of an offer to sell or invitation of an offer to buy any Public Issue Shares and Offer 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.

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

If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser.

3.1 Opening And Closing Of The Application Lists

The Application Lists will open at 10.00 a.m. on 30 September 2004 and will remain open until 5.00 p.m. on 12 October 2004 or for such further period or periods as the Directors and/or the Offerors in their absolute discretion may decide. Should the closing date of the application date be extended, the dates for balloting and allotment of the Public Issue Shares and Offer Shares, and the listing of and quotation for the entire enlarged issued and paid up share capital of LCTH on the Main Board of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be published in a widely circulated daily Bahasa Malaysia newspaper and English newspaper within Malaysia.

3.2 Date Of Special Events

Opening of the Public Issue and the Offer For Sale	:	30 September 2004
Closing of the Public Issue and the Offer For Sale	:	12 October 2004
Tentative Balloting Date	:	14 October 2004
Tentative Allotment Date	:	26 October 2004
Tentative Listing Date	:	27 October 2004

3.3 Purposes Of The Public Issue And The Offer For Sale

The purposes of the Public Issue and the Offer For Sale are as follows: -

- (i) to enable LCTH to have access to the capital market to raise funds to finance future growth and expansion of the Group;
- (ii) to enhance the Group's corporate reputation and assist the Group in expanding its customer base in Malaysia and other parts in the Asean region (except Singapore);
- (iii) to provide an opportunity for the Malaysian public, institutional investors; eligible Directors, employees and suppliers of the LCTH Group and eligible directors and employees of FYI and FYC to participate in the continuing growth of the Group; and

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

- (iv) to meet the National Development Policy of 30% Bumiputera equity participation upon Listing.

3.4 Share Capital

	RM
<i>Authorised share capital</i>	
2,500,000,000 ordinary shares of RM0.20 each	500,000,000
<i>Issued and fully paid-up share capital</i>	
455,255,010 ordinary shares of RM0.20 each	91,051,002
<i>To be issued pursuant to the Public Issue: -</i>	
144,744,990 new ordinary shares of RM0.20 each	28,948,998
	120,000,000
<i>To be offered pursuant to the Offer For Sale: -</i>	
83,255,010 ordinary shares of RM0.20 each	16,651,002

There is only one class of shares in the Company, namely ordinary shares of RM0.20 each. The new LCTH Shares to be issued pursuant to the Public Issue will rank pari passu in all respects with the other existing issued and paid-up share capital of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

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

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

3.5 Details Of The Public Issue And The Offer For Sale

The Public Issue Shares and the Offer Shares are payable in full on application upon the terms and conditions set out in this Prospectus.

The Public Issue and the Offer For Sale shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares and the Offer Shares will be allocated in the following manner: -

- (i) **Allocation Of 16,000,000 New LCTH Shares Via "Pink Form" To The Eligible Directors, Employees And Suppliers Of The LCTH Group And The Eligible Directors And Employees Of FYI And FYC**

10,500,000 new LCTH Shares will be issued to the eligible Directors, employees and suppliers of the LCTH Group and the remaining 5,500,000 new LCTH Shares will be issued to the eligible directors and employees of FYI and FYC under the pink form allocation;

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

(ii) Placement

A total of 98,744,990 new LCTH Shares to be allocated in the following manner: -

- (a) 96,744,990 are reserved for placement to Bumiputera investors to be identified (who are deemed public) to be approved by MITI; and
- (b) the balance of 2,000,000 new LCTH Shares have been reserved to identified shareholders who are qualified as Malaysian Public.

(iii) Allocation Via Balloting To The Malaysian Public

30,000,000 new LCTH Shares will be issued to the Malaysian individuals, companies, co-operatives, societies and institutions by way of balloting, of which at least thirty percent (30%) is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions;

(iv) Offer Shares To Bumiputera Investors Approved By MITI

83,255,010 Offer Shares will be offered to Bumiputera investors approved by MITI.

The Public Issue Shares and the Offer Shares represent 24.12% and 13.88% respectively of the enlarged issued and paid-up share capital of LCTH of 600,000,000 shares.

Sections 3.5(i) and 3.5(iii) are fully underwritten. Any new LCTH Share in respect of Section 3.5(i) not subscribed for by the eligible Directors, employees and suppliers of the LCTH Group and the eligible directors and employees of FYI and FYC (based on the pre-determined allocation list) will be made available for subscription to the Malaysian public by the Company.

Any of the Public Issue Shares reserved for placement as referred in Section 3.5(ii)(b) not subscribed for by the identified investors, will subsequently be made available for subscription to the Malaysian public by the Placement Agent.

The ordinary shares under Sections 3.5(ii)(a) and (iv) above are not required to be underwritten.

Please refer to Section 3.10 for details of the Underwriting Agreement.

