1. SUMMARY INFORMATION

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

1.1 HISTORY AND BUSINESS

GCB was incorporated in Malaysia as a public limited company on 22 March 2004. GCB is an investment holding company with three subsidiaries, namely GCC, GCT and EM. GCC, GCT and EM were incorporated as private limited companies on 9 January 1985, 31 July 1984 and 25 September 2002 respectively under the Act. GCB Group is principally involved in the manufacturing of cocoa-derived food ingredients, namely cocoa liquor*, cocoa butter, cocoa cake and cocoa powder.

The Group's history started in early 1980s, when GCG (formerly known as Guan Chong Food Industries Sdn Bhd) was incorporated on 2 November 1982. It was principally involved in the trading of cocoa beans. In 1983, GCG started processing cocoa beans by setting up a factory in Parit Jawa, Muar, Johor.

In 1990, with the vision to become a market leader in the local cocoa processing industry, the management of GCG sold the plant in Parit Jawa and built a new plant in Pasir Gudang, Johor, under GCC. GCC was incorporated in 1985 under the name of Guan Chong Holdings Sdn Bhd and it was renamed to its present name, GCC on 6 October 1989. In 1993, GCC became a subsidiary of GCG.

GCT (formerly known as Soon Eeh Marketing Sdn Bhd) was incorporated in 1984 and became a subsidiary of GCG in 1987. GCT principally deals with the buying and selling of cocoa beans. EM was set up as a joint venture between GCC (51%) and SMC Food 21 Pte Ltd ("SMC") (49%). SMC is GCC's customer in Singapore specialising in the production of blended food ingredients. The joint venture is the result of a long-term and favourable relationship between GCC and SMC since 1999. EM is principally involved in the production of blended cocoa-derived food ingredients with Japan as its principal market. The joint venture reflects GCC's initiative to diversify its product offerings into the international market. In 2003, upon a restructuring exercise, GCC and GCT became the subsidiaries of GCR, an investment holding company. In conjunction with the listing exercise, GCB acquired the entire issued and paid-up capital of GCC and GCT from GCR and other minority shareholders; and 51% of the issued and paid-up capital of EM from GCC.

* *Cocoa liquor is a common term used in the cocoa industry to describe viscous cocoa mass generated after the grinding process which is in liquid or paste form and has no alcoholic content.*

1. SUMMARY INFORMATION *(Cont'd)*

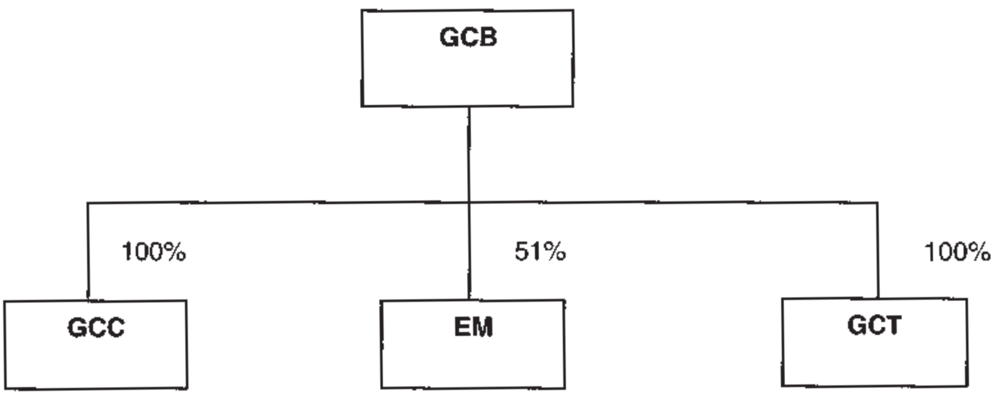
The Group prides itself as one of the leading manufacturers in this region, providing high quality cocoa-derived food ingredients to the international market. Its cocoa processing plant in Pasir Gudang, Johor, which started operation with a processing capacity of about 6,000 mt per annum in 1991, was upgraded to approximately 11,000 mt per annum in 1994. By the year 2000, its capacity reached above 32,000 mt per annum and the capacity was further expanded to about 48,000 mt per annum in 2003. It has established business relationships with multinational corporations such as Unicom (International) B.V., ED & F Man Asia Pte. Ltd., Atlantic Cocoa Company and Masterfoods Australia New Zealand. In line with the Government's call for local manufacturers to penetrate and expand the export markets, the Group exports approximately 94% of its products to more than 20 countries globally. Its main export markets are Holland, Singapore and United States. GCB Group has been putting in place business and marketing strategies to tap business opportunities in the Middle East, Russian Federation and Eastern Europe.

The details of the subsidiary companies of GCB are as follows: -

Company	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
Subsidiary of GCB				
GCC	9.01.1985/ Malaysia	12,000,000	100.0	Producing cocoa-derived food ingredients
GCT	31.07.1984/ Malaysia	250,500	100.0	Buying and selling of cocoa beans
EM	25.09.2002/ Malaysia	1,000,000	51.0	Producing blended cocoa-derived food ingredients

Further details on the history and business of the Group are set out in Section 4 of this Prospectus.

The structure of the Group is as set out below: -



1. SUMMARY INFORMATION *(Cont'd)*

1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF GCB GROUP

The direct and indirect shareholdings of the Promoters, substantial shareholders, Directors and key management of the Group are as follows: -

		No. of Ordinary Shares Held in GCB before the IPO				No. of Ordinary Shares Held in GCB After the IPO				No. of Ordinary Shares Held in GCB After the Full Exercise of ESOS			
Name	**Designation**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**
Promoters													
GCR	Substantial Shareholder	124,350,596	57.57	-	-	123,840,000	51.60	-	-	123,840,000	44.87	-	-
Tay Hoe Lian*	Managing Director/Chief Executive Officer	17,302,832	8.01	124,350,596 (2)	57.57	5,159,846#	2.15	123,840,000 (2)	51.60	8,159,846@	2.96	123,840,000 (2)	44.87
Tay How Sik @ Tay How Sick*	Executive Director/Chief Operating Officer	8,651,420	4.01	-	-	2,729,925#	1.14	-	-	5,729,925@	2.08	-	-
Hia Cheng	Executive Director/Chief Financial Officer	4,553,460	2.11	-	-	1,578,990#	0.66	-	-	4,578,990@	1.66	-	-
Tey Chi @ Tay Chin Chuan*	Alternate Director to Tay Hoe Lian	6,490,077	3.00	-	-	2,122,865#	0.88	-	-	5,122,865@	1.86	-	-
Tay How Yeh*	Alternate Director to Tay How Sik @ Tay How Sick	8,651,416	4.01	-	-	2,729,923#	1.14	-	-	5,729,923@	2.08	-	-
Substantial Shareholders													
GCR		124,350,596	57.57	-	-	123,840,000	51.60	-	-	123,840,000	44.87	-	-
Dato Dr. Mohamad Musa Bin Md. Jamil	Executive Chairman	-	-	-	-	50,000^	0.02	25,200,000 (1)	10.50	50,000^	0.02	25,200,000 (1)	9.13
MGSB		-	-	-	-	25,200,000	10.50	-	-	25,200,000	9.13	-	-
Tay Hoe Lian*	Managing Director/Chief Executive Officer	17,302,832	8.01	124,350,596 (2)	57.57	5,159,846#	2.15	123,840,000 (2)	51.60	8,159,846@	2.96	123,840,000 (2)	44.87

