

LUXCHEM

LUXCHEM CORPORATION BERHAD

(Company No.: 224414-D)

(Incorporated in Malaysia under the Companies Act, 1965)

LUXCHEM
LUXCHEM CORPORATION BERHAD

PUBLIC ISSUE OF 20,000,000 NEW ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 6,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 6,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;
- 6,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES; AND
- 500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AND

OFFER FOR SALE OF 38,500,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE / OFFER PRICE OF RM1.10 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO OUR LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD.

Adviser, Sole Underwriter and Sole Placement Agent

AmInvestment Bank Berhad
(Company No. 23742-V)

A member of



LUXCHEM

AmInvestment Bank
Group

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 3 OF THIS PROSPECTUS

THIS PROSPECTUS IS DATED 10 JUNE 2008

www.luxchem.com.my

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RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. THEY CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

AmINVESTMENT BANK BERHAD, A MEMBER OF AmINVESTMENT BANK GROUP, BEING OUR ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND OFFER FOR SALE IN RESPECT OF THE IPO AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF INVESTING IN US. IN CONSIDERING INVESTING IN US, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

ADMISSION TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <http://www.bursamalaysia.com>. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my> AND THE WEBSITE OF RHB BANK BERHAD AT <http://www.rhbbank.com.my> VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. INTERNET APPLICATIONS MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION.

IF YOU ARE IN DOUBT OF THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR MALAYSIAN ISSUING HOUSE SDN BHD, A PAPER PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER PRINTED COPY.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**") WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, THE CONTENT ON, OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISK ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILES OR OTHER MATERIALS PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT: -

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, I.E. TO THE EXTENT THAT THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB OBSERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY BE VIEWED VIA WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OF OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND / OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE IPO OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing and quotation of our entire enlarged share capital on the Main Board of Bursa Malaysia Securities Berhad is set out below: -

<u>Date</u>	<u>Event</u>
10 June 2008	: Issuance of Prospectus / Opening date of the application for the IPO
<u>Tentative Dates</u>	
17 June 2008	: Closing date of the application for the IPO
19 June 2008	: Balloting of application for the IPO Shares
26 June 2008	: Allotment of the IPO Shares to successful applicants
27 June 2008	: Listing

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 17 JUNE 2008 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS AND PROMOTERS TOGETHER WITH OUR SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IN THE EVENT THAT THE CLOSING DATE OF THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT OF THE IPO SHARES AND THE LISTING OF LCB WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN A WIDELY CIRCULATED DAILY BAHASA MALAYSIA AND ENGLISH NEWSPAPER IN MALAYSIA.

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DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings: -

Acquisition of CCIM	: The acquisition by LCB of the entire issued and paid-up share capital of CCIM comprising 2 ordinary shares of RM1.00 each in CCIM for a purchase consideration of RM2, which was wholly satisfied by cash
Acquisition of LPOLY	: The acquisition by LCB of the entire issued and paid-up share capital of LPOLY comprising 3,000,000 ordinary shares of RM1.00 each in LPOLY for a purchase consideration of RM8,581,141, which was wholly satisfied by cash
Acquisition of LT	: The acquisition by LCB of the entire issued and paid-up share capital of LT comprising 5,000,000 ordinary shares of RM1.00 each in LT for a purchase consideration of RM54,999,998, which was wholly satisfied by the issuance of 109,999,996 new LCB Shares, credited as fully paid up at an issue price of RM0.50 per Share
Acquisition of LTSG	: The acquisition by LCB of the entire issued and paid-up share capital of LTSG of SGD50,000 divided into 50,000 ordinary shares in LTSG for a purchase consideration of RM2, which was wholly satisfied by cash
Acquisition of Subsidiaries	: The Acquisition of CCIM, Acquisition of LPOLY and Acquisition of LTSG, collectively.
Acquisitions	: The Acquisition of LT, Acquisition of LTSG, Acquisition of LPOLY and Acquisition of CCIM, collectively
Act	: The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof from time to time
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Admission	: Admission of the Shares to the Official List of the Main Board of Bursa Securities
Adviser	: AmlInvestment Bank
AmlInvestment Bank	: AmlInvestment Bank Berhad (23742-V), a member of AmlInvestment Bank Group
Application(s)	: The application(s) for the Public Issue Shares by way of Application Forms, Electronic Share Application or Internet Share Application
Application Form(s)	: The printed application form(s) for the application of the IPO Shares
ATM	: Automated Teller Machine
Authorised Financial Institution(s)	: The authorised financial institution(s) participating in the Internet Share Application, with respect to payments for the Public Issue Shares made available for application under the Public Issue
Board or Board of Directors	: Our Board of Directors
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)

DEFINITIONS (Cont'd)

CCIM	: Chemplex Composite Industries (M) Sdn Bhd (415184-D)
CDS	: Central Depository System
Central Depositories Act	: The Securities Industry (Central Depositories) Act, 1991, including any statutory modification, amendment or re-enactment thereof for the time being in force
CMSA	: Capital Markets and Services Act 2007, including any statutory modification, amendment or re-enactment thereof
CRSB	: Chemplex Resources Sdn Bhd (384189-U)
Deposited Security	: A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
Depositor	: A holder of a Securities Account
EBIDTA	: Earnings before interest, depreciation, taxation and amortisation
Electronic Prospectus	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and / or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application	: An application for the IPO Shares through Participating Financial Institutions' ATM
EPS	: Earnings per Share
FRP	: Fibreglass reinforced plastic
FYE	: Financial year ended / ending
GDP	: Gross domestic product
Internet Participating Financial Institution(s)	: Participating organisation(s) in the Internet Share Application, as listed in Section 14.6.2 of this Prospectus
Internet Share Application	: Application for the Public Issue through an Internet Participating Financial Institution
IPO	: Initial public offering comprising the Public Issue and Offer For Sale, collectively
IPO Price	: RM1.10 per IPO Share, being the price payable by investors under the Public Issue / Offer For Sale
IPO Share(s)	: The Public Issue Shares and Offer Shares, collectively
ISO	: International Organisation for Standardisation
LCB or Company	: Luxchem Corporation Berhad (224414-D)
LCB Group or Group	: LCB and its subsidiaries
LCB Share(s) or Share(s)	: Ordinary share(s) of RM0.50 each in LCB
LPD	: 30 April 2008, being the latest practicable date prior to the issuance of this Prospectus
LPOLY	: Luxchem Polymer Industries Sdn Bhd (347470-D)

DEFINITIONS (Cont'd)

LT	: Luxchem Trading Sdn Bhd (123409-M)
LTSG	: Luxchem Trading (S) Pte Ltd (199207052-K)
Listing	: Admission to the Official List and the listing and quotation of our entire enlarged issued and paid-up share capital of RM65,000,000 comprising 130,000,000 Shares on the Main Board of Bursa Securities
Listing Requirements	: The Listing Requirements of Bursa Securities
Listing Scheme	: The Acquisitions, Public Issue, Offer For Sale and Listing, collectively
Malaysian Public or Public	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading in securities
MI	: Minority interest
MIH or Issuing House	: Malaysian Issuing House Sdn Bhd (258345-X)
MITI	: Ministry of International Trade and Industry, Malaysia
NA	: Net assets
NTA	: Net tangible assets
NTL	: Net tangible liabilities
Offer For Sale	: Offer for sale by the Offerors of 38,500,000 Shares in LCB at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	: The 38,500,000 Shares in LCB, which are the subject of the Offer For Sale
Offerors	: Tang Ying See, Chin Song Mooi, Chow Cheng Moey, Lee Choong Onn, Au Chun Choong and Yee Poh Leng, collectively
Official List	: The official list of the Main Board of Bursa Securities
Participating Financial Institution(s)	: The participating financial institution(s) for Electronic Share Application, as listed in Section 14.5.2(o) of this Prospectus
PAT	: Profit after taxation
PATMI	: Profit after taxation and minority interests
PBT	: Profit before taxation
PE Multiple	: Price earnings multiple
Prescribed Security	: Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Promoters	: Tang Ying See, Chin Song Mooi and CRSB, collectively
PU	: Polyurethane

DEFINITIONS (Cont'd)

Public Issue	: The public issue of 20,000,000 new LCB Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	: The 20,000,000 new LCB Shares, which are the subject of the Public Issue
PVC	: Polyvinyl chloride
R&D	: Research and development
Record of Depositors	: A record provided by Bursa Depository to the Company under Chapter 24.0 of the Rules
RM and sen	: Ringgit Malaysia and sen, respectively
ROC	: Registrar of Companies, Malaysia
Rules	: The Rules of Bursa Depository
SC	: Securities Commission
SC Guidelines	: SC's Guidelines on the Offering of Equity and Equity-linked Securities
Securities Account	: An account established by Bursa Depository for a Depositor for the purpose of recording the deposit of securities and for dealing in such securities by the Depositor
SGD	: Singapore Dollar
Sole Placement Agent	: AmInvestment Bank
Sole Underwriter	: AmInvestment Bank
SPA	: Sale and Purchase Agreement
UK	: United Kingdom
Underwriting Agreement	: The underwriting agreement dated 15 May 2008 made between LCB and the Sole Underwriter for the underwriting of 13,000,000 Public Issue Shares upon the terms and subject to the conditions contained therein
UPR	: Unsaturated polyester resin
US	: United States of America
USD	: United States Dollar
UV	: Ultra-violet

All references to "Company" and "LCB" in this Prospectus are to Luxchem Corporation Berhad, references to "our Group" is to our Company and our subsidiaries, and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to statements as to our beliefs, expectations, estimates and opinions are those of our Directors and key management. Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation. Any reference in this Prospectus to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification).