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3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

3.6 Details On The Pink Form Allocation

The number of LCTH Shares reserved under the pink form allocation is 16,000,000 new ordinary shares of RM0.20 each. The allocation of the pink form shares is to the eligible Directors, employees and suppliers of the LCTH Group and the eligible directors and employees of FYI and FYC, based on seniority, position, length of service and contribution to the LCTH Group. Details of the allocation to other eligible parties as approved by the Board of Directors are as follows: -

Category	Number	No. Of LCTH Shares ('000)
FYI and FYC		
Independent Directors of FYC	2	1,000
Executive Director of FYC	1	500
Senior Management	12	1,500
Managers, Assistant Managers and Executives	60	2,500
The LCTH Group		
Executive Directors	5	2,500
Independent Directors	3	300
Key Management	10	1,580
Senior Management	9	585
Assistant Managers and Executives	58	1,220
Supervisors	48	1,000
Leaders and Technical Personnel	72	432
Clerks and General Workers	265	883
Suppliers	50	2,000
Total	595	16,000

The pink form allocation to the eligible Directors of FYC and the LCTH Group are as follows:-

Name	Designation	No. Of LCTH Shares ('000)
FYC		
Tan Yew Beng	Independent Director	500
Wong Hoo Tung	Independent Director	500
Yuen Chung Sang Samuel	Executive Director	500
The LCTH Group		
Lui Choon Hay	Executive Chairman	500
Datuk Muhammad Feisol Bin Haji Hassan	Vice Chairman/ Independent Non-Executive Director	100
Hew Lien Lee	Managing Director	500
Ching Heng Yang	Executive Director	500
Tam Wai	Executive Director	500
Ho Nee Kit	Executive Director	500
Ong Seng Pheow	Independent Non-Executive Director	100
Mohd Nasir Bin A. Khalid	Independent Non-Executive Director	100
Total		4,300

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

In addition, the allocation of the 2,000,000 Public Issue Shares to the eligible suppliers of the LCTH Group is based on their respective contributions and continual support to the growth of the Group.

3.7 Basis Of Arriving At The Issue/Offer Price

The Issue/Offer Price of RM1.08 per LCTH Share was determined and agreed upon by the Company and Ascambankers as the Adviser, Managing Underwriter and Placement Agent based on inter-alia, the following factors: -

- (i) the LCTH Group's quantitative and qualitative factors as outlined in Section 5 and Section 10 of this Prospectus;
- (ii) the net PE Multiple of 9.9 times based on the Issue/Offer Price and the LCTH Group's forecast profit for the FYE 2004 as set out in Section 10.6 of this Prospectus;
- (iii) the Group's proforma NTA per share of RM0.42 as at 31 March 2004 as set out in Section 10.11 of this Prospectus; and
- (iv) LCTH's forecast net dividend yield of 5.04% for the FYE 2004 as set out in Section 10.9 of this Prospectus.

However, investors should also note that the market price of LCTH Shares upon and subsequent to Listing on the Main Board of Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of the shares being traded. Investors should form their own views on the valuation of the shares and the reasonableness of the bases used.

3.8 Utilisation Of Proceeds

All proceeds of the Public Issue after deducting the relevant Listing expenses will accrue to LCTH. The gross proceeds of the Public Issue are approximately RM156.3 million.

LCTH will bear all expenses incidental to the Listing which include professional advisory fees, underwriting commission, placement fees, brokerage fees and other fees, the aggregate of which is estimated to be approximately RM4.20 million.

The gross proceeds to be received pursuant to the Offer For Sale of RM89.92 million shall accrue directly to the Offerors and no part of such proceeds will be received by LCTH. The Offerors shall bear all expenses relating to the Offer For Sale.

There is no minimum subscription to be raised from the Public Issue as 30,000,000 Public Issue Shares to be issued to the Malaysian public by way of balloting and the 16,000,000 Public Issue Shares to be issued via the pink form allocation to the eligible Directors, employees and suppliers of the LCTH Group and the eligible directors and employees of FYI and FYC are fully underwritten.

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3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

The gross proceeds from the Public Issue will be utilised as follows: -

	Note	RM' 000	Expected Time Frame For Utilisation After Listing
Purchase of land	(a)	16,000	Within 6 months
Construction of building	(b)	55,000	Within 2 years
Purchase of machineries	(c)	25,000	Within 1 year
Moulds and dies fabrication	(d)	25,000	Within 2 years
Working Capital	(e)	28,125	Within 6 months
Plants relocation and consolidation	(f)	3,000	Within 2 years
Estimated listing expenses	(g)	4,200	Within 6 months
Total		156,325	

Notes: -

- (a) CA is currently operating in rented factories, warehouse and offices. In view of the growing business expected in the near future, CA signed a sale and purchase agreement with Johor Corporation on 13 April 2004 to purchase a piece of land located at Johor Technology Park, which is a 60-year leasehold land covering an area of approximately 32.6 acres (approximately 1.4 million sq feet). The purchase cost is approximately RM16 million. CA has completed the purchase of land on 31 July 2004, funded by internally generated funds pending proceeds from the Public Issue.
- (b) The construction of new office premises, warehouse and factory is part of the Group's expansion plan. The existing Senai and Kluang operations will be relocated to the new factories in phases in order to minimise interruption on the daily operations. As at 17 September 2004, approximately RM16.7 million has been paid for the construction work, funded by internally generated funds pending proceeds from the Public Issue.
- (c) In view of the increase in order book, approximately RM25 million will be utilised for the purchase of fifty (50) units of new plastic injection moulding machines as follows: -

Plastic Injection Moulding Machines Required	Unit	Cost RM'000
460 to 650 tonnage	10	7,000
350 to 450 tonnage	20	10,000
below 350 tonnage	20	8,000
		25,000

- (d) To equip itself as a one-stop supplier to its customers, the Group has allocated RM25 million to set up its own fabrication of moulds and dies. The activities undertaken will include new product designs, R&D precision tooling, improvement of accuracy, surface property and applicability of the metal parts built, low cost and fast delivery tooling processes, special interest and etc.