1. SUMMARY INFORMATION *(Cont'd)*

Name	Designation	No. of Ordinary Shares Held in GCB before the IPO				No. of Ordinary Shares Held in GCB After the IPO				No. of Ordinary Shares Held in GCB After the Full Exercise of ESOS			
		Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Directors													
Dato Dr. Mohamad Musa Bin Md. Jamil	Executive Chairman	-	-	-	-	50,000^	0.02	25,200,000 (1)	10.50	50,000^	0.02	25,200,000 (1)	9.13
Tay Hoe Lian*	Managing Director/Chief Executive Officer	17,302,832	8.01	124,350,596 (2)	57.57	5,159,846#	2.15	123,840,000 (2)	51.60	8,159,846@	2.96	123,840,000 (2)	44.87
Tay How Sik @ Tay How Sick*	Executive Director/Chief Operating Officer	8,651,420	4.01	-	-	2,729,925#	1.14	-	-	5,729,925@	2.08	-	-
Hia Cheng	Executive Director/Chief Financial Officer	4,553,460	2.11	-	-	1,578,990#	0.66	-	-	4,578,990@	1.66	-	-
Tey Chi @ Tay Chin Chuan*	Alternate Director to Tay Hoe Lian	6,490,077	3.00	-	-	2,122,865#	0.88	-	-	5,122,865@	1.86	-	-
Tay How Yeh*	Alternate Director to Tay How Sik @ Tay How Sick	8,651,416	4.01	-	-	2,729,923#	1.14	-	-	5,729,923@	2.08	-	-
Dato' Dr. Omar @ S Omar Bin Abdul Rahman	Independent Non-Executive Director	-	-	-	-	30,000^	0.01	-	-	30,000^	0.01	-	-
Tay Puay Chuan	Independent Non-Executive Director	-	-	-	-	20,000^	0.01	-	-	20,000^	0.01	-	-
Key Management													
Dato Dr. Mohamad Musa Bin Md. Jamil	Executive Chairman	-	-	-	-	50,000^	0.02	25,200,000 (1)	10.50	50,000^	0.02	25,200,000 (1)	9.13
Tay Hoe Lian*	Managing Director/ Chief Executive Officer	17,302,832	8.01	124,350,596 (2)	57.57	5,159,846#	2.15	123,840,000 (2)	51.60	8,159,846@	2.96	123,840,000 (2)	44.87

1. SUMMARY INFORMATION *(Cont'd)*

Name	Designation	No. of Ordinary Shares Held in GCB before the IPO				No. of Ordinary Shares Held in GCB After the IPO				No. of Ordinary Shares Held in GCB After the Full Exercise of ESOS			
		Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Tay How Sik @ Tay How Sick*	Executive Director/Chief Operating Officer	8,651,420	4.01	-	-	2,729,925#	1.14	-	-	5,729,925@	2.08	-	-
Hia Cheng	Executive Director/Chief Financial Officer	4,553,460	2.11	-	-	1,578,990#	0.66	-	-	4,578,990@	1.66	-	-
Tey Chi @ Tay Chin Chuan*	Director/ General Manager - GCT	6,490,077	3.00	-	-	2,122,865#	0.88	-	-	5,122,865@	1.86	-	-
Tay How Yeh*	Director/ Production Manager - GCC	8,651,416	4.01	-	-	2,729,923#	1.14	-	-	5,729,923@	2.08	-	-
Lau Boon Leong	Technical /Project Manager - GCC	-	-	-	-	100,000^	0.04	-	-	400,000@	0.14	-	-
Yau Tee Wan	Maintenance and Purchasing Manager- GCC	-	-	-	-	100,000^	0.04	-	-	400,000@	0.14	-	-
Pow Chun Chung	Quality Assurance Manager - GCC	-	-	-	-	100,000^	0.04	-	-	400,000@	0.14	-	-
Chan Lee Yin*	Assistant Logistic and Warehouse Manager - GCC	-	-	-	-	80,000^	0.03	-	-	180,000@	0.07	-	-
Loh Ken Ping	Assistant Factory Manager - EM	-	-	-	-	40,000^	0.02	-	-	140,000@	0.05	-	-

Notes : * Details of their family relationships are set out in Section 5.8 herein.
(1) Deemed interested by virtue of his substantial shareholding in MGSB.
(2) Deemed interested by virtue of his substantial shareholding in GCR.
\# Including their respective entitlements for the pink form share allocation pursuant to the IPO.
@ The Options under the ESOS will be offered to the eligible directors and employees of the Group prior to the Company's listing on the Main Board of Bursa Securities. The shareholding shown here are based on the assumption that the number of Options to be granted under the ESOS is in respect of the Intial Grant of 20,360,000 issue Shares made available for application by the eligible directors and employees of the Group.
^ Being their pink form allocation only.

Details of the Promoters, substantial shareholders, Directors and key management of GCB Group are set out in Section 5 of this Prospectus.

1.3 INTELLECTUAL PROPERTY

The wide range of cocoa-derived food ingredients are marketed under the brand name "FAVORICH" which is a combination of the phrases "high in flavour" and "rich in colour". GCC has registered and is using the said trade mark since 1996 and the trade mark is valid till 31 July 2013. The Group has also registered the domain name www.favorich.com which it uses in connection with its business.

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1. SUMMARY INFORMATION *(Cont'd)*

1.4 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 1999 to 2003 and 10-month financial period ended 31 October 2004, prepared on the assumption that the Group has been in existence throughout the period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

Financial year ended 31 December	**1999 (RM'000)**	**2000 (RM'000)**	**2001 (RM'000)**	**2002 (RM'000)**	**2003 (RM'000)**	**10-month financial period ended 31.10.2004 (RM'000)**
Revenue	75,287	120,610	141,097	220,304	370,947	274,552
EBIDTA	5,660	11,136	10,986	13,465	22,937	20,737
Interest expense	(462)	(1,080)	(1,228)	(1,419)	(1,861)	(2,515)
Interest income	-	9	-	-	34	131
Depreciation	(1,689)	(2,997)	(3,173)	(3,444)	(3,578)	(3,791)
Amortisation	-	-	-	-	-	-
PBT	3,509	7,068	6,585	8,602	17,532	14,562
Taxation	(2)	(1,724)	(1,345)	(1,156)	(2,647)	(2,468)
PAT before MI	3,507	5,344	5,240	7,446	14,885	12,094
MI	-	-	-	*	(45)	(284)
PAT after MI	3,507	5,344	5,240	7,446	14,840	11,810
No. of ordinary shares assumed in issue ('000) Note h	124,352	124,352	124,352	124,352	124,352	124,352
Gross EPS (sen) Note g	2.82	5.68	5.30	6.92	14.06	11.48
Net EPS (sen) Note g	2.82	4.30	4.21	5.99	11.93	9.50
Dividend rate (%) Note i	-	12.87	19.30	22.52	28.27	33.78

Notes: -
* Amount less than RM1,000

(a) The proforma consolidated results have been prepared based on the audited financial statements of GCB and its subsidiary companies, and on the assumption that the Acquisitions had been in effect throughout the periods under review.

(b) The proforma consolidated results were arrived at after making necessary adjustments for restatements to the financial statements.

(c) The turnover of GCB Group for FY 1999 to 2002 is essentially the turnover of GCC because EM has not commenced business operations yet, whilst GCT temporarily ceased business operations during these financial years.

The turnover dropped 16.86% to RM75.3 million during FY 1999 primarily due to lower unit selling prices of cocoa products. In fact, the sales volume had actually increased, though insignificant, from FY 1998 to 1999.

GCC invested in a second production line and started its trial run in December 1999. Coupled with the investment of RM6.3 million in plant & machinery during FY 2000, the production capacity and output increased substantially. As a result, the sales volume doubled for FY 2000. However, the amount of turnover increased by 60.20% only due to lower unit selling prices of cocoa products.

1. SUMMARY INFORMATION *(Cont'd)*

During FY 2001, the turnover grew by 16.99% to RM141.1 million as a result of higher unit selling prices of cocoa products and higher sales volume. GCC managed to achieve higher production capacity and output principally attributed to the investment in plant & machinery during FY 2000 and 2001.

The turnover registered a 56.14% growth to RM220.3 million during FY 2002 primarily attributed to higher unit selling prices of cocoa products. In fact, the sales volume remained at about the same level as preceding year.

During FY 2003, the turnover recorded a growth of 68.38% to RM370.9 million as a result of higher unit selling prices of cocoa products and higher production output of GCC, as well as RM5.0 million sales contributed by EM which started its first year of operations.

On an annualised basis, the turnover for the financial period ended 31 October 2004 decreased by approximately 11.18% as a result of lower sales volume of cocoa products and weighted average selling price of cocoa products.

(d) Pre-tax profit increased as the turnover grew over the financial years under review except for FY 2001. The pre-tax profit for FY 2001 declined by 6.83% to RM6.6 million despite a growth of RM20.5 million in turnover over the preceding year, mainly due to a lower bean-to-product margin attained by GCC. During the financial years under review, pre-tax profit margin fluctuated in tandem with gross profit margin, which in turn was largely dependent on bean-to-product margin. The bean-to-product margin represents the percentage of price difference between cocoa beans and cocoa products over the average selling price of cocoa products.

(e) There was no tax charge in respect of business income for FY 1999 as it was waived in accordance with the Income Tax (Amendment) Act, 1999. The effective tax rate for FY 2000 to 2003 was lower than the statutory tax rate attributed to the availability of tax incentive in GCC.

For the financial period ended 31 October 2004, the effective tax rate was lower than the statutory tax rate attributed to the availability of tax incentives in GCC and EM.

(f) There were no exceptional or extraordinary items during the financial period/years under review.