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Nationality / Occupation
Tang Ying See	Managing Director / Chief Executive Officer	No. 6, Jalan SS21/58 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian / Director
Chin Song Mooi	Executive Director	No. 6, Jalan SS21/58 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian / Director
Chen Moi Kew	Executive Director / Chief Financial Officer	No. 6, Jalan SS21/58 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian / Director
Dato' Haji Mokhtar Bin Haji Samad	Independent Non- Executive Director	No. 1253-1-10 Capital Industrial Centre 6 ³ / ₄ Miles, Sungai Besi Road 57100 Kuala Lumpur	Malaysian / Director
Chan Wan Siew	Independent Non- Executive Director	Penthouse, Wisma RKT Block A No. 2, Jalan Raja Abdullah Off Jalan Sultan Ismail 50300 Kuala Lumpur	Malaysian / Director
Au Chun Choong	Independent Non- Executive Director	18 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur	Malaysian / Director

AUDIT COMMITTEE

Name	Designation	Directorship
Au Chun Choong	Chairman of Audit Committee	Independent Non-Executive Director
Chan Wan Siew	Member of Audit Committee	Independent Non-Executive Director
Dato' Haji Mokhtar Bin Haji Samad	Member of Audit Committee	Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Wong Wei Fong (MAICSA 7006751)
Level 14, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
- Lim Lee Kuan (MAICSA 7017753)
Level 14, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : Level 14, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7718 6188
Facsimile No. : (03) 7725 7791 / 2 / 3
- HEAD / MANAGEMENT OFFICE** : No. 6, Jalan SS21/58
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7728 2155
Facsimile No. : (03) 7729 9782
E-mail : luxchem@luxchem.com.my
Website : http://www.luxchem.com.my
- REGISTRARS AND TRANSFER OFFICE** : Epsilon Registration Services Sdn Bhd (629261-T)
G-01, Ground Floor, Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Telephone No. : (03) 4047 3999
Facsimile No. : (03) 4042 6352
- AUDITORS AND REPORTING ACCOUNTANTS** : Folks DFK & Co (AF 0502)
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Telephone No. : (03) 2273 2688
Facsimile No. : (03) 2274 2688
- SOLICITORS FOR THE LISTING** : Shook Lin & Bok
20th Floor, AmBank Group Building
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : (03) 2031 1788
Facsimile No. : (03) 2031 1775 / 778 / 779
- Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542
Telephone No. : (65) 6535 1944
Facsimile No. : (65) 6535 8577

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS** :
- AmlIslamic Bank Berhad (295576-U)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : (03) 2026 3939
 - AmBank (M) Berhad (8515-D)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : (03) 2026 3939
 - CIMB Bank Berhad (13491-P)
14th Floor, Menara Choy Fook Onn
No. 1B, Jalan Yong Shook Lin
46050 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7954 1819
 - Hong Leong Bank Berhad (97141-X)
18 & 20 (2nd Floor), Jalan 20/16A
Taman Paramount
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7876 5113
 - HSBC Bank Malaysia Berhad (127776-V)
2, Leboh Ampang
50100 Kuala Lumpur
Telephone No. : (03) 2070 0744
 - United Overseas Bank (Malaysia) Berhad (271809-K)
Medan Pasar Branch
1st Floor, Bangunan UOB Medan Pasar
10-12 Medan Pasar
50050 Kuala Lumpur
Telephone No. : (03) 2772 8000
- 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
Telephone No. : (03) 7728 0248
Facsimile No. : (03) 7728 7248
- ISSUING HOUSE** :
- Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : (03) 2693 2075
Facsimile No. : (03) 2693 0858
- ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** :
- AmInvestment Bank Berhad (23742-V)
(a member of AmInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : (03) 2036 2633
Facsimile No. : (03) 2070 8596
- LISTING SOUGHT** :
- Main Board of Bursa Securities

1. INFORMATION SUMMARY

THIS INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. 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

We were incorporated in Malaysia under the Act on 4 September 1991 as a private limited company under the name of Luxchem Corporation Sdn. Bhd. Subsequently, on 3 August 2007, we were converted to a public company and assumed the name of Luxchem Corporation Berhad since.

We are an investment holding company. Our subsidiaries are principally involved in the marketing and distribution of industrial chemicals and materials and the manufacture of UPR, as follows: -

Corporation	Date / Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest (%)	Principal Activities
LT	17 July 1984 / Malaysia	RM5,000,000	100	Marketing and distribution of industrial chemicals & materials
LTSG	30 December 1992 / Singapore	SGD50,000	100	Marketing and distribution of industrial chemicals & materials
LPOLY	20 June 1995 / Malaysia	RM3,000,000	100	Manufacture of UPR
CCIM	28 December 1996 / Malaysia	RM2	100	Procurement of industrial chemicals & materials

Our history can be traced back to 1984 with the establishment of Lux Trading, a sole proprietorship. Lux Trading was involved in the marketing and distribution of industrial chemicals, focusing on synthetic rubber and rubber chemicals, UPRs, fibreglass materials and polymer-related products. Later during the year, LT was incorporated and by 1987, LT took over the entire business operations of Lux Trading.

As part of our expansion efforts, we established our presence nationwide by setting up marketing, distribution and warehouse centres, in Penang in 1989, and later on in Johor in 1991 and Perak in 1992. This was followed by our Group's expansion overseas through LTSG, which was established in 1992 to oversee the marketing and distribution of industrial chemicals in Singapore.

In 1995, in order to increase our warehousing capacity and to centralise our administrative operations, we constructed a new warehouse and administrative centre on our 1.85-acre land in Port Klang, Selangor. LPOLY was also incorporated to undertake the manufacturing of UPR.

The following year, we entered into a technology transfer arrangement with Takeda Chemicals Industries Ltd for the manufacturing of UPR.

1. INFORMATION SUMMARY (Cont'd)

Subsequently, in 1998, we commercialised our UPR, with an initial annual capacity of 3,000 tonnes, which to-date has increased to 20,000 tonnes per annum. In the same year, we also made our first export sales to Dubai for our in-house manufactured UPR.

In view of the synergistic production process of UPR with that of gel coat, a surface coat of a specialised polyester resin, we had in 1999 successfully initiated gel coat production with an initial production of 26.5 tonnes. We attribute our success in this area to Takeda Chemicals Industries Ltd, our Japanese partner in the production of UPR as well as our technical team in developing the know-how in the production of the same.

In line with our emphasis on quality, LPOLY, LT and LTSG, all fully-owned subsidiaries within our Group, were accredited with ISO 9001:2000 in 2001, 2003 and 2007, respectively.

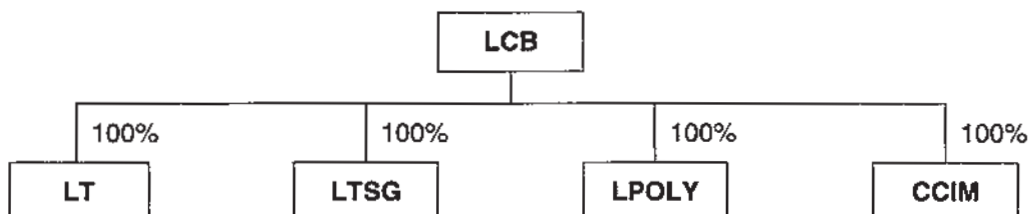
In 2005, we entered into a new technical cooperation arrangement with Japan Composite Co. Ltd for the transfer of technology to manufacture vinyl ester and other specialty resins.

In the second quarter of 2007, LPOLY commenced the pilot production of vinyl ester resins for chemical applications.

In 2006, through our own R&D efforts, LPOLY successfully commenced production of putty resin.

Since our inception in 1984, we have established our reputation in the industrial chemicals industry and have proven to be reliable in the provision of various industrial chemicals and materials, and UPRs.

As at the date of this Prospectus, our Group's structure is as follows: -



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

1.2 COMPETITIVE STRENGTHS AND ADVANTAGES

Our Group's success and future prospects are bolstered by a combination of strengths and advantages, mainly the following: -

- (i) One-stop supply centre for industrial chemicals;
- (ii) Wide customer base for business growth;
- (iii) Synergies for cross selling of products;
- (iv) Wide range and extensive stock;
- (v) Market reputation and established track record;
- (vi) Financial strength;
- (vii) Marketing and distribution strength;

1. INFORMATION SUMMARY (Cont'd)

- (viii) Product quality; and
- (ix) Introduction of new products.

Further details on the Group's competitive strengths and advantages are set out in Section 4.3.2 of this Prospectus.

1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, substantial shareholders, Directors and key management are as listed below: -

Name	Designation
<u>Promoters</u>	
CRSB	-
Tang Ying See	Managing Director / Chief Executive Officer
Chin Song Mooi	Executive Director
<u>Substantial shareholders</u>	
CRSB	-
Tang Ying See	Managing Director / Chief Executive Officer
Chin Song Mooi	Executive Director
Chow Cheng Moey	-
<u>Directors</u>	
Tang Ying See	Managing Director / Chief Executive Officer
Chin Song Mooi	Executive Director
Chen Moi Kew	Executive Director / Chief Financial Officer
Dato' Haji Mokhtar Bin Haji Samad	Independent Non-Executive Director
Chan Wan Siew	Independent Non-Executive Director
Au Chun Choong	Independent Non-Executive Director
<u>Key management</u>	
Teoh Kar Wai	Senior Manager, Area Sales and PVC Division
Chung Yin Main	Senior Manager, Rubber Division
Pang Tee King	Division Manager, FRP Division
Ng Chai Teik	Division Manager, Latex Division
Fan Kock Keong	Plant Manager
Lau Sok Ching	Technical Manager and Chemist

Further details on the Group's Promoters, substantial shareholders, Directors and key management are set out in Section 5 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.4 PROFORMA CONSOLIDATED INCOME STATEMENTS**

The following is the summary of our audited proforma consolidated income statements for the past three (3) FYEs 31 December 2005 to 2007, prepared on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated results are prepared for illustrative purposes only and should be read together with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 9.7 of this Prospectus.