The Group will set up various sections as follows: -

- (i) Mould Design Section;
 - (ii) CAD/CAM Section;
 - (iii) Project Management Section;
 - (iv) Wire Cut Machine Section;
 - (v) CNC Machine Section;
 - (vi) CNC-EDM Section;
 - (vii) Grinding Section;
 - (viii) Mould Finishing & Assembly Section;
 - (ix) Conventional Machine Section; and
 - (x) Receiving & Order Section.
- (e) Approximately RM28.1 million of the gross proceeds will be reserved as general working capital for operating expenses and will result in interest savings as compared to having to obtain working capital lines from financial institutions.

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

(f) CA is currently operating in two locations, ie Kluang and Senai. With the construction of new premises on the piece of land mentioned in Note (a), the Group intends to re-locate the Kluang operations and the existing Senai plants to be nearer to all its customers in Senai. Consolidation of the current rented external warehouses will also enhance CA's logistics operations and management.

(g) Estimated listing expenses

The estimated RM4.2 million in respect of expenses and fees incidental to the Listing shall be borne by the Company and the details are as follows: -

Category Of Listing Expenses/Fees	RM'000
Professional advisory fees	800
Bursa Securities fees	80
SC fees	115
Issuing house fees, registrar's fees etc	100
Printing costs and advertisement	300
Underwriting commission and placement fees	1,037
Brokerage fees	1,563
Other miscellaneous expenses and contingencies	205
Total	4,200

The financial impact arising from the utilisation of proceeds on the consolidated balance sheets of LCTH is reflected in the Proforma Consolidated Balance Sheet set out in Section 10.11 of this Prospectus.

3.9 Underwriters, Underwriting Commission, Placement Fees And Brokerage

The names of the underwriters are as follows: -

Managing Underwriter	:	Aseambankers Malaysia Berhad
Underwriters	:	A.A. Anthony Securities Sdn Bhd
		AmSecurities Sdn Bhd
		Aseambankers Malaysia Berhad
		Mayban Securities Sdn Bhd
		MIDF Consultancy and Corporate Services Sdn Bhd
		PM Securities Sdn Bhd
		RHB Sakura Merchant Bankers Berhad
		Thong & Kay Hian Securities Sdn Bhd

The Managing Underwriter and Underwriters have agreed to underwrite 46,000,000 Public Issue Shares ("Underwritten Shares") to be offered to the Malaysian public, the eligible Directors, employees and suppliers of the LCTH Group and the eligible directors and employees of FYI and FYC. The Public Issue Shares to be issued to Bumiputera investors nominated by the MITI need not be underwritten. Underwriting commission relating to the Underwritten Shares is payable by the Company at the rate of 2.00% of the Issue/Offer Price of RM1.08 per Public Issue Share.

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

Placement fees shall be payable by the Company to the Placement Agent at the rate between 1.00% to 2.00% of the Issue/Offer Price of RM1.08 per LCTH Share. In addition, 0.50% of the Issue/Offer Price of RM1.08 per LCTH Share shall be payable by the Company to the Placement Agent as administration fee on the total LCTH Shares to be placed with a stakeholder.

Brokerage fees relating to the Public Issue is payable by the Company at the rate of 1.00% on the Issue/Offer Price of RM1.08 per Share in respect of successful applications bearing the stamp of Aseambankers, a member company of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

The Company shall bear all expenses such as brokerage fees and underwriting commissions, relating to the Public Issue together with all other expenses and fees incidental to the Listing estimated at RM4.2 million.

3.10 Salient Terms Of The Underwriting Agreement

The salient terms of the Underwriting Agreement (supplemented by a supplemental agreement dated 1 September 2004) are as follows: -

Clause 2.2

The obligation of the Managing Underwriter and each Underwriter is several and no Underwriter shall be responsible for any failure by any other Underwriter to meet its obligation nor shall such failure relieve the Company, or the other Underwriters of their respective obligations and further, nothing in the Underwriting Agreement shall be construed as constituting or evidencing a partnership between the Managing Underwriter, the Underwriters or any of them.

Clause 2.3

The rights of each Underwriter are several. The amount at any time owing by the Company to any party under the Underwriting Agreement whether actual or contingent in nature shall be a separate and independent debt from the amount owing to any other party. Each Underwriter shall have the right to protect and enforce its right arising out of the Underwriting Agreement and it shall not be necessary for the Managing Underwriter or other Underwriters to be joined as an additional party in any proceeding for the purpose of the Underwriting Agreement.

Conditions Precedent

Clause 6.1

The obligations of the Underwriters under the Underwriting Agreement shall be conditional upon the fulfillment and/or satisfaction of the following: -

- (a) Bursa Securities having agreed in principle on or prior to the closing date or such other date as may be agreed between the Managing Underwriter and the Company, to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities;

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

- (b) the issuance of and subscription for the Public Issue Shares pursuant to and in accordance with the provisions hereof and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
- (c) the registration of the Prospectus with the SC pursuant to the Securities Commission Act, 1993 and subsequent lodgement of the Prospectus with the ROC;
- (d) there having been, as at any time hereafter up to and including the closing date or the extended closing date, as the case may be, no event of default pursuant to the provisions herein contained, and no breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;
- (e) all agreements in relation to the Offer For Sale in a form acceptable to the Managing Underwriter have been duly executed before the issuance of the Prospectus;
- (f) the issuance of the Prospectus by 30 September 2004 or such other date as the parties may mutually agree upon in writing;
- (g) the Managing Underwriter having been satisfied that the Company has complied and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto; and
- (h) there having been, as at any time hereafter up to and including the closing date or the extended closing date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Company or business or operations of the Company or in the prospects or future financial condition or business or operations of the Company (which in the reasonable opinion of the Underwriters, is or will be material in the context of the Public Issue and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained.