(g) The gross and net EPS of the GCB Group are computed based on the PBT after MI and PAT and MI respectively.

(h) Representing the number of GCB Shares in issue after the Acquisitions but before the completion of the Rights Issue and Public Issue.

(i) Representing gross dividend rate. The dividends declared and paid in respect of FYE2000 to FYE 2003 are tax-exempt. For the 10-month financial period ended 31 October 2004, a special tax-exempt dividend of RM9.5 million and a dividend of RM1.0 million less tax at 28% were declared and paid in December 2004.

There was no qualification reported in the audited accounts of proforma GCB Group for the past five (5) financial years ended 31 December 2003 and ten (10) months financial period ended 31 October 2004.

1. SUMMARY INFORMATION *(Cont'd)*

1.5 PROFORMA CONSOLIDATED BALANCE SHEETS OF GCB GROUP AS AT 31 OCTOBER 2004

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the Acquisitions, Rights Issue, Public Issue and ESOS as set out in the note hereto based on the assumption that these transactions had been effected as at 31 October 2004 :

	Audited as at 31 Oct 2004 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and Rights Issue RM'000	Proforma III After Proforma II and IPO^ RM'000	Proforma IV After Proforma III and ESOS RM'000
Property, plant and equipment	-	54,236	54,236	61,236	61,236
Lease rental paid in advance	-	1,292	1,292	1,292	1,292
Investment	-	5	5	5	5
Deferred expenditure	495	495	495	-	-
	495	56,028	56,028	62,533	62,533
Current Assets					
Inventories	-	86,549	86,549	86,549	86,549
Trade debtors	-	29,527	29,527	29,527	29,527
Other debtors, deposits and prepayments	-	845	845	845	845
Deposits, bank and cash balances	*	8,986	31,898	9,481	32,881
	-	125,907	148,819	126,402	149,802
Current Liabilities					
Trade creditors	-	36,164	36,164	36,164	36,164
Other creditors	500	3,773	3,773	3,773	3,773
Bank borrowings	-	88,345	88,345	59,200	59,200
Dividend payable	-	10,220	10,220	10,220	10,220
Tax payable	-	269	269	269	269
	500	138,771	138,771	109,626	109,626
Net Current (Liabilities)/ Assets	(500)	(12,864)	10,048	16,776	40,176
	(5)	43,164	66,076	79,309	102,709
Financed By :					
Capital And Reserves					
Share capital	*	31,088	54,000	60,000	69,000
Share premium	-	-	-	8,100	22,500
Reserve on consolidation	-	1,596	1,596	1,596	1,596
(Accumulated loss)	(5)	(5)	(5)	(5)	(5)
Shareholders' (deficits)/funds	(5)	32,679	55,591	69,691	93,091
Minority Interest	-	819	819	819	819
Long-term And Deferred Liabilities					
Bank borrowings	-	3,623	3,623	2,756	2,756
Deferred tax liabilities	-	6,043	6,043	6,043	6,043
	(5)	43,164	66,076	79,309	102,709
Net tangible assets per share (sen)	**	26.28	25.74	29.04	33.73

Notes :

* *This represent issued and paid-up share capital of RM 2.00.*

** *The Company has not commenced operations as at 31 October 2004. Accordingly, the net tangible assets per share is not computed.*

^ *The offer for sale of 66,000,000 ordinary shares of RM0.25 each to bumiputera investors approved by the MITI will have no impact on the proforma consolidated balance sheet.*

Detailed Proforma Consolidated Balance Sheets and the Reporting Accountants' letter thereon are set out in Sections 9.10 and 9.11 of this Prospectus respectively.

1.6 SUMMARY OF MATERIAL RISK FACTORS

An investment in the shares listed/to be listed on Bursa Securities involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and inherent in the business of the Group.

Prospective investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the IPO Shares, which are the subject of this Prospectus. The investment consideration that should be considered includes, but not limited to, the following: -

Item	Risk factors
(a)	Business Risks
(b)	Investment Activities Risk
(c)	Financial Risks
(d)	Seasonal Sales
(e)	Foreign Exchange Risk
(f)	Barriers of Entry
(g)	Dependence on Key Personnel
(h)	Dependence on Customers
(i)	Security and Systems Disruptions
(j)	Breakout of Fire, Energy Crisis and Other Emergencies which could jeopardise the Group's operations
(k)	Insurance Coverage on Assets
(l)	Competitive Risks
(m)	External factors that are significant or peculiar to the industry
(n)	Reliance/Dependency on Imports & its Vulnerability
(o)	Control by Promoters
(p)	Government Control or Regulation Considerations
(q)	Material Litigation/Legal Uncertainties
(r)	Financial performance
(s)	Environmental Concerns
(t)	Achievability of Profit Estimate and Forecast
(u)	Disclosure Regarding Forward-Looking Statements
(v)	Related Party Transactions/Conflict of Interest
(w)	No Prior Market for GCB's Shares
(x)	Failure/Delay In the Listing

Further details of the material risk factors are set out in Section 3 of this Prospectus.

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1.7 PRINCIPAL STATISTICS RELATING TO THE IPO

1.7.1 SHARE CAPITAL

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

	Number of ordinary share of RM0.25 each	**Share capital (RM)**
AUTHORISED SHARE CAPITAL	400,000,000	100,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:	8	2
• **New Shares issued pursuant to the Acquisitions**	124,352,012	31,088,003
• **New Shares issued pursuant to Rights Issue**	91,647,980	22,911,995
• **New Shares to be issued pursuant to Public Issue**	24,000,000	6,000,000
ENLARGED SHARE CAPITAL	240,000,000	60,000,000
• **Shares to be issued pursuant to the exercise of ESOS**	36,000,000	9,000,000
	276,000,000	69,000,000
• **Existing Shares to be offered pursuant to the Offer For Sale**	66,000,000	16,500,000

The IPO Price is RM0.65 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

1.7.2 PROFORMA GROUP NTA AS AT 31 OCTOBER 2004

	(Note 1) Proforma Group NTA (RM'000)	**NTA per ordinary Share (RM)**
After adjusting for the IPO	69,691	0.29

Note: -

(1) After deducting the estimated listing expenses of RM1.5 million. Please refer to Section 2.7(v) for details on the estimated listing expenses.

The above proforma consolidated NTA is based on the enlarged issued and paid-up share capital of 240,000,000 ordinary shares of RM0.25 each in GCB. Detailed calculations of the proforma consolidated NTA are set out in Section 9 of this Prospectus.

1.7.3 CLASS OF SHARES

There is only one class of shares in the Company namely ordinary shares of RM0.25 each, all of which rank pari passu with one another. The IPO Shares rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

1.8 PROFIT AND DIVIDEND RECORD

CONSOLIDATED PROFIT ESTIMATE AND FORECAST

Financial Year Ended/Ending 31 December	Estimate 2004 (RM'000)	Forecast 2005 (RM'000)
Revenue	335,131	394,685
Consolidated PBT	16,466	20,436
Taxation	(2,701)	(1,735)
Consolidated PAT	13,765	18,701
MI	(349)	(452)
Consolidated PAT after MI	13,416	18,249
Number of shares assumed in issue ('000) (Note 1)	124,352	-
Enlarged number of shares in issue ('000) (Note 2)	240,000	240,000
Gross EPS (sen) (Note 1)	12.96	-
Gross EPS (sen) (Note 2)	6.72	8.33
Net EPS (sen) (Note 1)	10.79	-
Net EPS (sen) (Note 2)	5.59	7.60
Gross PE Multiple (times) (Notes 1 and 3)	5.02	-
Gross PE Multiple (times) (Notes 2 and 3)	9.67	7.80
Net PE Multiple (times) (Notes 1 and 3)	6.02	-
Net PE Multiple (times) (Notes 2 and 3)	11.63	8.55

Notes: -

(1) Based on the number of shares in issue assuming the Acquisitions have been completed.

(2) Based on the enlarged share capital after Rights Issue and Public Issue.

(3) Based on the IPO Price of RM0.65 per ordinary share.

Gross and Net EPS are computed based on PBT after MI and PAT after MI respectively.

DIVIDEND FORECAST

Financial Year Ending 31 December	Forecast 2005
Tax exempt dividend per share (sen) (Note 1)	2.08
Tax exempt dividend yield (%) (Note 2)	3.20
Net dividend cover (times)	3.65

Notes: -

(1) Based on the enlarged share capital.

(2) Based on the IPO price of RM0.65 per ordinary share.