	Audited FYE 31 December		
	2005	2006	2007
	RM'000	RM'000	RM'000
Revenue	223,772	248,208	299,432
Cost of sales	(199,329)	(218,546)	(268,431)
Gross profit	24,443	29,662	31,001
Other operating income	1,970	1,552	3,885
Selling and distribution costs	(2,306)	(2,463)	(2,927)
Administrative expenses	(6,406)	(7,455)	(9,294)
Other operating expenses	(1,008)	(1,405)	(7)
Operating profits	16,693	19,891	22,658
Finance costs	(1,556)	(2,027)	(2,004)
PBT	15,137	17,864	20,654
Taxation	(3,712)	(4,637)	(5,373)
PAT	11,425	13,227	15,281
Attributable to:			
- Equity holders of LCB	11,425	13,227	15,281
- MI	-	-	-
	11,425	13,227	15,281
Number of Shares in LCB had our Group been in existence ⁽¹⁾	110,000	110,000	110,000
EPS (sen)			
- Basic ⁽²⁾	10.39	12.02	13.89
- Diluted ⁽³⁾	10.39	12.02	13.89
EBIDTA	17,753	21,055	23,383
Interest income	332	480	904
Depreciation and amortisation	1,392	1,644	1,629
Gross profit margin	10.92%	11.95%	10.35%
PAT margin	5.11%	5.33%	5.10%
Effective tax rate	24.52%	25.96%	26.02%

Notes: -

- (1) Based on the issued and paid-up share capital of 110,000,000 Shares immediately prior to the Public Issue.
- (2) Basic EPS calculated based on profit attributable to equity holders of the Company for the respective financial years under review divided by the number of Shares in issue had our Group been in existence.
- (3) There were no potential Shares to be issued throughout the financial years under review.
- (4) There were no exceptional or extraordinary items in all the financial years under review.

Further details on our Group's financial information are set out in Section 9 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.5 PROFORMA CONSOLIDATED BALANCE SHEETS**

The proforma consolidated balance sheets of our Group as at 31 December 2007 as set out below have been prepared solely for illustrative purposes, to show the effects of the Listing Scheme on the audited consolidated balance sheet of our Group, had the Listing Scheme been implemented and completed on 31 December 2007 and is prepared on the basis consistent with the accounting policies adopted by our Group. The proforma consolidated balance sheets should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 9.7 of this Prospectus.

	Audited as at 31 December 2007	(I) After Acquisition of LT	(II) After (I) and Acquisition of Subsidiaries	(III) After (II) and IPO
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	-	13,146	13,146	20,146
Investment property	-	1,215	1,215	1,215
Prepaid lease payments	-	4,083	4,083	4,083
Intangible assets	-	257	257	257
Other investments	-	170	170	170
	-	18,871	18,871	25,871
Current Assets				
Inventories	-	23,061	23,061	23,061
Trade receivables	-	71,761	71,761	71,761
Other receivables	634	779	779	145
Deposits, cash and bank balances	-	17,555	17,555	23,689
	634	113,156	113,156	118,656
Total Assets	634	132,027	132,027	144,527
EQUITY AND LIABILITIES				
Equity				
Share capital	-	55,000	55,000	65,000
Share premium	-	-	-	9,500
Exchange translation reserve	-	109	109	109
Merger deficit	-	(50,000)	(50,000)	(50,000)
(Accumulated losses) / Retained profits	(41)	50,033	50,033	50,033
Total Equity	(41)	55,142	55,142	74,642
Non-Current Liabilities				
Term loans (Secured)	-	2,015	2,015	636
Hire purchase creditors	-	530	530	530
Deferred tax liabilities	-	635	635	635
	-	3,180	3,180	1,801
Current Liabilities				
Trade payables	-	23,479	23,479	23,479
Other payables	675	5,937	5,937	5,937
Hire purchase creditors	-	319	319	319
Bank borrowings	-	43,014	43,014	37,393
Taxation	-	956	956	956
	675	73,705	73,705	68,084
Total Liabilities	675	76,885	76,885	69,885
Total Equity and Liabilities	634	132,027	132,027	144,527
Number of Shares in issue	4	110,000,000	110,000,000	130,000,000
(NTL) / NTA (RM'000)	(41)	54,885	54,885	74,385
(NTL) / NTA per Share (RM)	(10,250)	0.50	0.50	0.57

1. INFORMATION SUMMARY (Cont'd)Notes: -

<i>Proforma I</i>	<i>Incorporates the effects of the Acquisition of LT.</i>
<i>Proforma II</i>	<i>Incorporates the effects of Proforma I and the Acquisition of Subsidiaries.</i>
<i>Proforma III</i>	<i>Incorporates the effects of Proforma II and the IPO and after the utilisation of proceeds as set out in Section 2.5 of this Prospectus.</i>
*	<i>Negligible.</i>

Further details on the proforma consolidated balance sheets of our Group are set out in Section 9.7 of this Prospectus.

1.6 PRINCIPAL STATISTICS RELATING TO THE IPO

	Number of Shares	Share capital RM
Authorised share capital	200,000,000	100,000,000
Existing issued and paid-up share capital	110,000,000	55,000,000
- New Shares to be issued pursuant to the Public Issue	20,000,000	10,000,000
Enlarged issued and paid-up share capital upon Listing	130,000,000	65,000,000
Offer For Sale	38,500,000	19,250,000
IPO Price per Share		1.10
- Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital after the IPO and deducting the estimated listing expenses of RM2.5 million)		0.57
- Market Capitalisation (based on the IPO Price and enlarged issued and paid-up share capital after the IPO)		143,000,000

Further details on the IPO and our proforma consolidated NTA are set out in Section 2 and Section 9.7 of this Prospectus, respectively.

1.7 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM22.0 million, which shall accrue to us. We intend to utilise the proceeds raised in the following manner: -

	Timeframe for utilisation upon Listing	Amount RM'000
(i) Repayment of bank borrowings	Within 12 months	7,000
(ii) Expansion of existing operations	Within 24 months	7,000
(iii) Expansion of business and markets	Within 24 months	2,500
(iv) Working capital *	Within 24 months	3,000
(v) Estimated listing expenses *	Immediate	2,500
Total proceeds		22,000

1. INFORMATION SUMMARY (Cont'd)**Note: -**

- * *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

Further details on the utilisation of proceeds are set out in Section 2.5 of this Prospectus.

1.8 RISK FACTORS

You should carefully consider the following risk factors in evaluating an investment in the IPO Shares: -

Risks Relating to Our Business and Operations

- (i) Business Risks
- (ii) Financial Risks
- (iii) Operational Risks and Insurance Coverage
- (iv) Dependence on Major Suppliers
- (v) Dependence on Principal Markets
- (vi) Absence of Long-term Contracts with Customers
- (vii) Dependence on Directors, Key Management and Skilled Workforce
- (viii) Transportation Spillage
- (ix) Environmental Concerns
- (x) Inventory and Storage Space Management

Risks Relating to the Industry in which Our Group Operates

- (xi) Political and Economic Considerations
- (xii) Foreign Exchange Risks
- (xiii) Fluctuations in Prices of Raw Materials
- (xiv) Fluctuations in the Prices of UPR
- (xv) Shortages in Supply
- (xvi) Competition
- (xvii) Threat of Substitutes

Risks Relating to Investment in Our Shares

- (xviii) No Prior Market for Securities
- (xix) Capital Market Risks
- (xx) Control by Promoters
- (xxi) Failure / Delay in the Listing
- (xxii) Delay between Admission and Trading of the IPO Shares
- (xxiii) Material Litigation, Claim or Arbitration and Legal Uncertainties
- (xxiv) Disclosure Regarding Forward-Looking Statements

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

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2. PARTICULARS OF THE IPO

This Prospectus is dated 10 June 2008. The IPO is subject to the terms and conditions of this Prospectus.

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 for the IPO, as set out in Section 6 of this Prospectus, shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has approved-in-principle the admission to the Official List of the Main Board of Bursa Securities and for the listing and quotation of our entire enlarged issued and paid-up share capital of RM65,000,000 comprising 130,000,000 Shares on the Main Board of Bursa Securities, vide its letter dated 21 February 2008. Listing and quotation of these Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment information for the crediting of the Shares, and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing and quotation of the Shares, failing which any allotment made on an application to subscribe for our Shares pursuant to this Prospectus shall be void.

Acceptance of Application for the IPO Shares will be conditional upon permission being granted by Bursa Securities for the quotation of the entire enlarged issued and fully paid-up share capital of our Company on the Main Board of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest within 14 days if the aforesaid permission 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 we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-Section 243(2) of the CMSA shall apply accordingly.

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

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 14.10 of this Prospectus. In the case of an Application by way of Application Form, an applicant 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 or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum 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, we may not be allowed to proceed with our Listing on the Main Board of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

The SC and Bursa Securities assume 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 our merit or the merit of our Shares.