Clause 6.2

In the event any of the conditions set forth in Clause 6.1 are not satisfied on or before the closing date or extended closing date, as the case may be, the Underwriters shall, be entitled to forthwith terminate the Underwriting Agreement by notice in writing given to the Company and thereafter, the Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except that the Company shall remain liable in respect of its obligations and liabilities hereunder including the payment of the Underwriting Commission and the payment of costs and expenses as provided in Clause 14 which has already been incurred prior to or in connection with such termination and for any antecedent breach under the Underwriting Agreement.

Notwithstanding anything contained herein, the Underwriters may only terminate the Underwriting Agreement pursuant to Clause 6.2, if the approval from the Underwriters (who collectively hold at least fifty per centum (50%) of the Underwritten Shares) to do so have been obtained.

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

Payment of Underwriting Commission

Clause 11.1

Save as otherwise provided in Clause 6.2 or Clause 13.2, the Underwriting Commission shall be paid by the Company to the Underwriters within fourteen (14) Market Days from the date of listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities. In the event of late payment of the Underwriting Commission, the Underwriters shall be entitled to charge interest at the rate of two per centum (2%) per annum calculated on a daily basis on the Underwriting Commission or such part thereof due and outstanding from the due date until the date(s) of actual receipt. For avoidance of doubt, the Underwriting Commission is still payable to the Underwriters in the event the whole of the Underwritten Shares have been validly taken up in full and no allotment of the Underwritten Shares are required to be made to the Underwriters.

Termination

Clause 13.1

Notwithstanding anything herein contained, the Underwriters, may, at any time, be entitled to terminate their obligations under the Underwriting Agreement by notice in writing delivered to the Company, if in the reasonable opinion of the Underwriters, there shall have occurred, happened or come into effect, any of the following circumstances, on or before the closing date or the extended closing date as the case may be, namely: -

- (a) any government requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial condition or business or operations of the Company, and/or the prospects or future financial condition or business or operations of the Company;
- (b) any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates which would or is likely to have a material adverse effect on the success of the Public Issue, and the distribution of the Public Issue Shares or the sale of any Underwritten Shares (whether in the primary or in respect of dealings on the secondary market);
- (c) any change in law, regulation, directive, policy or ruling in any jurisdiction which would or is likely to have a material adverse effect on the success of the Public Issue and the distribution of the Public Issue Shares or the sale of any Underwritten Shares (whether in the primary or in respect of dealings on the secondary market);
- (d) any event or series of events beyond the reasonable control of the Underwriters by reason of force majeure which has or is likely to make the Underwriting Agreement or any part thereof incapable of performance or which would or is likely to have a material adverse effect on the success of the Public Issue and the distribution of the Public Issue Shares or the sale of any Underwritten Shares.

“Force Majeure” shall mean causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including without limitation (i) war, acts of warfare, hostilities (whether war be declared or not) invasion, incursion by armed force, act of hostile army, nation or enemy; (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, civil war, industrial action; (iii) flood, fire, arson, storm, lightning tempest, accident, or other Acts of God; and (iv) epidemic, explosion, disease, earthquake, hijacking, sabotage, crime;

3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

- (e) any breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;
- (f) the occurrence of any event or the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained;
- (g) any withholding of information by the Company from the Underwriters of information of material nature which is required to be disclosed pursuant to the Underwriting Agreement which in the opinion of the Underwriters, would have or can be reasonably be expected to have, a material adverse effect on the business or operations of the Company; or
- (h) the average Kuala Lumpur Composite Index shall fall below seven hundred (700) points for three (3) consecutive Market Days, within the date of the Underwriting Agreement up until the closing date.

Notwithstanding anything contained herein, the Underwriters may only terminate the Underwriting Agreement pursuant to Clause 13.1, if the approval from the Underwriters (who collectively hold at least fifty per centum (50%) of the Underwritten Shares) to do so have been obtained.

Clause 13.2

Upon the delivery of such notice referred to in Clause 13.1 by the Underwriters, the following shall take place within seventy-two (72) hours of the receipt of such notice: -

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters respectively; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, the Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

Clause 13.3

The Underwriters and the Company may confer with a view to deferring the Public Issue or amending its terms or the terms of the Underwriting Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to make a fresh agreement.

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3. PARTICULARS OF THE PUBLIC ISSUE/OFFER FOR SALE (Cont'd)

Cost and Expenses

Clause 14.1

The Company shall: -

- (a) bear and pay the Underwriting Commission and all costs charges and expenses in connection with the preparation of and incidental to or arising from the issuance of the Public Issue Shares pursuant to the Public Issue and the printing of this Prospectus and other documents relating to the Public Issue and their registration and lodgement thereof so far as necessary and all costs, fees and expenses in connection with the printing and publishing of advertisements and all costs and expenses in connection with the initial delivery and distribution of the Public Issue Shares; and
- (b) pay all fees, costs, expenses and commissions incurred or payable in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities which includes the cost of the preparation of the Underwriting Agreement.

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4. RISK FACTORS

Prior to making an investment decision, potential investors should carefully read the following risk factors, which may have a significant impact on the future performance of the Group in addition to all the other relevant information contained in this Prospectus, before making an application.