1.9 PROPOSED UTILISATION OF PROCEEDS

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

		Timeframe for utilisation	Amount (RM'000)	Amount (RM'000)
(i)	Part Finance of Expansion Programme - Capital expenditure in 2004 - Capital expenditure in 2005	By fourth quarter of 2005	 14,814^ 6,000	 20,814
(ii)	Acquisition of equipment for R&D	Third quarter of 2005		1,000
(iii)	Repayment of Bank Borrowings	Second quarter 2005		1,428
(iv)	Working capital*	Immediately		13,770
(v)	Finance estimated listing expenses	First quarter of 2005		1,500
Total proceeds				**38,512**

^ *This amount has been incurred for the expansion programme financed by working capital and bank borrowings. It has therefore been used to reduce bank borrowings for the purpose of the proforma consolidated balance sheet as illustrated in Section 9.11.*

* *Will be utilised entirely for the retirement of short-term trade financing facilities.*

Further details of the utilisation are set out in Section 2.7 of this Prospectus.

1.10 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND MATERIAL LITIGATIONS

(i) Working Capital

The Directors of GCB are of the opinion that, after taking into account the cashflow estimate and forecast, the banking facilities available and the net proceeds from the IPO, the working capital of the Group is sufficient for a period of twelve (12) months from the date of the issue of this Prospectus.

(ii) Borrowings

As disclosed in Section 9.4 (ii) of this Prospectus, as at 1 March 2005, being the last practicable date prior to the printing of this Prospectus, the hire purchase and total bank borrowings in the form of term loans, bank overdraft, trade loans and banker's acceptance amounted to approximately RM112.82 million. The borrowings can be analysed further as follows: -

Borrowings	Amount (RM '000)	Amount (RM '000)
Long Term borrowings		
• Interest bearing	17,490	
• Non-interest bearing	-	17,490
Short Term borrowings		
• Interest bearing	95,335*	
• Non-interest bearing	-	95,335
Total Borrowings		**112,825**

* Inclusive of a foreign currency borrowings of USD10,349,321 (RM39,327,420) to finance the import of cocoa beans by GCT.

The Group has not defaulted in any of its payment of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof, if any, immediately preceding the date of this prospectus.

(iii) Contingent Liabilities

As at 1 March 2005, being the latest practicable date prior to the printing of this Prospectus, there are no contingent liabilities incurred by the Group.

(iv) Material Commitments

Save as disclosed below and in Section 9.4(iv) of this Prospectus, as at 1 March 2005, being the latest practicable date prior to the printing of this Prospectus, there are no material commitment for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group: -

As at 1 March 2005, being the latest practicable date prior to the printing of Prospectus, the Group has the following material capital and lease commitments: -

Material Capital Commitments	Amount (RM'000)
Approved and contracted for	6,186
Approved but not contracted for	-
Total	**6,186**
Material Lease Commitments	
Approved and contracted for	3,126
Approved but not contracted for	-
Total	**3,126**

(v) Material Litigation

Save as disclosed in Section 14.6, as at 1 March 2005, being the latest practicable date prior to the printing of this Prospectus, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of GCB and its subsidiaries.

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2. PARTICULARS OF THE IPO

This Prospectus is dated 22 March 2005.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

The approval of the SC obtained vide its letter dated 1 December 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.

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

Application has been made to Bursa Securities 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 RM0.25 each in GCB including the Public Issue Shares and Offer Shares, which are subject of this Prospectus. These Shares will be admitted to the Official List on the Main Board of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository 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 Bursa Securities to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares on the Main Board of Bursa Securities. 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) provided that the Company is notified by or on behalf of Bursa Securities within the aforesaid timeframe.

Pursuant to the Listing Requirements, 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 at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Main Board of Bursa Securities.

Bursa Securities 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 Bursa Securities is not to be taken as an indication of the merits of the Company or of its shares.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications must have a CDS Account. In the case of an application by way of Application Form, an application should state his/her 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 application 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 Institution by way of keying his/her CDS Account if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

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 GCB. 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 GCB since the date hereof.

2. PARTICULARS OF THE IPO *(Cont'd)*

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.

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 SHARE CAPITAL

	Number of ordinary share of RM0.25 each	Share capital (RM)
AUTHORISED SHARE CAPITAL	400,000,000	100,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:	8	2
• **New Shares issued pursuant to the Acquisitions**	124,352,012	31,088,003
• **New Shares issued pursuant to Rights Issue**	91,647,980	22,911,995
• **New Shares to be issued pursuant to Public Issue**	24,000,000	6,000,000
ENLARGED SHARE CAPITAL	240,000,000	60,000,000
• **Shares to be issued pursuant to the exercise of ESOS**	36,000,000	9,000,000
	276,000,000	69,000,000
• **Existing Shares to be offered pursuant to the Offer For Sale**	66,000,000	16,500,000

The IPO price is RM0.65 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

There is only one class of shares in the Company, namely, ordinary shares of RM0.25 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

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 and other distributions and the whole of any surplus in the event of the 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.

2.2 OPENING AND CLOSING OF APPLICATION LISTS

The Application Lists for the IPO will open at 10.00 a.m. on 22 March 2005 and will remain open until 5.00 p.m. on the same day or for such further period or periods as the Directors and/or Promoters of GCB together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

2.3 CRITICAL DATES OF THE IPO

Events	**Tentative Date**
Opening Date of the IPO	22 March 2005
Closing Date of the IPO *	29 March 2005
Balloting of Applications	31 March 2005
Despatch of Notices of Allotment of GCB Shares to successful applicants	7 April 2005
Listing of the Company's entire issued and paid-up share capital on the Main Board of Bursa Securities	8 April 2005

* Should the closing date of the aforesaid application be extended, the dates for the balloting, allotment and listing of GCB's entire issued and paid-up share capital on the Main Board of Bursa Seurities might be extended accordingly and changes to the application period for the IPO will be notified to the public via an advertisement in a widely-circulated newspaper.

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM0.65 per Share was determined and agreed upon by the Company, the Offerors and AmMerchant Bank as Adviser and Managing Underwriter and Placement Agent based on various factors including the following:-

(i) The Group's financial operating history and conditions and financial position as outlined in Section 9 of this Prospectus;

(ii) The prospects of the industry in which the Group operates as outlined in Sections 4.4.4 and 4.4.9 of this Prospectus;

(iii) The forecast net PE Multiple of 8.55 times based on the forecast net EPS of 7.60 sen based on the enlarged issued and paid-up share capital of 240,000,000 ordinary shares of RM0.25 each in GCB; and

(iv) The Proforma Consolidated NTA per share of GCB Group as at 31 October 2004 of RM0.29 per share based on the enlarged issued and paid-up share capital of 240,000,000 GCB Shares.

The shareholders should also note that the market price of GCB Shares upon listing on Bursa Securities are subject to the vagaries of the market forces and other uncertainties which may affect the price of GCB Shares being traded.

2.5 DETAILS OF THE IPO

The Public Issue and Offer for Sale of 24,000,000 Shares and 66,000,000 Shares respectively at an IPO Price of RM0.65 are payable in full on application upon such terms and conditions as set out in this Prospectus.

The Public Issue Shares and Offer Shares will be allocated and allotted in the following manner:-

a) Public Issue

The Public Issue of 24,000,000 ordinary shares at an IPO Price of RM0.65 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(i) Public

12,000,000 Public Issue Shares representing 5% of the enlarged issued and paid-up share capital will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions to be allotted by way of balloting, of which at least 30% is to be set aside strictly for Bumiputera individuals, companie, societies, co-operatives and institutions.

(ii) Eligible Employees, Directors and/or Business Associates of the Group

4,200,000 Public Issue Shares representing 1.75% of the enlarged issued and paid-up share capital will be reserved for the eligible employees and Directors of the Group as well as the business associates of the Group.

The shares have been allocated to 103 eligible employees and 8 Directors of the Group based on the following criteria as approved by the Company's Board of Directors: -

(a) At least eighteen (18) years old;
(b) Job position;
(c) Length of service; and
(d) Confirmed employees.

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

Name of Directors of GCB	Designation	Pink Form Allocation
Dato Dr. Mohamad Musa Bin Md. Jamil	Executive Chairman	50,000
Tay Hoe Lian	Managing Director/Chief Executive Officer	300,000
Tay How Sik @ Tay How Sick	Executive Director/Chief Operating Officer	300,000
Hia Cheng	Executive Director/Chief Financial Officer	300,000
Tey Chi @ Tay Chin Chuan	Alternate Director to Tay Hoe Lian	300,000
Tay How Yeh	Alternate Director to Tay How Sik @ Tay How Sick	300,000
Dato' Dr. Omar @ S Omar Bin Abdul Rahman	Independent Non-Executive Director	30,000
Tay Puay Chuan	Independent Non-Executive Director	20,000
Total		**1,600,000**

The shares have been allocated to 50 of its selected valued business associates of the Group whom have at least one year of business relationship with the Group as approved by the Company's Board of Directors.