2. PARTICULARS OF THE IPO (Cont'd)

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 us. 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 our affairs since the date hereof.

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and we, together with the Adviser, Sole Underwriter and Sole Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. 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 in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2.1 SHARE CAPITAL

As at the date of this Prospectus, we only have one (1) class of shares, being ordinary shares of RM0.50 each, the details of which are as follows: -

	Number of Shares	Share Capital RM
Authorised share capital	200,000,000	100,000,000
Existing issued and paid-up share capital	110,000,000	55,000,000
- New Shares to be issued pursuant to the Public Issue	20,000,000	10,000,000
Enlarged share capital upon Listing	130,000,000	65,000,000
Offer For Sale	38,500,000	19,250,000
IPO Price per Share		1.10
- Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital after the IPO and deducting the estimated listing expenses of RM2.5 million)		0.57
- Market Capitalisation (based on the IPO Price and enlarged issued and paid-up share capital after Listing)		143,000,000

Our market capitalisation upon Listing, based on the IPO Price and our enlarged issued and paid-up share capital of 130,000,000 Shares amounts to RM143,000,000.

The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus.

2. PARTICULARS OF THE IPO (Cont'd)

Classes of Shares and Rights

We only have one (1) class of shares, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with our other existing Shares, 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 we may issue in the future, the holders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in respect of surplus in the event of our liquidation, in accordance with our Articles of Association.

At any of our general meetings, each shareholder shall be entitled to vote 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 (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply.

2.2 PURPOSES OF THE IPO

The purposes of the IPO are as follows: -

- (i) to further enhance our corporate reputation and assist the expansion of both our local and overseas customers base;
- (ii) to provide an opportunity for Malaysian investors and institutions and our eligible employees, directors and business associates to participate in our equity and continuing growth;
- (iii) to comply with the National Development Policy requirements in respect of Bumiputera equity participation in our Group;
- (iv) to provide additional funds to meet our future working capital requirements as well as expansion plans; and
- (v) to enable us to gain access to the capital markets for funds for our future expansion and growth.

2.3 DETAILS OF THE IPO

We will undertake the Public Issue and Offer For Sale in conjunction with, and as an integral part of our Listing, as follows: -

(a) Public Issue

The Public Issue of 20,000,000 Public Issue Shares, representing approximately 15.38% of our enlarged issued and paid-up share capital, is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in this Prospectus, and will be allocated and allotted in the following manner: -

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2. PARTICULARS OF THE IPO (Cont'd)**(i) Malaysian Public via balloting**

6,500,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, to be allocated via balloting, will be made available for application by the Malaysian Public, of which at least 30% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions;

(ii) Selected investors via placement

7,000,000 Public Issue Shares, representing approximately 5.38% of our enlarged issued and paid-up share capital, by way of private placement to selected investors, of which 500,000 Public Issue Shares is to be set aside strictly for private placement to Bumiputera investors approved by MITI; and

(iii) Eligible Directors, Employees and Business Associates of Our Group

6,500,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and business associates ("**Pink Form Shares Allocation**").

The Public Issue Shares will be allocated to 6 eligible Directors and 79 employees of our Group based on the following criteria as approved by our Board: -

- (i) at least eighteen (18) years old;
- (ii) designation and position; and
- (iii) length of service.

Details of the eligible Directors' Pink Form Shares Allocation are as follows: -

Name of Directors	Designation	Pink Form Shares Allocation
Tang Ying See	Managing Director / Chief Executive Officer	300,000
Chin Song Mooi	Executive Director	300,000
Chen Moi Kew	Executive Director / Chief Financial Officer	200,000
Dato' Haji Mokhtar Bin Haji Samad	Independent Non-Executive Director	200,000
Chan Wan Siew	Independent Non-Executive Director	200,000
Au Chun Choong	Independent Non-Executive Director	200,000
Total		1,400,000

The same Public Issue Shares will also be allocated to 83 business associates of our Group based on the following criteria as approved by our Board: -

- (i) length of relationship; and
- (ii) contribution and support to the growth of our Group.

2. PARTICULARS OF THE IPO (Cont'd)

(b) Offer For Sale

The Offer For Sale of 38,500,000 Offer Shares, representing approximately 29.62% of our enlarged issued and paid-up share capital, is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in this Prospectus, and will be allocated and allotted by way of private placement to Bumiputera investors approved by MITI.

All the 13,000,000 Public Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and business associates under Section 2.3(a)(i) and Section 2.3(a)(iii) of this Prospectus have been fully underwritten.

The 6,500,000 Public Issue Shares to be allocated by way of private placement to selected investors under Section 2.3(a)(ii) of this Prospectus are not underwritten as irrevocable undertakings have been obtained from the selected investors to take up the Public Issue Shares available under private placement.

The 500,000 Public Issue Shares under Section 2.3(a)(ii) of this Prospectus and 38,500,000 Offer Shares under Section 2.3(b) of this Prospectus reserved for private placement to Bumiputera investors approved by MITI are not underwritten as these Shares have been allocated to MITI's approved and recognised Bumiputera investors.

Any Public Issue Shares not subscribed for under Section 2.3(a) of this Prospectus will first be re-offered to the eligible Directors, employees and business associates of our Group. Subsequently, any of the re-offered Shares not taken up will be made available to selected investors via private placement. Any further re-offered Shares not taken up will then be made available for application by the Malaysian Public. Any remaining re-offered Shares under Section 2.3(a)(i) and Section 2.3(a)(iii) of this Prospectus that are not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

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

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon by us and AmInvestment Bank as the Adviser, Sole Underwriter and Sole Placement Agent after taking into consideration, amongst others, the following factors: -

- (i) our Group's operating and financial history and position as outlined in Section 4 and Section 9, respectively of this Prospectus;
- (ii) the prospects of the industry in which our Group operates as outlined in Section 4.5.4 of this Prospectus;
- (iii) our proforma consolidated NTA as at 31 December 2007 of RM0.57 per Share based on our enlarged issued and paid-up share capital of 130,000,000 Shares upon Listing;
- (iv) our future plans and strategies as set out in Section 4.6 of this Prospectus; and
- (v) our competitive strengths and advantages as listed in Section 4.3.2 of this Prospectus.

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2. PARTICULARS OF THE IPO (Cont'd)

Our Directors and AmInvestment Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of the Shares being traded.

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views on the valuation of the IPO Shares and the reasonableness of the bases used before deciding to invest in our Shares.

2.5 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM22.0 million, which shall accrue to us. We intend to utilise the proceeds raised in the following manner: -

	Timeframe for utilisation upon Listing	Amount RM'000
(i) Repayment of bank borrowings	Within 12 months	7,000
(ii) Expansion of existing operations	Within 24 months	7,000
(iii) Expansion of business and markets	Within 24 months	2,500
(iv) Working capital *	Within 24 months	3,000
(v) Estimated listing expenses *	Immediate	2,500
Total proceeds		22,000

Note: -

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

(i) Repayment of Bank Borrowings

As at 31 March 2008, we have total outstanding bank borrowings amounting to approximately RM51.9 million. Of the total gross proceeds, RM7.0 million will be utilised towards the repayment of these outstanding bank borrowings, as follows: -

	Name of bank	Type of facility	Purpose	Amount to be repaid RM'000
(i)	CIMB Bank Berhad	Bankers' acceptance	Working capital	5,000
(ii)	CIMB Bank Berhad	Term loan	Capital expenditure	1,443
(iii)	Hong Leong Bank Berhad	Term loan	Capital expenditure	557
	Total			7,000

Such borrowings have been utilised to finance, amongst others, our working capital and capital expenditure requirements, which include purchase of raw materials, stocks and payment of creditors.

2. PARTICULARS OF THE IPO (Cont'd)

By repaying RM7.0 million of these bank borrowings, we will be able to effect interest savings (based on the average interest rate of 5.0% per annum) of approximately RM350,000 per annum.

(ii) Expansion of Existing Operations

Construction of Office in Penang

Our branch office in Penang, established since 1991, has been operating from rented premises. We intend to utilise approximately RM3.5 million of the proceeds to construct an office and warehouse facility on a piece of vacant land we own, measuring approximately 2.0 acres, situated in Bukit Minyak, Prai, Penang. With improved warehousing facilities, we will improve our capabilities to service customers throughout the northern region of Malaysia as well as in Southern Thailand.

Expansion of Output Capacity

We intend to utilise approximately RM3.0 million of the proceeds to purchase and install a new reactor and related equipment at our UPR manufacturing plant in Melaka, to increase production capacity by another 50% in order to reach an output of 30,000 metric tonnes per annum. In addition, we intend to utilise approximately RM500,000 of the proceeds to increase our warehousing storage capacity by installing improved rack systems at our manufacturing plant.

(iii) Expansion of Business and Markets

We intend to set up sales and marketing offices in Indonesia, Vietnam and China to improve our services to customers in the region. With established offices and improved support services, we will be able to enhance our presence and work towards increasing our market share in these countries. We expect to utilise approximately RM2.5 million of the proceeds for this purpose.

(iv) Working Capital

Our requirement for working capital will increase in tandem with the expected business growth of our Group. Therefore, we expect to utilise approximately RM3.0 million of the proceeds as additional working capital to finance our day-to-day operations including the payment of salaries, purchase of raw materials, expansion of workforce and defrayment of operational expenses. This would further enhance the cash flow position of our Group and enable us to conduct our operations smoothly.