(a) Dependency On Certain Customers

The Group's business is dependent on its top three customers namely Technocom System Sdn Bhd, Flextronics Industries (M) Sdn Bhd and Flextronics Technology (M) Sdn Bhd by virtue of their substantial contribution of approximately 81% to the Group's total turnover for the FYE 2003. The management is of the view that its top three customers will continue to play an important role in its long-term growth of business despite its plan to expand its existing customer base. The Directors believe that the following factors will help to mitigate the Group's dependency on its customers: -

- (i) The Group has enjoyed a close and long standing business relationship especially with its top two customers, Technocom System Sdn Bhd and Flextronics Industries (M) Sdn Bhd, both of which have been dealing with the Group for 4 years and 10 years respectively.
- (ii) The top three customers are very large companies that will continue to sustain and provide growth opportunities for the LCTH Group: -
 - (1) Flextronics Technology (M) Sdn Bhd is part of Flextronics Corporation Limited based in Singapore and listed on the Nasdaq Market.
 - (2) Flextronics Industries (M) Sdn Bhd is part of Flextronics Corporation Limited based in Singapore and listed on the Nasdaq market. Its global revenue for the financial year ended 31 March 2003 was US\$13.4 billion. It has operations in 29 countries worldwide.
 - (3) Technocom System Sdn Bhd is part of Venture Corporation Limited based in Singapore and listed on the Singapore Stock Exchange. Its global revenue in 2002 was S\$2.37 billion. It has 23 companies with operations in Asia, North America and Europe.

(Source: Business Overview of the LCTH Group dated 17 September 2004, prepared by Vital Factor Consulting Sdn Bhd).
- (iii) Part of the management's philosophy and method of operation has always been focusing on growing together with the customers and ensuring that the LCTH Group provides continuous support and excellence in service. Approximately 40% of its top 10 customers have been dealing with the Group for six or more years. The Group believes that there are significant business advantages in nurturing strong and long-term relationships, particularly in minimising administrative costs including start-up, business relationships and learning curve.
- (iv) As at 31 December 2003, the LCTH Group has a total of 58 customers. In addition to servicing the existing customers, the Group is also extending its marketing arm to potential customers to reduce dependency on any one or small groups of companies.
- (v) With the proposed new plants in Johor Technology Park, the LCTH Group would have an upgraded and expanded capacity which would enable the LCTH Group to serve HP related customers and new customers.

4. RISK FACTORS (Cont'd)

Notwithstanding the efforts in building and maintaining strong and long-term business relationships with its customers, no assurance can be given that the Group will be able to retain these customers or continue to receive orders from them at current levels in future. The Group has no formal long-term contract with its customers. The orders from the customers are short term in nature. No assurance can be given that any changes will not have material adverse impact on the Group's business.

(b) Dependence On The HP Group

The LCTH Group's business is indirectly dependent on HP as approximately 86% of the Group's revenue in FYE 2003 is derived from customers who are currently servicing HP. Hence, a substantial portion of the Group's revenue is derived from manufacturing and sub-assembly of parts and components for HP products.

The following are mitigating factors to the indirect dependency on HP: -

- (i) The Group's top three customers, who are currently contract manufacturers for HP, are sizable global operators with significant customer base. The Group believes these customers are capable of securing contracts from other brand owners. However, as the Group is operating near full capacity for years 2002 and 2003, it does not have substantial unused capacity to take on new contracts. With the proposed new plants in Johor Technology Park, the LCTH Group would have an upgraded and expanded capacity which would enable the LCTH Group to serve HP related customers and new customers.
- (ii) HP provides solutions to a wide range of IT infrastructure and devices. It does businesses in 178 countries and its global turnover for the financial year ended 31 October 2002 was US\$72 billion. As such, it is envisaged that HP would continue to provide sustainability and growth opportunities for its suppliers and service providers.
- (iii) Apart from producing printer-related parts and components, the Group's machineries and technology are able to produce for other market sectors such as household products, medical instruments, and automotive parts. The marketing team will also focus on getting new customers and securing major contracts from other market segments.

The LCTH Group will also strengthen its marketing team by setting up a business development department to secure new customers as well as new projects from existing non-HP related customers.

However, no assurance can be given that any changes in the consumer preferences of the HP's products will not have material adverse impact on the Group's business. The LCTH Group is also not able to quantify the amount of expected new customer contribution from the expected increase in production capacity from the proposed new plants as the expected increase in capacity and expected orders from new customers cannot be confirmed at this juncture.

(c) Dependency On Suppliers

The LCTH Group's top 10 suppliers represented 81% of total purchases for the FYE 2003. As plastic resin constitutes one of the main raw materials used by the Group, seven (7) out of the top 10 suppliers are primarily related to the supply of plastic resin materials. However, the LCTH Group is not heavily dependent on any of these suppliers and this is reflected by the fact that purchases of plastic resin are widely distributed among different suppliers.

4. RISK FACTORS (Cont'd)

The LCTH Group's top supplier, FYC represented 24% of the Group's total purchases of raw materials for the FYE 2003. FYC supplies resins, plastic parts and components, and sub-contracting services to the LCTH Group. The main reason for this arrangement is because some plastic parts and components, and resin suppliers in Singapore do not have the relevant logistic facilities to service Malaysia. As such, FYC buys on behalf of the LCTH Group. In addition, FYC also undertakes some sub-contracting work for the LCTH Group because of the LCTH Group's insufficient capacity to meet its production schedule.