(iii) Private Placement

1,800,000 Public Issue Shares representing 0.75% of the enlarged issued and paid-up share capital are reserved for private placement to selected investors (who are deemed public).

(iv) Bumiputera Investors

6,000,000 Public Issue Shares representing 2.5% of the enlarged issued and paid-up share capital will be reserved for Bumiputera investors approved by MITI, which have been identified.

b) Offer For Sale

66,000,000 Offer Shares at an IPO Price of RM0.65 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted to Bumiputera investors approved by MITI.

2. PARTICULARS OF THE IPO *(Cont'd)*

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

	Public Issue Shares	Offer Shares	Total IPO Shares
Public	12,000,000	-	12,000,000
Eligible Employees, Directors and Business Associates of the Group	4,200,000	-	4,200,000
Placees	1,800,000	-	1,800,000
Bumiputera investors	6,000,000	66,000,000	72,000,000
Total	**24,000,000**	**66,000,000**	**90,000,000**

All the IPO Shares available for application by the Malaysian public and the eligible employees, Directors and/or business associates of the Group have been fully underwritten. The IPO Shares available for application by identified placees and Bumiputera investors are not underwritten. The Placement Agent has received irrevocable undertakings from the identified placees to take up the IPO Shares available for application under the private placement.

Any IPO Shares which are not taken up by eligible employees and Directors and/or the business associates of the Group will be made available for application by the Malaysian public and/or identified investors via private placement. Any IPO Shares by Malaysian Public which are not taken up will be made available to identified placees via private placement if the private placement is oversubscribed and vice versa. Any further IPO Shares not subscribed for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement dated 18 February 2005.

2.6 PURPOSES OF THE IPO

The purposes of the IPO are as follows: -

(i) To provide additional funds to meet the present and future working capital requirement as well as expansion plans of the Group;

(ii) To enable the Group to gain access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of the Group;

(iii) To enable the Group to gain recognition and certain stature through its listing status and further enhance its corporate reputation and assist the Group in expanding its customer base;

(iv) To comply with the National Development Policy requirements in respect of Bumiputera equity participation in the Group;

(v) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of Bursa Securities; and

(vi) To provide the opportunity for the eligible employees, Directors and the business associates of the Group and the investing public and institutions to participate in the equity and continuing growth of the Group.

2.7 PROPOSED UTILISATION OF PROCEEDS

The Rights Issue and the Public Issue are expected to raise gross proceeds of approximately RM22.9 million and RM15.6 million respectively which shall accrue to the Company.

The Group intends to utilise the proceeds raised in the following manner: -

		Timeframe for utilisation	Amount (RM'000)	Amount (RM'000)
(i)	Part Finance of Expansion Programme - Capital expenditure in 2004 - Capital expenditure in 2005	By fourth quarter of 2005	 14,814^ 6,000	 20,814
(ii)	Acquisition of equipment for R&D	Third quarter of 2005		1,000
(iii)	Repayment of Bank Borrowings	Second quarter 2005		1,428
(iv)	Working capital*	Immediately		13,770
(v)	Finance estimated listing expenses	First quarter of 2005		1,500
Total proceeds				**38,512**

^ *This amount has been incurred for the expansion programme financed by working capital and bank borrowings. It has therefore been used to reduce bank borrowings for the purpose of the proforma consolidated balance sheet as illustrated in Section 9.11.*

* *Will be utilised entirely for the retirement of short-term trade financing facilities.*

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 GCB on the Main Board of Bursa Securities, which include underwriting commission, placement fees, brokerage, professional fees, authorities fees, advertising and other fees the aggregate is estimated to be RM1.5 million.

The Offer for Sale will raise gross proceeds of RM42.9 million. This amount shall accrue entirely to the Offerors and no part of the proceeds is receivable by the Company. The Offerors shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.

There is no minimum subscription to be raised from the IPO as the IPO Shares are fully underwritten.

2. PARTICULARS OF THE IPO *(Cont'd)*

Notes: -

(i) Part Finance of Expansion Programme

FYE 2004 – RM14.814 million

The Group has implemented an expansion programme from FYE 2003 to FYE 2004 totalling RM26.544 million as follows:-

	RM'000
FYE 2003	11,730
FYE 2004	14,814^
TOTAL	26,544

^ *This amount has been incurred for the expansion programme financed by working capital and bank borrowings. It has therefore been used to reduce bank borrowings for the purpose of the proforma consolidated balance sheet as illustrated in Section 9.11.*

The Group had in the interim secured bank borrowings to part finance the capital expenditure for expansion comprising building and warehouse, plant and machinery such as the cocoa butter press, cocoa alkaliser and roasting plant, grinding machines, cocoa pulverising plant and cocoa powder packaging machine and utilities.

FYE 2005 – RM6 million

The Group intends to invest another RM5 million for the purchase of more advanced machinery for its cocoa processing activities namely the cocoa butter deodorising plant.

The Group also intends to invest RM1 million in grinding machine and ancilliary equipment to improve the efficiency of the production.

(ii) Acquisition of Equipment for R&D

The Group plans to utilise RM1 million of the proceeds to purchase laboratory scale equipment for R&D on product applications.

(iii) Repayment of Bank Borrowings

Approximately RM1.428 million of the proceeds will be utilised for part repayment of bank borrowings.

(iv) Working Capital

Of the total proceeds, RM13.770 million will be entirely used for the retirement of short term trade financing facilities.

(v) Finance Estimated Listing Expenses

The estimated listing expenses for the listing of and quotation for the enlarged issued and paid-up share capital GCB comprising 240,000,000 ordinary shares of RM0.25 each on the Main Board of Bursa Securities are as follows: -

Estimated listing expenses	Amount (RM)
Fees to authorities	101,500
Professional fees #	607,250
Underwriting and brokerage fees	387,660
Printing, advertising and other miscellaneous expenses @	403,590
Total	**1,500,000**

Notes: -

\# *Include fees for the Adviser, Reporting Accountants, Solicitors and other professional advisors.*

@ *Any unutilised amount shall be used for working capital purposes of the Group.*

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The utilisation of the Rights Issue and Public Issue proceeds by the Group is expected to have a financial impact on the Group as follows: -

(i) Interest savings

As at 1 March 2005, being the latest practicable date prior to the printing of this Prospectus, the total facilities of the Group amounted to approximately RM150.66 million, out of which facilities utilised and unutilised amount were RM112.82 million and RM37.84 million respectively. Given the nature of the industry, about 84.5% of the total borrowings are short term trade financing facilities and bank overdraft which are used to finance inventory, trade debtors and production cycle as the payment terms for purchases is on average 7 days.

The repayment of borrowings will reduce the Group's gearing ratio from approximately 2.81 times to 0.89 times (based on the total borrowing and proforma shareholders' funds as at 31 October 2004. At the prevailing interest rates of 4.05% (short term trade facilities) and 7.5% per annum (term loan), the Group would be able to save interest expense totalling approximately RM1.3 million per annum.

(ii) Enhancing value and expanding product range of cocoa butter

The employment of cocoa butter deodoriser plant enables the Group to produce deodorised cocoa butter which represents a new product range for the Group that can fetch a higher value.

2.9 UNDERWRITING COMMISSION AND BROKERAGE

The Underwriters as mentioned in Section 1 of this Prospectus, have agreed to underwrite the 16,200,000 IPO Shares to be offered to the Malaysian public, the eligible employees, Directors and/or business associates of the Group. Underwriting commission is payable by the Company in respect of the Public Issue at the rate of 2.0% of the total underwritten shares of 16,200,000 at the IPO Price of RM0.65 per Share to the respective Underwriters.

Brokerage is payable by the Company in respect of the Public Issue made available for application by the public at the rate of 1.0% of the IPO Price of RM0.65 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following are some of the Clauses of the Underwriting Agreement dated 18 February 2005 ("Agreement"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer: -

Clause 2.3

The obligations of each of the Underwriters and the Managing Underwriter under this Agreement are conditional upon:-

2.3.1 there having been on or prior to the Closing Date, neither any adverse change nor any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the Company or Subsidiary companies, which is material in the context of the Public Issue and IPO from that set forth in the Prospectus, nor the occurrence of any event which makes any of the representations and warranties contained in Clause 3 in the opinion of the Managing Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;

2.3.2 the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus of:-

2.3.2.1 a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue, the Offer For Sale and authorising the execution of this Agreement and the issuance of the Prospectus; and

2.3.2.2 a certificate, in the form or substantially in the form contained in the Second Schedule, 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 2.3.1.