(v) Estimated Listing Expenses

The estimated listing expenses for our Listing are as follows: -

Estimated Listing Expenses	Amount RM'000
Fees to authorities	150
Professional fees ⁽¹⁾	1,000
Underwriting and brokerage fees	600
Printing, advertising and other expenses in relation to Listing	300
Miscellaneous	450
Total	⁽²⁾ 2,500

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

- (1) *Include fees for the Adviser, Reporting Accountants, Solicitors, Independent Market Research Consultants and other professional advisors, as well as the Issuing House.*
- (2) *Any unutilised amount shall be used for working capital purposes of our Group.*

We will bear all expenses and fees incidental to our Listing, including professional fees, underwriting and selling commission, brokerage, placement fees, authorities' fees, advertising and other fees the aggregate of which is estimated to be RM2.5 million.

The Offerors will bear all expenses relating to the Offer For Sale.

2.6 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds from the Public Issue is expected to have a financial impact on our Group as follows: -

(a) Interest savings

Without the proceeds from the IPO, we are expected to incur the incremental borrowings of approximately RM19.5 million. As such, with the proceeds from the IPO, and based on an assumed interest rate of 5.0% per annum, we expect to effect interest savings of approximately RM975,000 per annum.

(b) Increase efficiency and productivity

Part of the proceeds allocated for the construction of an office and warehouse facility is expected to increase our productivity in terms of the increased number of customers in the northern region of Malaysia as well as in Southern Thailand we can effectively service, in addition to increased efficiencies in our logistics capabilities.

The purchase and installation of a new reactor is also expected to increase the capacity of our manufacturing plant, whilst the establishment of sales and marketing offices in Vietnam, Indonesia and China will increase our sales and marketing capabilities in these countries. These factors will contribute to our continued financial growth and profitability.

(c) Enhancement of capital structure

It is our objective to minimise our gearing to enable our Group to have the flexibility to invest in new facilities and projects and to raise financing as and when attractive opportunities arise.

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2. PARTICULARS OF THE IPO (Cont'd)**2.7 UNDERWRITING COMMISSION, PLACEMENT FEE AND BROKERAGE**

We will pay the Sole Underwriter an underwriting commission at the rate of 1.5% of the value of the total underwritten 13,000,000 Public Issue Shares under Section 2.3(a)(i) and Section 2.3(a)(iii) of this Prospectus (being the number of underwritten Public Issue Shares multiplied by the IPO Price).

We will pay the Sole Placement Agent a placement fee at the rate of 1.5% of the value of up to the total of 7,000,000 Public Issue Shares reserved for private placement under Section 2.3(a)(ii) of this Prospectus (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Sole Placement Agent.

We will pay the brokerage to be incurred on the sale of the 6,500,000 Public Issue Shares under Section 2.3(a)(i) at the rate of 1.0% of the IPO Price per Share in respect of successful applications that bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and / or MIH.

The Offerors will pay the placement fee to be incurred on the sale of the 38,500,000 Offer Shares under Section 2.3(b) of this Prospectus at the rate of 1.5% of the IPO Price per Share, respectively.

2.8 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient clauses of the Underwriting Agreement, which may allow the Sole Underwriter to withdraw from its obligations under the Underwriting Agreement after the IPO, as extracted from the Underwriting Agreement, are set out below.

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

“(i) Conditions Precedent

The obligations of the Underwriter under this Agreement shall be conditional upon the following: -

- (a) this Agreement having been duly executed by all the parties hereto and duly stamped;
- (b) the Group having fully complied with all the conditions imposed by the SC, Stock Exchange, ECU and / or MITI in relation to the Public Issue, Offer for Sale and Listing Exercise;
- (c) the Group having complied and that the Public Issue and / or Offer for Sale is in compliance with the policies, guidelines and requirements of the Stock Exchange and / or the SC and all revisions, amendments and / or supplements thereto;
- (d) the issue of the Public Issue Shares and / or the Offer for Sale of the Public Offer Shares (as the case may be) having been approved by the SC and / or any other relevant authority and the shareholders of the Company in General Meeting;

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2. PARTICULARS OF THE IPO (Cont'd)

- (e) the listing and quotation of the Offer Shares / issued and paid up capital of the Company on the Stock Exchange having been unconditionally approved-in-principle by the Stock Exchange or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn and the Underwriter being reasonably satisfied that such listing and quotation shall be granted within two (2) clear Market Days after an application for quotation is made to the Stock Exchange;
- (f) the Prospectus being in form and substance satisfactory to the Underwriter;
- (g) the Prospectus and such other documents as may be required having been registered with the SC and lodged with the CCM within two (2) months from the date of this Agreement, or within such other period as the parties may mutually agree;
- (h) there shall not have occurred, on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and / or Offer for Sale (as the case may be) or the occurrence of any event rendering untrue, inaccurate or incorrect any of the representations or warranties contained in Clause 5(1) hereof;
- (i) there shall not have occurred, on or prior to the Closing Date, any breach of and or failure to perform any of the undertakings contained in Clause 5(1) hereof;
- (j) the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 19 hereof;
- (k) the Offer for Sale and / or Public Issue (as the case may be) 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;
- (l) the delivery of the following documents to the Underwriter on or before the Closing Date: -
 - (i) such reports and confirmations dated the Closing Date from the Board of Directors of the Company as the Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and / or Offer for Sale (as the case may be) and the listing and quotation of the Offer Shares and / or the Underwritten Shares; and
 - (ii) a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(l)(i) above;

2. PARTICULARS OF THE IPO (Cont'd)

- (m) the Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true copy of a resolution of the Board of Directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Public Issue Shares, the offer of the Public Offer Shares and authorising a person or persons to sign this Agreement on behalf of the Company;
- (n) the Prospectus having been issued within two (2) months of the date hereof or within such extended period as may be consented to by the Underwriter;
- (o) an application being made to the Stock Exchange within three (3) Market Days from the date of issue of the Prospectus for admission to the Official List of the Stock Exchange (where applicable).

(ii) Termination

- (1) Subject to Clause 14(2) below but notwithstanding any other provision herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw the commitment of the Underwriter to underwrite the Underwritten Shares if: -
 - (a) any of the conditions precedent set out in Clause 4 hereof are not duly satisfied by the Closing Date; or
 - (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within ten (10) Market Days from the date the Company is notified by the Underwriter of such breach; or
 - (c) there is failure on the part of the Company to perform any of its obligations herein contained; or
 - (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or
 - (e) there is withholding of information by the Company which, in the opinion of the Underwriter, 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 / or Offer for Sale, or the distribution or sale of the Offer Shares; or
 - (f) the approval-in-principle of the Stock Exchange for the listing and quotation of its entire issued and paid-up share capital on the Stock Exchange is withdrawn; or

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2. PARTICULARS OF THE IPO (Cont'd)

(g) there shall have occurred, or happened any of the following circumstances: -

- (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (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 the occurrence of any combination of any of the foregoing; or
- (ii) 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 Underwriter (including without limitation, acts of God, national disorder, declaration of a state of national emergency, 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, in the reasonable opinion of the Underwriter, 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 Offer for Sale and / or Public Issue (as the case may be), or the distribution or sale of the Offer Shares, or which has or is reasonably likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- (2) In the event that this Agreement is terminated pursuant to Clause 14(1)(g), the Underwriter and the Company may confer with a view to deferring the Offer for Sale and / or Public Issue (as the case may be) by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

(iii) Force Majeure

- (1) Notwithstanding anything herein contained, the Underwriter may in its reasonable opinion at any time before the Closing Date, by notice in writing delivered to the Company terminate the obligations of the Underwriter under this Agreement and / or request for the Closing Date to be extended to such reasonable date as the Underwriter may decide, upon the occurrence of the following events: -
 - (i) changes in national or international monetary, financial, political, economic or stock market conditions or exchange control or currency exchange rates or interest rates or otherwise as would in the reasonable opinion of the Underwriter prejudice materially and adversely the success of the Offer for Sale and / or Public Issue (as the case may be) and the listing and quotation of the Offer Shares;

2. PARTICULARS OF THE IPO (Cont'd)

- (ii) national disorder, outbreak of war, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting, labour disputes, any unavailability of transportation or severe economic dislocation, outbreak of disease, Act of God or the declaration of a state of national emergency;
- (iii) material changes in law, regulation, directive, policy or ruling in any jurisdiction which may seriously affect the business of the Group;
- (iv) the Kuala Lumpur Composite Index falling below 1,000 points and remaining below 1,000 points for three (3) consecutive days; or
- (v) the imposition of any moratorium, suspension, or material restriction on trading in all securities generally on the Stock Exchange for one (1) Market Day;

and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 19 above incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.

- (2) In the event of a delivery of a request for the Closing Date to be extended by the Underwriter to the Company, the Company shall consent to such request for the extension of the Closing Date.
- (3) The delivery of a request under Clause 37(2) shall not preclude the Underwriter from giving a further request for the extension of the Closing Date or from giving a notice to terminate pursuant to Clause 37(1)."

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3. RISK FACTORS

In evaluating an investment in the IPO Shares, you should carefully consider all the information contained in this Prospectus including but not limited to the following general and specific risk factors.

3.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

(i) Business Risks

We are subject to certain business risks inherent to the industry that we are currently operating in. This may include, amongst others, shortages in skilled workforce, increases in the cost of workforce and cost of operations, entry of new competitors, fluctuations in demand for our products, market acceptance of new products, changes in general economic, business, competitive and credit conditions, and changes in government policies and other business risks common to going concerns.