In mitigation, FYC is the parent company of the LCTH Group. As such, it is not likely that FYC would knowingly interrupt supply to the LCTH Group, unless it is beyond its control. In addition, the LCTH Group also purchases plastic parts and components from other suppliers, and uses external sub-contractors. In the event that there is an interruption in supply of plastic parts and components, and sub-contracting services from FYC, the LCTH Group can use external suppliers.

However, there is no assurance that there will be no interruption in supply from FYC that may materially affect the business of the LCTH Group.

(d) No Prior Market For The LCTH Shares

Prior to this Public Issue and the Offer For Sale, there has been no public market for the LCTH Shares and there can be no assurance regarding the future development of the market for the LCTH Shares after the Listing. The indicative Issue/Offer Price of RM1.08 per ordinary share has been determined after taking into consideration a number of factors, including but are not limited to, the Group's financial and operating history and standing, its prospects and the prospects of the industry in which the Group operates, the NTA of the Group and the prevailing market conditions at the time of application to the SC for the Listing.

There is no assurance that the Issue/Offer Price will correspond to the price at which the LCTH Shares will trade on the Main Board of Bursa Securities upon or subsequent to its Listing or that an active market will develop thereafter. The eventual price and market of the LCTH Shares will be dependent upon market forces beyond the control of the Company.

(e) Business Risks

The LCTH Group is principally involved in the manufacturing of plastic injection moulded parts and components and subject to inherent risks of the industry. These include but are not limited to, changes in competitive conditions, constraints in labour, capability to diversify, impact from the global economy, entry of new players, increase in production costs, changes in business and credit conditions, changes in technology, product substitution and unforeseen changes in operating conditions.

The Group seeks to minimise these risks by adopting various measures including: -

- (i) increased emphasis on quality of products;
- (ii) undertaking of R&D to enhance existing products and improve production and operational processes;
- (iii) increasing automation to reduce dependence on labour; and
- (iv) strengthening of marketing strategies and distribution network.

Although the Group continuously seeks to minimize these risks, there is no assurance that any changes to these factors will not have an adverse effect on the Group's businesses.

4. RISK FACTORS (Cont'd)**(f) Fluctuations In The Prices Of Raw Materials**

As the LCTH Group is in the manufacturing of precision plastic parts and components, the usage of resin constitutes a significant proportion of raw materials used in its manufacturing operations. For the FYE 2003, plastic resins accounted for 59.7% of total purchases and sub-contractor fees of the LCTH Group.

Apart from plastic resins, the next largest proportion of raw materials purchased are assembled parts and components. These are completed peripheral assembled parts, which are usually sourced from approved suppliers of customers and costs are charged back to the customer. Purchases of assembled parts account for 32.4% of total purchases of raw materials and sub-contractor fees of the LCTH Group.

As plastic resins are commodities, the cost of these commodities is subjected to fluctuations in world prices. In some situations, increases in the price of raw materials are not easily passed onto users. This could impact on margins or alternatively, if the increase in cost is passed onto users, the manufacturer may not be price competitive.

However, manufacturers with strong financial strength are able to hold stocks of these raw materials to cushion against fluctuations in prices. As these raw materials are commodities and therefore subjected to world prices, all manufacturers that use these materials are equally affected (*Source: Assessment of Plastic Injection Moulding Industry dated 17 September 2004 and the Independent Market Research Report dated 17 September 2004 as set out in Section 12, Sub-section 16 of this Prospectus, prepared by Vital Factor Consulting Sdn Bhd*).

(g) Foreign Exchange Fluctuations

The LCTH Group is affected by fluctuations in foreign exchange through the import of its raw materials and sales of its products, which are transacted in USD and SGD. The LCTH Group billed the majority of its clients in USD. For FYE 2003, approximately 54% of the Group's revenue is in USD while the rest is in RM. The receipt in RM is due to payments made by some clients in RM although billed in USD. However due to the pegging of the RM to USD at 1USD: RM3.80, the transaction is fully hedged. Also approximately 74% of the total purchases were transacted in USD while the rest is in RM and SGD.

However, the pegging of the RM to the USD has enabled the Group to plan with a higher degree of certainty and be less vulnerable to fluctuations in foreign exchange rates. As part of the expansion plans, the import of machineries will also be hedged against the JPY and Euro to mitigate foreign exchange risks.

However, there is no assurance that the currency control will remain and that the future foreign exchange fluctuations arising from the lifting of the currency control or the adjustment of the RM to the USD peg will not adversely affect the financial results of the LCTH Group.

(h) Dependency On Key Management And Key Personnel

The Directors believe that its continued success depends, to a certain extent, upon the abilities and efforts of its key management. The loss of certain key personnel and failure to attract qualified replacements on a timely basis may have an impact on the LCTH Group's continued ability to compete effectively which may affect the operation and financial results.

The Group is therefore committed to providing its personnel with the opportunity for training and career advancement. Moving forward, the Group is expected to allocate 1% to 2% of its staff payroll to be used in the training and development of its personnel for the FYE 2004.

4. RISK FACTORS (Cont'd)

In view of the business expansion plans in the pipeline, the Group's future success will also depend upon its ability to attract and retain skilled personnel. The Group has hence put in place a two-pronged management succession plan as follows: -

- (i) To engage experienced senior management personnel to introduce new management know-how and techniques; and
- (ii) To recruit and train potential university graduates to take up middle management positions.

Although the training and career advancement plans are in place for the existing staff and the management succession plan for future expansion of business, there are no assurances that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should any changes occur.