2.3.3 the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its Subsidiary companies nor the occurrence of any event rendering untrue or incorrect to a material extent any representations and/or warranties contained in Clause 3 as though they have been given/made on such date;

2.3.4 the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15;

2.3.5 approval by SC, Bursa Securities and any other relevant authorities for the IPO;

2.3.6 the Public Issue and the Offer For Sale not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;

2.3.7 the Company having complied and that the Public Issue and the Offer For Sale is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto;

2.3.8 the registration by the SC and CCM of the Prospectus and such other documents as may be required in accordance with the SC Act on or before their circulation under the Public Issue and the Offer For Sale;

2.3.9 an application being made to Bursa Securities within 3 Market Days from the date of issue of the Prospectus for admission to the official list of Bursa Securities and Bursa Securities's approval being granted before the expiration of six (6) weeks from the date of issue of Prospectus or such other period as may be specified by the SC and if such approvals are conditional, all conditions are acceptable to the Underwriters and where applicable, compliance by the Company;

2.3.10 the receipt of confirmation from BMD confirming that all accounts of successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants within one (1) month from the date of approval of Bursa Securities as specified in clause 2.3.9, or such other period as may be mutually agreed upon by the Company and the Managing Underwriter in writing; and

2.3.11 the Managing Underwriter having been satisfied that listing will be granted 3 Market Days after the Public Issue have been issued and despatched to the successful applicants.

Clause 2.4

If any of the conditions set out in Clause 2.3 is not satisfied by the Closing Date, the Underwriters, in consultation with the Managing Underwriter, shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of commissions and fees as provided for in Clause 5, and costs and expenses as provided in Clause 15 incurred prior to or in connection with such termination, there shall be no further claims by the Underwriters against the Company, save for all antecedent breaches by the Company and claims arising therefrom. The Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT any of the Underwriters may at its discretion with respect to its own obligations waive compliance with any of the provisions of Clause 2.3 without prejudice to the other Underwriters' powers, rights and remedies under this Agreement.

Clause 10 Force Majeure

10.1 It will be an event of force majeure if in the reasonable opinion of any Underwriter that the success of the IPO is seriously and/or materially jeopardised by the Kuala Lumpur Composite Index falling below 700 points and remaining below 700 points for 3 consecutive Market Days at any time between the date of this Agreement and up to and including the Closing Date.

10.2 Where required and deemed necessary, including but not limited to the occurrence of a force majeure pursuant to Clause 10.1 above, any Underwriter may, subject to prior consultation with the Company, at any time prior to the Closing Date:-

(i) terminate this Agreement by giving notice to the Company in the manner as set out in Clause 16; or

(ii) request for the Closing Date to be extended to such reasonable date as the Managing Underwriter may decide.

10.3 Upon delivery of the notice of termination pursuant to Clause 10.2(i) above, this Agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other save for the provisions in Clause 5.3 and 5.4.

10.4 In the event of a delivery of a request under Clause 10.2(ii) above, the Company shall consent to such request for the extension of the Closing Date.

10.5 The delivery of a request under Clause 10.2(ii) above shall not preclude any Underwriter from giving a further request for extension pursuant to Clause 10.2(ii) or the giving of a notice to terminate pursuant to Clause 10.2(i) above.

Clause 11 Termination/ Lapse Of Agreement

11.1 Notwithstanding anything herein contained, the Underwriters and/or the Managing Underwriter (as the case may be) may by notice in writing to the Company given at any time up to and including the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if in the reasonable opinion of the Managing Underwriter and/or Underwriters:-

11.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, 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; or

11.1.2 there is failure on the part of the Company to perform any of its obligations herein contained; or

11.1.3 there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue and Offer For Sale, or the distribution or sale of the Issue Shares; or

11.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or

11.1.5 there shall have occurred, or happened any of the following circumstances:-

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue and Offer For Sale, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

11.2 Upon any such notice(s) being given pursuant to Clause 11.1 hereof, the Underwriters shall be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 5 and Clause 15 without limitation for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.

11.3 The obligations of the Underwriters herein shall lapse after the expiry of three (3) months from the date of this Agreement unless the Underwriter(s) has consented to an extension of time beyond such period.

Clause 15: Costs And Expenses

15.1 The Company shall bear and pay all costs, charges and expenses of and incidental to the listing of and quotation of the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities including the costs, charges and expenses relating to the Public Issue (including the Underwriting Commission and Managing Underwriter's Fee), the issue and allotment of the Issue Shares to the successful applicants thereof (including, if applicable, the Underwritten Shares or any part thereof to the Underwriters or their nominee(s) including but without limitation, to (i) the costs, charges and expenses incurred in the transfer of the Issue Shares, (ii) the charges payable to the BMD, and (iii) the stamp costs, if any, incurred thereof) and the costs, charges and expenses that may be incurred in connection with the negotiation and execution of this Agreement and the stamping hereof and the costs, charges and expenses that may be incurred by the Underwriters in splitting the share certificates in respect of the shares applied for by them hereunder into such denominations as may be required by the Underwriters.

15.2 All payments, whether of the Underwriting Commission and Managing Underwriter's Fee, costs, expenses or whatsoever, to the Underwriters by the Company, shall be made without deduction or withholding for or on account of any taxes, duties or other levies. If the Company is required by law to deduct or withhold any such taxes, duties or levies, the Company shall pay such additional amounts as shall be necessary in order that the net amounts received by the Underwriters shall equal the amounts which would have been received by the Underwriters had no such deduction or withholding been required or made.

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3. RISK FACTORS

In evaluating an investment in the IPO 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: -

(a) Business Risks

The GCB Group is principally involved in the manufacturing of cocoa-derived food ingredients, namely cocoa liquor, cocoa butter, cocoa cake and cocoa powder. Hence, the Group is subject to certain risks inherent to the cocoa processing industry. These may include, but not limited to, the entry of new players, shortage in raw materials and skilled workforce, increase in staffing and other operating cost, fluctuation in cocoa prices, changes in general economic, business and credit conditions and changes in government policies.

Fluctuations in bean costs pose a risk to business operations as high bean costs increases working capital requirements and financing costs. The Group is able to mitigate the supply shortages of cocoa beans and maintain sufficient working capital by entering into forward contracts for purchase of raw materials. These forward contracts allow the Group to plan ahead.

To date, the Group has not experienced any shortage of manpower and has enjoyed low turnover of local workforce whereby long serving employees, who are skilled and productive are maintained. Moreover, the industry is not labour intensive.

However, no assurance can be given that such measures will completely eliminate the Group's business risks.

(b) Investment Activities Risk

The Group may, if appropriate opportunities present themselves, invest in new ventures, acquire businesses or enter into synergistic joint venture that the Group believes will be in the interest of its shareholders. As such, there is a potential risk that these investments may have longer than expected gestation period or may not be entirely successful. In this event, the Group may take time to recover or be unable to recover its initial investments. The Group plans to mitigate this risk, together with other possible ventures risks in the future by exercising due care in the evaluation of such ventures. Nevertheless, there can be no assurance that such ventures, if any, will yield positive returns to the Group.

(c) Financial Risks

Save as disclosed in Section 9.4 of this Prospectus, the Group does not have any other borrowings and indebtedness in the form of borrowings, including bank overdraft and liabilities under acceptances, hire purchase or commitments or guarantees. As at 1 March 2005, being the latest practicable date prior to the printing of this Prospectus, the Group's total borrowings amounted to approximately RM112.82 million. Due to the industry that the Group is operating in which requires higher working capital requirement, about 84.5% of the total borrowings are short term trade financing facilities and bank overdraft which are used to finance inventory and trade debtors. The proceeds from the IPO will reduce long term borrowings (term loan) by RM1.43 million and increase working capital by RM13.77 million which will correspondingly reduce the short term borrowings.

The Group's working capital requirements are financed by borrowings and internally generated funds. As the loans of the Group are interest bearing, generally any increase in the rates will increase the burden of the Group with respect to interest payments depending on the total outstanding loan at a point in time. For the 10-month financial period ended 31 October 2004, the interest coverage ratio (profit before tax and interest/interest expense) of the Group is about 6 times. Given the high interest coverage ratio, the financial performance of the Group will not be significantly affected by any adverse changes in the interest rates.