To a certain extent, we have experienced some of the business risks mentioned above, particularly during and after the Asian economic crisis in 1997. However, due to our strong working relationships with our customers and suppliers, the diversity of our product range, and the streamlining of our operations, we were able to sustain our operations.

In mitigation, our senior management have in excess of twenty (20) years relevant industry experience on average, whilst our other key management and technical personnel have in excess of ten (10) years of relevant industry experience on average.

However, there is no assurance that any changes in the abovementioned factors will not adversely impact our Group's business and profitability.

(ii) Financial Risks

Our working capital requirements are partially met by internally generated funds and external financing. Given that we have borrowings and the payment of the loan interest is dependent on the prevailing interest rate, future fluctuations of interest rates could have material effects on our Group's interest and principal repayment. Presently, we enjoy good credit standing with our bankers and have adequate credit facilities.

Save as disclosed in Section 9.2, Section 9.4.3 and Section 9.7 of this Prospectus, we do 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 31 March 2008, our total borrowings amounted to approximately RM51.9 million.

Notwithstanding the above, our Directors are confident of our ability to meet our financial obligations when they become due and payable, with internally generated funds and / or external borrowings. In addition, our Listing will enable us to tap the capital markets in the future to meet long-term funding requirements when the need arises. The effective usage of the capital markets will result in relatively cheaper sources of funds, which may enhance our profitability due to interest savings, and enable us to further expand our operations and lessen our exposure to fluctuations in interest rates.

However, there is no assurance that future fluctuations of interest rates will not adversely impact our ability to meet financial obligations when they become due and payable.

3. RISK FACTORS (Cont'd)

(iii) Operational Risks and Insurance Coverage

We are susceptible to various operational risks such as accidents, outbreaks of fire or floods, energy crises or other natural calamities, which may cause loss of or damage to our goods and / or significant damage to our warehouses, manufacturing facility and offices, thus disrupting and affecting our business operations.

We are aware of the adverse consequences arising from inadequate insurance coverage for the accidents and outbreaks that could disrupt our business operations. Our insurance coverage may not always be sufficient to indemnify us against all possible liabilities arising from our operations.

We seek to limit the above risks through the implementation of the following plans and risk management practices: -

- (i) our facilities are equipped with the regulatory basic fire-fighting equipment such as fire extinguishers and / or hose reels. Employees are also trained on the use of these equipment as well as the proper fire-fighting techniques and procedures, and also sent to external safety courses, such as fire fighting and safety training. In addition, we purchase fire insurance coverage on our properties, warehouses and equipment;
- (ii) to cope with power failure, we have our own generators to provide sufficient electricity for our day-to-day operations at our manufacturing plant. Although any prolonged disruption of electricity would affect the overall operation efficiencies of our Group, the risk of disruption to our day-to-day operations are mitigated by the use of our power generators;
- (iii) we ensure that we have equipment and spare parts to cope with unexpected emergencies at any one time, such as storage of adequate parts for use in the maintenance of our manufacturing equipment and cash liquidity to meet liabilities when due. Our management also holds regular meetings and discussions to identify and mitigate any foreseeable problems in our business operations; and
- (iv) we ensure that our facilities, manufacturing plant and warehouses meet all safety requirements stipulated in various licenses issued by relevant authorities. We also conduct various in-house training and briefing on safety requirements, and send our staff for externally conducted safety courses, such as forklift operator and safety training on a continuous basis. By complying with the safety requirements issued by the relevant authorities, we minimise the risks of industrial accidents in our facilities.

In any event, our Directors are of the opinion that our assets are adequately insured for public liability, fire, theft and personal accidents for our staff. Despite that, there is no assurance that our insurance coverage is sufficient to offset the potential financial losses arising from such events. We would have to bear the financial costs of the uninsured amount.

There are also other risks such as natural disasters, riots, general strikes, acts of terrorism and any other risks that cannot reasonably be insured against, which may adversely affect our operations. Our Directors wish to highlight that our operations have not been affected by any of such events thus far.

3. RISK FACTORS (Cont'd)

(iv) Dependence on Major Suppliers

For the FYE 31 December 2007, our top three (3) suppliers, namely, Shell Eastern Petroleum (Pte) Ltd, Tokyo Zairyo (M) Sdn Bhd and ZEON Asia Pte Ltd contributed a total of 37.7% of our total purchases.

We have been dealing with Tokyo Zairyo (M) Sdn Bhd and ZEON Asia Pte Ltd for the last three (3) and nine (9) years, respectively. This continuing relationship will provide some form of basis for the continuing supply of synthetic latex and rubber. ZEON Asia Pte Ltd is wholly owned by ZEON Corporation, which is listed on the Tokyo Stock Exchange and Osaka Securities Exchange. We have had dealings with ZEON Corporation for approximately 21 years through various agencies.

As for the availability in the supply of synthetic latex and rubber, there are ample sources overseas. In Malaysia, there is one (1) synthetic latex plant operated by Synthomer Sdn Bhd, which started operations in 2003. However, most of the synthetic latex and rubber used are usually imported from a number of overseas countries. For the first 11 months of 2007, the import value of synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip (including synthetic latex and rubber), increased by 13.3% to reach RM1.1 billion compared to the same period in 2006. For the first 11 months of 2007, some of Malaysia's sources of imports of synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip, include, among others, Japan, Taiwan, US, UK, Korea, Thailand, and Germany. *(Source: Independent Assessment of the Industrial Chemicals and UPR Industries prepared by Vital Factor Consulting Sdn Bhd)*

We have been dealing with Shell Eastern Petroleum (Pte) Ltd for the supply of styrene monomers for the last nine (9) years. This is a demonstration of their reliability and cost-effectiveness of supply. Styrene monomers are petrochemical based products, which may be sourced from suppliers, locally and overseas. Locally, there is one (1) producer of styrene monomer in Malaysia. For the first 11 months of 2007, Malaysia imported RM593.0 million of styrene (including styrene monomers) from overseas countries, including Singapore, Indonesia, Taiwan and Thailand. *(Source: Independent Assessment of the Industrial Chemicals and UPR Industries prepared by Vital Factor Consulting Sdn Bhd)*

(v) Dependence on Principal Markets

For the FYE 31 December 2007, Malaysia accounted for approximately 75.1% or RM225.0 million of our Group's total revenue, followed by Hong Kong, which accounted for approximately 10.9% or RM32.6 million of our Group's total revenue. In the event of a decline in the demand for industrial chemicals and / or UPRs in Malaysia and Hong Kong, the dependency on Malaysia, and to a lesser extent, Hong Kong, as principal markets, may have significantly adverse effects on our financial performance.

However, we intend to leverage on our current market access in Indonesia, Vietnam and China by setting up sales offices in these countries. The establishment of sales offices in these countries will provide a local market presence in these countries, which will help us address business opportunities with existing and potential customers in the abovementioned countries. The expansion of our business in these countries is expected to mitigate our dependence on Malaysia and Hong Kong as our principal markets.

In addition, for the FYE 31 December 2007, we had a base of approximately 740 customers spread over 14 countries, including Malaysia. Our established customer base in diverse geographical markets will provide a foundation for us to minimise any over-dependency on certain markets.

3. RISK FACTORS (Cont'd)**(vi) Absence of Long-term Contracts with Customers**

We currently do not have any formal long-term contracts with our customers. For the FYE 31 December 2007, our top 20 customers accounted for approximately 48.5% or RM145.2 million of our total revenue. Our top 5 customers accounted for approximately 29.9% or RM89.4 million of our total revenue for the FYE 31 December 2007.

Although dependency on key customers is essential to a certain extent in ensuring the long-term growth of our business, the over dependency on such customers may significantly impact our business in the event of a deterioration of their financial position and / or businesses, or loss of such key customers.

We typically work from confirmed purchase orders, which to the best of our Directors' knowledge is common practice for our industry. Despite the lack of formal long-term contracts, we have developed long-term business relationships with our customers. For FYE 31 December 2007, we have been working with approximately 10 of our top 20 customers for 7 years or more. Of these, 7 of our top 20 customers have been working with us for 10 years or more. Our long-standing relationships with our customers will provide some assurance of business continuity from our existing customer base.

As mentioned in Section 3.1(v) above, for the FYE 31 December 2007, our Group had a base of approximately 740 customers spread across 14 countries, including Malaysia. Our established customer base and geographical market diversity will help us minimise any over-dependency on a particular group of customers.

(vii) Dependence on Directors, Key Management and Skilled Workforce

Being in a specialised industry, we believe that our continued success will depend, to a significant extent, upon the abilities and continued efforts of our Directors, key management personnel and skilled workforce. We are led by experienced Directors and managed by a team of qualified key personnel who have extensive knowledge and experience in the industrial chemicals industry. This is well demonstrated by our established track record for serving the specialised needs of a diverse range of manufacturers. The credentials and list of our Directors and key management are set out in Section 5 of this Prospectus.

Furthermore, the nature of our business demands both the management team and workforce to be highly skilled and technically competent in quality and safety issues / measures, especially when dealing with hazardous chemicals. Stringent safety measures are in place to prevent and eliminate hazards in the work environment. We organise progressive and continuous courses to further develop our employees' skill and technical competence and update our employees on new safety measures introduced within the industry.

Accordingly, the loss of any key personnel may have an impact on our ability to compete effectively in the industry. Therefore, we make every effort to attract, groom and retain the junior and middle management for succession planning in order to ensure smooth transition in management, should changes occur. We motivate our employees by awarding bonuses based on each employee's performances and plan to increase employees' loyalty by implementing an employee share option scheme in the future. This will ensure our continued performance and success moving forward.