(i) Risks Associated With Security And System Disruptions

To maintain high safety and security standards, the Group has taken preventive and precautionary measures such as installation of 24-hour closed circuit television ("CCTV") in the CA (Senai) plant and engagement of security guards within the compound of its three manufacturing plants. To avoid any system disruption, the Group has also put in place a regular maintenance schedule for its machineries and equipment.

The Group did not experience any disruptions in business arising from security and system disruption on its plants, which have significant effects on its operation from the past twelve (12) months prior to the date of this Prospectus. The Directors do not foresee that there shall be any disruption to the security and system of the Group's operation. Notwithstanding this, there is no assurance that security and system disruption will not materially affect the LCTH Group's business.

(j) Adequacy Of Insurance Coverage Of The Group's Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage. In ensuring such risks are maintained to the minimum, the Group reviews and ensures adequate coverage for its assets on a continuous basis. The Directors of the LCTH Group are of the opinion that the major assets of the Group, comprising largely the plants and machineries, stocks and heavy equipments are adequately insured for public liability and fire. Please refer to Section 14.7 of this Prospectus for the material insurance policies of the LCTH Group.

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

(k) Competition

Generally, operators in the manufacturing of plastic injection moulded parts and components face normal competitive condition. Competition is based on a number of factors include quality of products and services, cost competitiveness, prompt delivery schedules, manufacturing capabilities as well as customer convenience.

4. RISK FACTORS (Cont'd)

Despite the long business track records of CA and Fu Hao since 1993 and the Group's market share in year 2003 of approximately 6% (Source: *Assessment of the Plastic Injection Moulding Industry dated 17 September 2004 and the Independent Market Research Report dated 17 September 2004 as set out in Section 12, Sub-section 19 of this Prospectus, prepared by Vital Factor Consulting Sdn Bhd*), the competition among the operators in the industry in Malaysia is intense. Such intensity of competition is dependent on the sectors of the market served, product categories, complexity of the end products and the capability of these companies that are able to focus on value added or high precision plastic injection moulded parts and components that require strict adherence to quality and specifications.

In view of the expansion plans in the next two (2) years, the LCTH Group is able to develop and provide total solutions to its customers by having integrated manufacturing capabilities incorporating mould design and fabrication. These value added services will significantly differentiate the Group from other operators in the industry which focus mainly on manufacturing of plastic injection moulded parts and components.

The Directors of the LCTH Group are of the opinion that although the Group also faces competitions from new entrants to the industry, it would still have a competitive advantage over the new entrants due to the high initial cost set up and the stringent quality control and selection procedure imposed by the major client such as HP.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

(l) Ownership And Control Of The Group

Upon completion of the Public Issue and the Offer For Sale, FYI will hold, directly 60.0% of the enlarged issued and paid-up share capital of LCTH. As such, FYI is likely to be able to influence and/or control the outcome of certain matters requiring the votes of the Company's shareholders, such as the direction and future operation of the Group which include, but are not limited to, decisions on acquisitions or disposals, business opportunities, declaration of dividends and issuance of additional or other securities, unless they are required to abstain from voting by law and/or by the relevant authorities.

(m) Political And Economic Considerations

The performance of the LCTH Group is correlated to the overall economic and political conditions both domestically and internationally, as it is largely dependent on the performance of the plastic injection moulding industry, which is ultimately reliant on consumer demand. Adverse developments in the political and economic conditions could favourably or unfavourably affect the financial performance of the LCTH Group depending on the circumstances. These include economic slowdown, foreign exchange controls, changes in policies on trade, taxation, tariffs and duties as well as risks of war.

(n) Legal Uncertainties

Most of the LCTH Group's transactions are done through purchase orders in standard forms issued by their respective customers. Some of these purchase orders may contain conditions which in certain cases may be either not applicable to the LCTH Group or too onerous for the LCTH Group to comply with in terms of business efficacy. It should be noted however that in the LCTH's subsidiaries' long history of dealings with the relevant customers, there has been no dispute arising out of or in connection with the said conditions notwithstanding that these conditions are legally enforceable by law.

4. RISK FACTORS (Cont'd)

(o) **Shortage Of Foreign Labour**

It is crucial to ensure sufficient labour supply as the manufacturing process is labour intensive and foreign workers represented approximately 50.4% of the Group's workforce as at 17 September 2004. Presently, the Group employs foreign workers from Nepal, Vietnam, Myanmar and Indonesia through agents. Shortage of foreign labour has never been a major issue, neither has it impeded the Group's business growth or caused interruptions in its operations as foreign workers are prevalent and accessible.

However, there is no assurance that the change in the policy or guidelines of foreign workers in Malaysia will remain and such changes will not impact the operation of the Group.

(p) **Potential Conflicts Of Interest And Related Party Transactions With FYC**

There are potential conflicts of interest and related party transactions ("RPT") between the LCTH Group and FYC arising from the following situations: -

- (i) The ultimate majority shareholders of the LCTH Group are also the majority shareholders of FYC;
- (ii) FYC is a supplier to the LCTH Group;
- (iii) FYC operates a similar business as the LCTH Group and sells its products and services into the same markets globally; and
- (iv) FYC also channels some of its sales contracts to the LCTH Group.

For more details of potential conflicts of interest and related party transactions, refer to Section 8.1 of this Prospectus. As such, there is a risk that these areas of conflicts of interests and related party transactions may have a material and negative impact on the business of the LCTH Group.

In mitigation, the LCTH Group has established an independent Audit Committee to oversee all transactions with FYC, as well as ensuring that terms and conditions of any transactions with FYC shall be equal or more favourable than normal market conditions. Please refer to Section 1 of this Prospectus for further details of the independent Audit Committee.