(d) Seasonal sales

Cocoa-derived food ingredients are mainly supplied for the manufacturing of chocolate and cocoa-based products which are non-staple foods. Hence, demand for these products is not recession-proof, but is affected by economic conditions. In fact, it is no coincidence that per capita chocolate consumption is highest in the wealthy countries such as USA and Europe and low in developing and undeveloped countries.

In addition to fluctuations in demand due to economic cycles, consumption of cocoa-based products also exhibit seasonal patterns within a year. For example, chocolate purchases are popular towards the year end festivities and first quarter of the year.

The fluctuations in demand for cocoa-based products may pose a challenge for the cocoa processing industry in terms of managing capacity utilisation. The seasonal effect is however insulated by the presence of trading companies which stock up inventories in anticipation of higher demand during festive seasons. Their worldwide presence and networks as well as the large warehousing facilities help to smooth out potential imbalance of supply and demand conditions in the world market.

(Source: Independent Market Research Report by Infocredit D&B dated 2 August 2004 - extracts were updated as at 4 March 2005)

(e) Foreign Exchange Risk

For the 10-month financial period ended 31 October 2004, GCB Group exports approximately 94% of its sales, denominated in USD and Pound Sterling. This exposes the Group to foreign exchange risk. To a large extent, foreign exchange risk is mitigated by the fairly even matching of sales with purchases as approximately 97% of its raw materials (cocoa beans) are imported, which are denominated in USD and Pound Sterling. Any fluctuations in these currencies against the RM due to timing difference of these settlements (between import and export) could have material effect on the Group's financial results. This is mitigated by the availability of a foreign currency working capital facility (USD or Pound Sterling) equivalent to approximately RM57 million. The potential foreign exchange risk is not likely to be significant given that the Group constantly hedges its foreign exchange exposure.

With the RM currently pegged to the USD at a fixed exchange rate of USD1.00 to RM3.80 which was in place since 1998, foreign exchange risk for exporters with USD denomination is eliminated. However, the fixed peg may not be maintained in future, and its successor, whether a freely floating exchange rate or managed floating exchange rate would certainly make it necessary for exporters to manage their foreign exchange risks.

Currently, the pegging of the RM against the USD has allowed the Group to minimise the foreign exchange risk. Nonetheless, the Group has adopted a more prudent approach by undertaking the following measures as part of the Group's risk management procedures: -

(i) to hedge its net foreign exchange exposure by entering into short term forward currency contracts; and

(ii) designated personnel to perform continuous monitoring of foreign currency contracts and foreign currency movements and to provide periodic reports on the foreign currency exposure of the Group.

The Board believes that the above risk management procedures should be able to minimise the Group's foreign exchange risk even if the pegging of RM to USD be removed in the future and will assist the Group to prepare itself for the future expansion of its business operations to other overseas markets. However, no assurance can be given that any adverse movement in the foreign currency rate(s) will not have an adverse impact on the Group's business.

(f) Barriers of Entry

Industry players may face competition with entrance of new players but the risk is mitigated as there are high barriers of entry due to the following factors:

Capital Intensiveness

The cocoa processing industry is export oriented and players need to operate at sufficiently large scale to achieve competitive production cost in the global market place. This involves intensive capital expenditure in factory building, warehouse facility, machineries and equipment as well as automation process. In addition, industry players need to have adequate working capital for the stocking of cocoa beans and ensure financial liquidity.

Technical Know-how

Players need to possess technical knowledge in machinery, engineering, production process, cocoa beans selection for the manufacturing of cocoa derived food ingredients. Such technical know-how is important to achieve production efficiency and to maximise yield. Barrier to entry is especially high for producing cocoa powder as the specifications for cocoa powder vary depending on the requirements of different customers from various application markets. Technical expertise is required to derive the desired colours and flavours in the manufacturing process that meet customers' specifications and expectations.

(Source: Independent Market Research Report by Infocredit D&B dated 2 August 2004 - extracts were updated as at 4 March 2005)

(g) Dependence on Key Personnel

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management. The loss of any key members of the Directors or key management would affect the Group's continuous ability to maintain and improve its performance. The Group will strive to continue attracting and retaining skilled personnel to support its business operation and has made efforts to train its staff. As a result of this, the Group has enjoyed the support of management staff with long-term service.

The Group is headed by an experienced, dedicated and dynamic management team with some of its key personnel having been in the industry for more than 5 years. They are trained and possess relevant knowledge and experience for the right business opportunities, which can provide synergy and growth to the Group.

The success of the Group's business was achieved through the deliberate and careful planning of the Directors with the support of the Group's key management team.

(h) Dependence on Customers

As shown in the table in Section 4.5, in the 10-month financial period ended 31 October 2004, the top 5 customers accounted for 68.9% of the Group's sales where all of them are trading companies.

The Group's customer concentration on these trading companies is inevitable in the cocoa processing industry since the industry is dominated by a few multinational traders who act as intermediaries between cocoa processors and chocolate and confectionery manufacturers.

Cocoa butter and cake are products with standard specifications, which can be sold to any trading company. Payment is made against presentation of shipping document. Hence, credit risk is minimised.

As part of the Group's future strategy, the Group shall be changing its product mix to produce more cocoa powder. Thus, management expects that it will be actively seeking end users for its cocoa powder and hence diversify its customer base.

3. RISK FACTORS *(Cont'd)*

(i) Security and systems disruptions

The manufacturing of cocoa-derived food ingredients is semi-automated and hence the Group's manufacturing facilities are subject to the discruptions of electricity supply or machine breakdown. Such discruptions may cause downtime and delay in delivery of products to its customers.

The Group has not experienced any major security and system disruptions in business that had any significant effect on its operations. The Directors do not foresee that there shall be any disruption to the security and system of the Group's operations which shall materially affect the Group's outputs. In addition, the Group has a regular maintenance schedule for its machineries and equipment. Notwithstanding this, there is no assurance that security and system disruption will not materially affect the Group's business.

(j) Breakout of fire, energy crisis and other emergency risks which could jeopardise the Group's operations

In the financial years ended 31 December 2000, 2001 and 2003, the Group has three (3) minor incidents of fire damage on its production plant. The Group had received insurance claims of RM0.2 million, RM0.1 million and RM0.2 million in the respective three financial years.

Nevertheless, the Group has not experienced any major fire breakouts, energy crisis and any other emergency risks which could jeopardise the Group's operations. The factories and warehouses are equipped with sprinklers and fire extinguishers for fire hazard. In addition, the Group adheres to strict factory management measures especially on sanitation, maintenance of machines and equipments thereby reducing the risk of perils. Save as explained above, the management believes that the Group's operations are not prone to other critical emergencies.

Every business faces the risks of losses arising from emergencies such as breakout of fire and energy crisis. Although the Group has not experienced any major breakout of fire, energy crisis and/or other emergencies, no assurance can be given that happening of any of these event will not have an adverse impact on the Group's business.

(k) Insurance Coverage on Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could jeopardise its business operations. 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, property, plant and equipment and inventory are sufficiently insured as disclosed in Section 14.5 of the Prospectus. Although the Group has taken the necessary measures to ensure that all its assets are covered by fire and/or other relevant insurance, there can be no assurance that the insurance coverage would be adequate to compensate for the replacement cost of the abovementioned assets or any consequential loss arising therefrom.

(l) Competitive Risks

GCB Group faces competition from both local and foreign manufacturers. On a worldwide basis, the European nations and USA together process 60% of the world's cocoa grindings in 2003. In 2001, the top three cocoa processing companies in the world are ADM Cocoa, Cargill Incorporated and Barry Callebaut AG. Collectively, they contribute some 43% to the world's cocoa processing volume *(Source: Independent Market Research Report by Infocredit D&B dated 2 August 2004 - extracts were updated as at 4 March 2005).* Other major cocoa processors include chocolate manufacturers such as Nestle S.A., Cadburys Schweppes Plc, Hershey Foods Corporation, Mars Incorporated and Ferrero Incorporated.

In Malaysia, GCB Group is the top player in terms of actual processing volume, processing about 48,000 mt of cocoa beans in FYE2003 *(Source: Independent Market Research Report by Infocredit D&B dated 2 August 2004 - extracts were updated as at 4 March 2005)*. The Group believes that it has the competitive edge due to the wide range of its products, its economy of scale in production, its R&D capabilities and its technological skill acquired through years of research. The Group has taken pro-active measures to mitigate the competitive risks which include, inter alia, constant review of its development and marketing strategies in response to ever-changing economic conditions and market demands, and adoption of different development concepts and marketing strategies that will position its products to serve the needs of the target market.