3. RISK FACTORS (Cont'd)**(viii) Transportation Spillage**

The delivery of industrial chemicals and materials, and UPRs to our customers involves land transportation. There is a possibility of occurrences of spillage, which may be hazardous to the handling personnel and its immediate surroundings.

Nonetheless, our products are well packaged. As such, any incidence of spillage would be minimal, if any, and the consequential damage would therefore be limited. Moreover, throughout our history, there has not been any incidence involving major spillages of our products that has been attributed to a failure of packaging.

(ix) Environmental Concerns

We believe that our existing operations are in compliance with the relevant environmental legislation governing activities within Malaysia, such as the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987, which is a regulation passed pursuant to the Environmental Quality Act of 1974.

Our manufacturing activities, which create wastes and sludge, are governed by the Environmental Quality (Scheduled Wastes) Regulation 1989 as well.

However, there is a possibility that the Malaysian government may change its regulations with regards to environmental matters in the future, which would require us to modify our facilities and / or business operations, or incur expenses that may have an adverse material effect on our operating results.

(x) Inventory and Storage Space Management

Our wide product range of approximately 400 different types of industrial chemicals and materials, and approximately 50 active sub-categories of UPRs necessitates active monitoring and efficient inventory-management, failing which may result in overstock of particular products that may expire and / or shortage of storage space.

We employ an information technology system that links all our warehouses and administrative offices together to monitor sales and stock movements. This enables our management to have real-time information on sales and inventory levels, which allows effective and active management of our inventories and storage space.

Despite our proactive management of inventory, there is no assurance that situations involving obsolete and / or slow-moving stocks will not occur and consequently, materially affect the operations and financial position of our Group.

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3. RISK FACTORS (Cont'd)**3.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES****(xi) Political and Economic Considerations**

Changes in political and economic conditions in Malaysia and the countries in which we operate could materially and / or adversely affect our profitability and business prospects. These political and economic uncertainties include, but are not limited to, changes in political leadership, expropriation, nationalisation, changes in interest rates or tax, risks of war and global economic declines.

While we practice prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic development, which is beyond our control, will not materially affect our operations and financial results.

(xii) Foreign Exchange Risks

Fluctuations in foreign exchange rates will have an impact on the prices of imported raw materials and supplies as well as export earnings. This may have an impact on the profitability of operators within the industrial chemicals and UPR industries. An unfavourable foreign exchange movement against the RM would either increase operation costs or adversely affect operators' profitability if they decide to absorb the price increases.

Approximately 25% of our revenue and 80% of our purchases for the FYE 31 December 2007 are transacted in foreign currencies, which mainly include the USD, SGD and Japanese Yen. As such, fluctuations in foreign exchange rates will have an impact on the RM price of imported industrial chemicals, raw materials and on the RM price of exported products.

On 21 July 2005, the Malaysian Government removed the pegging of the RM to the USD for a managed float system. This system is likely to minimise wide fluctuations in foreign exchange and provide some stability for those business transactions that are in USD. Bank Negara Malaysia's primary policy objective of promoting the stability of the exchange rate will provide some mitigation against foreign currency risk.

We maintain foreign currency bank accounts to handle foreign currency transactions. Some of our foreign currency earnings are maintained in the respective foreign currency accounts, and these are later used to make payments in the respective foreign currencies. This approach also reduces the cost of carrying out currency conversions. In addition, we also undertake forward hedging for a period of two (2) to three (3) months for some of our imports of materials and export sales.

Nevertheless, there is no assurance that our performance will not be affected by adverse foreign exchange fluctuations.

(xiii) Fluctuations in Prices of Raw Materials

We are dependent on raw materials in the form of styrene monomer and glycol for the manufacture of UPR as well as industrial chemicals and materials for our marketing and distribution business. As UPR is made from petrochemicals, the price of raw materials in the form of styrene monomer and glycol may fluctuate according to world prices. In addition, many of the industrial chemicals that we trade are also subject to price fluctuations.

3. RISK FACTORS (Cont'd)

In some situations, increases in the price of raw materials and supplies are not easily passed on to customers. *(Source: Independent Assessment of the Industrial Chemicals and UPR Industries prepared by Vital Factor Consulting Sdn Bhd)* This could impact our profit margins or alternatively, if the increase in cost is passed on to customers, we may not be price competitive.

In mitigation, we are in a good financial position to hold stocks to provide some cushion against fluctuations in raw material and supply prices. As many of our raw materials and supplies are commodities and are therefore subjected to world prices, all manufacturers and distributors that use or trade in these materials will be equally affected. In most situations, increases in the price of our raw materials and supplies are usually passed onto our customers, resulting in minimal impact on us.

Nevertheless, there is no assurance that fluctuations in the prices of raw materials will not materially impact our profitability.

(xiv) Fluctuations in the Prices of UPR

The UPR that we manufacture is a commodity-like product and as such, is subjected to fluctuations in world prices. Such price fluctuations may have a material impact on our financial performance.

However, our long-term relationships with our customers insulate us, to a certain extent, from short-term price fluctuations. This is because most of our customers would want to ensure uninterrupted supply of UPR from their suppliers. As such, short-term price fluctuations would not normally have any major impact on UPR manufacturers. In the longer term, UPR price fluctuations will need to commensurate with costs of raw materials to ensure that the whole industry is viable. Under such a situation, although UPR prices may fluctuate, the differential between the cost price of raw materials (glycols) and the selling price of UPR may be relatively stable. *(Source: Independent Assessment of the Industrial Chemicals and UPR Industries prepared by Vital Factor Consulting Sdn Bhd)*

In most situations, we are able to pass on increases in the prices of UPR to customers, resulting in minimal impact on us. In addition, all other manufacturers will be similarly affected and will likely pass price increases to their customers to ensure continuing business sustainability.

Nevertheless, there is no assurance that fluctuations in the prices of UPR will not materially impact our financial performance.

(xv) Shortages in Supply

We have, in the past, experienced some shortages in supply, particularly for synthetic latex. Such shortages in supply may affect our operations significantly and materially impact on our financial performance.

However, the impact of shortages in supply on our overall business is minimal due to our diverse and extensive range of products, amounting to approximately 400 types of industrial chemicals and materials and approximately 50 active sub-categories of UPRs. Thus, our diverse and extensive product range enables us to mitigate shortages in one or a small group of products. In the event of shortages from our regular suppliers, we are able to source from alternative suppliers.

In addition, our competitors will experience any industry-wide shortages as well. Our Directors are confident that our long-term relationships with many of our suppliers will enable us to obtain supplies in times of shortages, as have been the case in the past.

3. RISK FACTORS (Cont'd)

Nevertheless, there is no assurance that shortages in supply will not materially impact our performance.

(xvi) Competition

We face competition from other operators in the marketing and distribution of industrial chemicals. However, the level of competition is dependent on the markets served. Operators that are focused on marketing and distributing industrial chemicals for use in larger industries, such as us focusing on synthetic rubber and latex and related chemicals for the rubber industry, will face less competition, as the market is sufficiently large to accommodate all the operators. Furthermore, larger operators such as our Group will have an advantage over smaller players due to our ability to carry an extensive range of products, which enables us to cross-sell products to an existing customer base, thereby reducing marketing costs. This provides economies of scale, thus improving our profitability.

In addition, we face competition from other manufacturers of UPR. Although competition exists in the industry, the barriers to entry for the manufacture of UPRs are high, primarily due to the high cost of capital investment and the high level of technology required.

Nevertheless, there is no assurance that our performance will not be affected by competition.

(xvii) Threat of Substitutes

Our industrial chemicals and materials are primarily for use in the rubber and plastic industries. Within industrial chemicals, we market and distribute the following major types of products: -

- synthetic latex and rubber;
- chemicals for rubber and latex;
- polymer resins;
- plastic additives; and
- other industrial products such as fibreglass materials.

The only substitutes for synthetic latex and rubber are natural latex and rubber. However, synthetic latex and rubber have their advantages over natural rubber, as they do not exhibit any proteins unlike natural rubber and latex, which in some cases may cause allergic reactions.

As a polymer raw material, UPR can be replaced, depending on its application, by other types of thermosetting resins, such as vinyl ester, epoxy resin, acrylic and PU. However, UPR has certain benefits over other substitutes, such as being less expensive compared to other types of thermosetting resins e.g. vinyl ester, while still being able to deliver in terms of desired properties. Vinyl ester is commonly used for higher-end industrial applications. Other advantages of UPR over its substitutes include versatility, whereby UPR has good flexibility and workability for use in various processes, including hand lay-up, spray-up, pultrusion, filament winding, cast moulding, press moulding and others. Due to its versatility, UPR is also commonly used as raw materials to manufacture composite products, such as fibreglass-reinforced products to replace metal products that perform the same function, and synthetic marble to replace the use of natural marble in the manufacture of kitchen tops and sanitary ware.

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3. RISK FACTORS (Cont'd)**3.3 RISKS RELATING TO INVESTMENT IN OUR SHARES****(xviii) No Prior Market for Securities**

There has been no prior public market for our securities. There can be no assurance that an active public market will be developed or sustained after our Listing or that the market price of our Shares will not decline below the IPO Price. We believe that a variety of factors could cause our Share price to fluctuate and such fluctuations may adversely affect the market price of our Shares.

The IPO Price for our Shares has been determined after taking into consideration a number of factors, including but not limited to, our financial and operating history and condition, the prospects of the industries we operate in, our management and the market prices for shares of companies engaged in businesses similar to ours, and may not be indicative of the market price of our Shares after our Listing.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Board of Bursa Securities upon or subsequent to our Listing.