All recurring related party transactions ("RRPT") and RPT between the LCTH Group and FYC are audited by LCTH's Internal Audit Department and thereafter tabled to the Audit Committee and the Board of Directors for their quarterly review. All members of the Board of Directors and Audit Committee who are directly or indirectly interested in any RRPT shall be required to excuse themselves during the discussion of the matter and to/shall abstain from deliberations and voting in respect of these RRPT and RPT. The Audit Committee is to/shall circulate a list of related parties, the general nature of the RRPT and RPT and class of the related party on a quarterly basis to the Board of Directors with expressed notification that all RRPT and RPT are negotiated at arm's length and on normal commercial terms not more favourable to the related party than those generally available to the public and/or the LCTH Group and are not to the detriment of the minority shareholders. The Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or adviser. The Audit Committee is to/shall supervise the existing internal control procedures of the Group and report to the Board of Directors on any deviations or cases of non-compliance of RRPT and RPT.

Disclosure will be made in the Company's Annual Report of a breakdown of the aggregate value of RRPT and RPT conducted during the financial year and, amongst others, based on the type of the RRPT and RPT made and their relationship with the Company, to which the Annual Report relates.

4. RISK FACTORS (Cont'd)

However, even though the Board of Directors is of the view that the above arrangements are adequate to safeguard the interest of the minority shareholders, there is no assurance that these potential areas of conflicts of interest and RPT may not materially affect the business of the LCTH Group.

(q) Risk Associated With Environment

CA creates paint waste through its auto spraying process. The paint waste is collected and disposed through Positive Chemicals Sdn Bhd, an approved contractor of Kualiti Alam. The disposal of wastes and sludge resulting from auto paint spraying process falls under the Environmental Quality (Scheduled Wastes) Regulations 1980.

The LCTH Group, which abides by the abovementioned regulations, has been monitoring strictly the process of waste disposal to ensure a clean and healthy working environment. However, there can be no assurance that such environmental concerns and/or any change in the current laws and/or regulation on environmental matters will not have an adverse impact on the future operations of the Group.

(r) Increased Competition From Lower-Cost Producing Countries

Lower-cost producing countries such as China present intense competition, domestically and internationally for manufacturers within the injection moulding industry. These lower-cost producing countries, operating on abundant and cheaper labour, are able to manufacture and export their products at relatively lower prices at comparable quality. As a result, local manufacturers may lose its comparative advantage to these countries.

To mitigate this, the LCTH Group will move up the value-chain and deliver innovative products by focusing on its R&D and develop new products or the usage of new materials. With integrated manufacturing facilities, the Group will be a one-stop manufacturing solution for plastic injection moulded products. It will then be able to offer cost competitiveness to its customers in terms of cost synergy, value added services, technical advice and competitive pricing.

(s) Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of 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 Group. Although believed to be reasonable, they are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from 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 LCTH Group. In light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation of LCTH or its advisers that the plans and objectives of the LCTH Group will be achieved.

(t) Trade Debtors

As at 31 March 2004, the summary of external trade debts ageing analysis of the Group is as follows: -

	Up to 30 Days RM'000	31 to 60 Days RM'000	61 to 90 Days RM'000	91 to 180 Days RM'000	More Than 180 Days RM'000
Trade Debts	16,783	16,814	4,539	568	284

4. RISK FACTORS (Cont'd)

As at 17 September 2004, approximately 99.7% of the trade debt outstanding as at 31 March 2004 has been collected. Out of this, approximately RM152,540 from the amount due for more than 180 days as at 31 March 2004 has been collected. The remaining balance of approximately RM131,246 has been fully provided for as doubtful debts. The Directors further confirm that there have been no trade debts as at 31 March 2004 whereby the amounts have been disputed or legal proceedings have been initiated/taken. A written undertaking was furnished to the SC on 23 July 2004 that the LCTH Group has made full provision for all overdue trade debtors which are in dispute or under legal action, or for amounts which have been outstanding for more than six (6) months.

The Directors have also confirmed that the trade debts exceeding the credit period of ninety (90) days as at 31 March 2004 which have not been provided for as doubtful debts (excluding those for which full provision have been made) are recoverable.

(u) Consolidated Profit Forecast

This Prospectus contains the consolidated financial forecast of the LCTH Group for the year ending 31 December 2004 that is based on assumptions, which the Directors deem reasonable. Nevertheless, these assumptions are subject to uncertainties and contingencies. Due to the subjective judgements and inherent uncertainties of the aforesaid forecast, coupled with the fact that events and circumstances may not occur as expected, there is no assurance that the aforesaid forecast contained herein will be realised and actual results may be materially different from those shown. Potential investors are advised to read and understand the descriptions of the assumptions and uncertainties underlying the aforesaid forecast that are contained herein.

(v) Failure/Delay In The Listing Exercise

The Listing exercise is also exposed to the risk that it may be delayed or aborted should the following events occur: -

- (i) the placees' failure to subscribe for the portion of the Public Issue Shares placed to them;
- (ii) the Bumiputera investors approved by MITI fail to take up the portion of the Offer Shares and the Public Issue Shares allocated to them; or
- (iii) the Underwriters exercising their rights pursuant to the Underwriting Agreement discharge themselves from their obligations there under; or
- (iv) the Company is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up share capital of the Company which must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the Public Issue and the Offer For Sale and at the point of Listing.

Although the Directors will endeavour to ensure compliance by LCTH of the various Listing requirements, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing exercise.

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