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

(m) External factors that are significant or peculiar to the industry

Threats to cocoa bean supply

Cocoa tree is found only in tropical climates, typically not ranging more than 20 degrees from the equator. This limits the production to a few places in the world. Hence, disruptions to bean supplies would cause losses to all of the participants comprising the cocoa economy. Threats to supply include political unrest and weather changes in the cocoa producing countries, fluctuation in bean prices and cocoa tree diseases.

World Cocoa Bean Stock

Production deficits in the past few years have substantially reduced world stocks of cocoa beans from 1.53 million tonnes at the start of the 1993/94 season to around 1.26 million tonnes at the end of the 2002/2003 season. The stocks-to-grindings ratio, an approximate measure of supply tightness, is correspondingly estimated to have fallen from 63.2% to 42.2% over the same period. Low stock levels increase the risks of price fluctuations in the cocoa market.

The Group shall be able to mitigate the risk by passing on the resultant costs increase to its customers.

Cocoa Butter Substitute

Due to the higher price of cocoa butter, there has been a natural tendency for chocolate manufacturers to look for cocoa butter substitutes to replace pure cocoa butter or to adulterate it.

The common substitute to cocoa butter is called cocoa butter equivalents ("CBE"). CBE are made from vegetable oils such as palm oil, illipe, sal, shea, kokum gurgi and mango kernel. In developing countries, there is usually no restriction on the use of CBE where CBE could be mixed with cocoa butter or used on its own in the production of chocolates. But in the major developed markets such as the USA and Canada, there has been restriction in using CBE for products marketed as "chocolate". Countries that prohibit the use of CBE in producing chocolate also impose restrictions on the imports of chocolates that use CBE or prohibit the labeling of these products as "chocolate" to be marketed in their markets.

In August 2003, the European Union ("EU") implemented the Directive EC 2000/36, permitting European chocolate manufacturers the use of up to 5% of CBE with specified vegetable fats in products marketed as "chocolate". This could pose a challenge to the industry but the impact is not expected to be significant. This is because some European countries such as Denmark, Finland, Sweden, Ireland, Portugal and UK had previously allowed the 5% limit before the directive. The effect of the directive is more of harmonising the definition of chocolate and hence facilitates the trading of chocolate goods within the EU.

(Source: Independent Market Research Report by Infocredit D&B dated 2 August 2004 - extracts were updated as at 4 March 2005)

(n) Reliance/Dependence on Imports & Its Vulnerability

For the 10-month financial period ended 31 October 2004, 97% of raw materials (cocoa beans) are imported. The Group imports its cocoa beans largely from overseas because Malaysia has insufficient supply of cocoa beans. The Group keeps sufficient stock to meet its production requirements. Currently, most of the Group's beans are of Indonesian (Sulawesi Island) origin.

In November 2004, the resurgence of political unrest in Cote d'Ivoire has caused some concerns on cocoa beans supply. However, the impact is minimum on GCB as GCB mainly sources cocoa beans from international trading houses on forward contract arrangements. As at 1 March 2005, GCB has not encountered any major disruption in the supply of cocoa beans from Cote d'Ivoire.

In addition, GCB's risk exposure is minimal due to the fact that most of the Group's beans are of Indonesian (Sulawesi Island) origin. For purchase of African cocoa beans that are of higher quality, the Group could purchase cocoa beans from other countries such as Ghana, Nigeria and Cameroon apart from of Cote d'Ivoire to minimise the risk of disrupted supplies from Cote d'Ivoire. For the 10-month financial period ended 31 October 2004, import of cocoa beans from Cote d'Ivoire accounted for 17.9% of the Group's total bean purchases.

(o) Control by Promoters

After the IPO, the Promoters, as set out in Section 5 of this Prospectus will collectively control 57.57% of GCB's enlarged issued and paid-up capital. As a result, these Promoters will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

(p) Government Control or Regulation Considerations

Any business operations are subject to the jurisdiction of numerous governmental agencies or ministries. Adverse developments in political, economic, regulatory and environment conditions in Malaysia and other countries where the Group currently or may operate in future could materially and adversely affect the financial prospects of the Group.

As disclosed in Section 4.2.4 and 4.4.6 of this Prospectus, the Group's business is subject to the laws and regulations of the jurisdiction where the Group operates. This includes numerous governmental agencies or ministries such as MITI, MIDA and DOE. where the Group is subject to their respective rulings, directions, policies and guidelines from time to time.

The Group will continue to take effective measures such as prudent management, market diversification and efficient operating procedure to mitigate such risks. However, there is no assurance that future changes to the said laws, regulations, rulings, directions, policies and guidelines within and outside Malaysia will not affect the operation and performance of the Group.

(q) Material Litigation/Legal Uncertainties

Save as disclosed in Section 14.6, as at 1 March 2005, the Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group.

(r) Financial Performance

Restrictive Covenants

Pursuant to credit facility agreements entered into by the Group with banks or financiers, 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/ financier. Breach of such covenants may give rise to a right by the bank/ financier 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.

Capital Commitment

Save as disclosed in Section 9.4(iv) of this Prospectus, the Group does not have any material commitment, which may have a substantial impact on the result or the financial position of the Group.

Indebtedness

Save as disclosed in Section 9.4(ii) of this Prospectus, the Group does not have any borrowings which may have a substantial impact on the result or the financial position of the Group.

(s) Environmental Concerns

Wastes generated from cocoa processing such as dust and dirt that came with the cocoa beans are disposed of. Cocoa shells which were separated from the nibs after winnowing are either sold for use as feedmeal and fertiliser or disposed of. Waste water generated from the alkalisation process is pure water and is evaporated into the atmosphere. As part of GCC's application to expand the factory, approvals were obtained from the DOE. Amongst the conditions required to be met by the DOE are disclosed in Section 4.2.4 of this Prospectus.

These environmental regulations are general and applicable to most manufacturing industries, and not specific to the cocoa processing industry.

Although the Group has conscientiously addressed environmental concerns, the nature of the operations are such that there can be no assurance that such environmental concerns and/or change in the current laws and/or regulations on environmental matters will not have an adverse impact on the future operations of the Group.

(t) Achievability of Profit Estimate and Forecast

It should be noted that the profit estimate and forecast are based on various assumptions with respect to the levels and timing of revenues, cost, interest rates, exchange rates and various other matters of an operational or financial nature, which assumptions are believed by the Directors of the Company to be reasonable. These assumptions are nevertheless subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of estimate and forecast and because of the events and circumstances may not occur as expected, no assurance can be given that such assumptions and the resultant estimate and forecast results will be realised, and actual results may be materially different from that shown. Potential investors should note carefully the bases and assumptions to the profit estimate and forecast as well as the comments by the Reporting Accountants in their letter on the consolidated profit estimate and forecast as set out in Section 9 of this Prospectus.

(u) Disclosure Regarding Forward-Looking Statements

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 of achievements express 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 as a representation of the Company or its advisers that the plans and objectives of the Group will be achieved.

(v) Related Party Transactions/ Conflict of Interest

As disclosed in Section 7 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 GCB Group. The Directors and substantial shareholders of GCB have given an undertaking that all business transactions between the Group and the Directors and substantial shareholders and their related persons, shall be based on commercial terms that shall not be disadvantageous to the Group.

Save as disclosed in Section 5 of this Prospectus, none of the Promoters, Directors and/or substantial shareholders of GCB have interests in a company carrying on similar businesses as the Group. To mitigate any potential conflict of interest, the Promoters, Directors and substantial shareholders have provided written undertakings not to be involved in any new business in the future, which will give rise to competition/ conflict with the current business of the Group.

(w) No Prior Market for GCB's Shares

Prior to this IPO, there has been no public market for GCB's shares. There can be no assurance that an active market for GCB's shares will develop and continue to develop upon or subsequent to its listing on the Main Board of Bursa Securities or, if developed, that such a market will be sustained. The IPO Price of RM0.65 for the IPO has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and condition, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies engaged in business similar to that of the Group and the prevailing market conditions at the time the application for listing of GCB was submitted to the SC. There can be no assurance that the IPO Price will correspond to the price at which GCB's shares will trade on the Main Board of Bursa Securities upon or subsequent to its listing.

(x) 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 events occurs:

(i) The Bumiputera Investors approved by MITI fail to subscribe/acquire the IPO Shares allocated to them under the Public Issue;

(ii) The underwriters of the IPO fail to honour their obligations under the underwriting agreements;

(iii) The placees under the private placement fail to subscribe/acquire the Public Issue Shares allocated to them; and

(iv) GCB is unable to meet the public spread requirements i.e. at least 25% of the enlarged issued and paid-up capital of GCB must be held by a minimum of 1,000 public shareholders holding no less than 100 ordinary shares in GCB each.

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