(xix) Capital Market Risks

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the flows of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions in Malaysia as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of the listed securities.

Nevertheless, our profitability is not dependent on the performance of Bursa Securities, as our business activities have no direct correlation with the performance of securities listed on Bursa Securities.

(xx) Control by Promoters

Upon our Listing, our Promoters, as set out in Section 5.1 of this Prospectus, will collectively hold 45.82% of our enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and / or by the relevant guidelines or regulations.

We have appointed three (3) Independent Directors and an Audit Committee has been set up to ensure that all future transactions involving related parties, if any, are entered into on an arms-length basis.

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3. RISK FACTORS (Cont'd)

(xxi) Failure / Delay in the Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing on the Main Board of Bursa Securities: -

- (i) the identified investors fail to subscribe to the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (ii) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder;
- (iii) we are unable to meet the public spread requirement as determined by Bursa Securities i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iv) we are unable to obtain permission from Bursa Securities for our Admission to the Official List and for the quotation of our entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities.

In such an event, subject to restrictions set out in Section 3.3(xxii) below, we will return in full without interest, all monies paid in respect of any Applications accepted. Nevertheless, our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

(xxii) Delay between Admission and Trading of the IPO Shares

After the IPO Shares have been allocated to the respective investors' CDS accounts in Bursa Depository, which would occur at least two (2) clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of IPO Shares from us in the event the Admission and the commencement of trading on the Main Board of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In order for us to return monies to investors in respect of IPO Shares following their allotment and issue, a reduction of our share capital would be required. This would require a special resolution of our shareholders and such resolution would have to be confirmed by the Malaysian High Court. There can be no assurance that monies can be recovered within a short period of time, or at all. If Bursa Securities does not admit our Shares for Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a materially adverse effect on the value of our Shares.

(xxiii) Material Litigation, Claim or Arbitration and Legal Uncertainties

As at 31 March 2008, our Group is not engaged in any material litigation, claim and arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect our position or business or the position or business of our subsidiaries.

However, there can be no assurance that there would be no proceedings in the future that could adversely affect the positions or business of our Group.

3. RISK FACTORS (Cont'd)

(xxiv) Disclosure Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts, including, without limitations, those regarding our financial position, business strategy, plans and objectives of our management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which our present and future business strategies and the environment in which we will operate in the future. Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statement in this Prospectus should not be regarded as a representation or warranty by us, or our Adviser, that our plans and objectives will be achieved.

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4. INFORMATION ON OUR GROUP

4.1 BACKGROUND INFORMATION

4.1.1 Incorporation and Commencement of Business

We were incorporated in Malaysia under the Act on 4 September 1991 as a private limited company under the name of Luxchem Corporation Sdn. Bhd. Subsequently, on 3 August 2007, we were converted to a public company and assumed the name of Luxchem Corporation Berhad since.

We are an investment holding company. Through our subsidiaries, we are a supplier of industrial chemicals whose principal business activities incorporate the following: -

- marketing and distribution of industrial chemicals and materials; and
- manufacture of UPR.

Our history can be traced back to 1984 with the establishment of Lux Trading, a sole proprietorship. Lux Trading was involved in the marketing and distribution of industrial chemicals, focusing on synthetic rubber and rubber chemicals, UPRs, fibreglass materials and polymer-related products. Later during the year, LT was incorporated and by 1987, LT took over the entire business operations of Lux Trading.

As part of our expansion efforts, we established our presence nationwide by setting up marketing, distribution and warehouse centres, in Penang in 1989, and later on in Johor in 1991 and Perak in 1992. This was followed by our Group's expansion overseas through LTSG, which was established in 1992 to oversee the marketing and distribution of industrial chemicals in Singapore.

In 1995, in order to increase our warehousing capacity and to centralise our administrative operations, we constructed a new warehouse and administrative centre on our 1.85-acre land in Port Klang, Selangor. LPOLY was also incorporated to undertake the manufacturing of UPR.

The following year, we entered into a technology transfer arrangement with Takeda Chemicals Industries Ltd for the manufacturing of UPR.

Subsequently, in 1998, we commercialised our UPR, with an initial annual capacity of 3,000 tonnes, which to-date has increased to 20,000 tonnes per annum. In the same year, we also made our first export sales to Dubai for our in-house manufactured UPR.

In view of the synergistic production process of UPR with that of gel coat, a surface coat of a specialised polyester resin, we had in 1999 successfully initiated gel coat production with an initial production of 26.5 tonnes. We attribute our success in this area to Takeda Chemicals Industries Ltd, our Japanese partner in the production of UPR as well as our technical team in developing the know-how in the production of the same.

In line with our emphasis on quality, LPOLY, LT and LTSG, all fully-owned subsidiaries within our Group, were accredited with ISO 9001:2000 in 2001, 2003 and 2007, respectively.

In 2005, we entered into a new technical cooperation arrangement with Japan Composite Co. Ltd for the transfer of technology to manufacture vinyl ester and other specialty resins.

In the second quarter of 2007, LPOLY commenced the pilot production of vinyl ester resins for chemical applications.

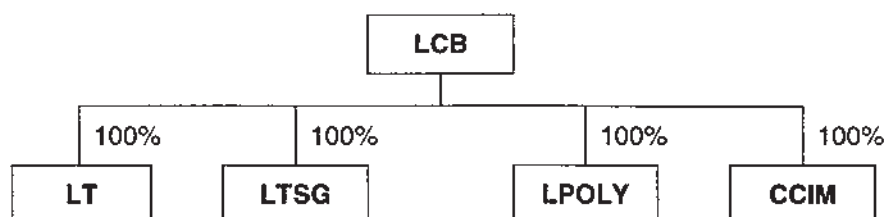
4. INFORMATION ON OUR GROUP (Cont'd)

In 2006, through our own R&D efforts, LPOLY successfully commenced production of putty resin.

Since our inception in 1984, we have established our reputation in the industrial chemicals industry and have proven to be reliable in the provision of various industrial chemicals and materials, and UPRs.

4.1.2 Group Structure

As at the date of this Prospectus, our Group structure is as follows: -



Our subsidiaries and their respective principal activities are as follows: -

Corporation	Date / Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest %	Principal Activities
LT	17 July 1984 / Malaysia	RM5,000,000	100	Marketing and distribution of industrial chemicals & materials
LTSG	30 December 1992 / Singapore	SGD50,000	100	Marketing and distribution of industrial chemicals & materials
LPOLY	20 June 1995 / Malaysia	RM3,000,000	100	Manufacture of UPR
CCIM	28 December 1996 / Malaysia	RM2	100	Procurement of industrial chemicals & materials

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4. INFORMATION ON OUR GROUP (Cont'd)**4.1.3 Share Capital and Changes in Share Capital**

Our present authorised share capital is RM100,000,000 comprising 200,000,000 Shares, of which RM55,000,000 comprising 110,000,000 Shares have been issued and fully paid-up.

Details of the changes in our issued and paid-up share capital since incorporation are as follows: -

Date of Allotment	No. of Shares Allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		RM		RM
04.09.1991	2	1.00	Subscribers' shares	2
23.07.2007	-	0.50	Share split of par value of two (2) existing ordinary shares of RM1.00 each into four (4) ordinary shares of RM0.50 each	2
09.05.2008	109,999,996	0.50	Acquisition of LT	55,000,000

Our issued and paid-up capital will subsequently increase to 130,000,000 Shares by way of the Public Issue of 20,000,000 Shares at the IPO Price.

As at the date of this Prospectus, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital.

4.1.4 Location of Business**Corporate Office**

No. 6, Jalan SS21/58
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

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4. INFORMATION ON OUR GROUP (Cont'd)

Our Group operates from the following premises: -

Subsidiary	Location	Main Functions	Built-up Area (Square feet)	Address
Operations in Malaysia				
LT	Petaling Jaya, Selangor	Head office, administration centre, marketing and distribution	[^] 9,530	No 4 & 6, Jalan SS21/58 Damansara Utama 47400, Petaling Jaya Selangor Darul Ehsan
	Port Klang, Selangor	Warehouse	30,000	Lot 3385, Jalan Banting Pandamaran 42000, Port Klang Selangor Darul Ehsan
		Administrative office	2,400	
	Ipoh, Perak	Marketing and distribution	6,500	No 54, Persiaran Rishah 9 Kawasan Perindustrian Miel Siiibin 30100, Ipoh Perak Darul Ridzuan
	Prai, Penang	Marketing and distribution	3,600	No 8, Lorong Nagasari 11 Taman Nagasari 13600, Prai Pulau Pinang
	Johor Bahru, Johor	Marketing and distribution	7,210	No 4, Jalan Bistari 4 Taman Industri Jaya 81300, Skudai Johor Darul Takzim
LPOLY	Malacca	Manufacturing plant, marketing and distribution	86,595	3, Jalan TTC 30 Taman Teknologi Cheng 75250, FASA 4A Melaka
CCIM	Selangor	Procurement centre	*	No 4 & 6, Jalan SS21/58 Damansara Utama 47400, Petaling Jaya Selangor Darul Ehsan
Overseas Operations				
LTSG	Singapore	Marketing and distribution	732	No 10, Jalan Besar #09-05 Sim Lim Tower Singapore, 208787

Notes: -

- [^] Based on floor space used by our Group.
- * Located in the same office as LT.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.1.5 Listing Scheme**

In conjunction with, and as an integral part of our Listing, we undertook the Listing Scheme, which involves the following: -

(a) Acquisitions**(i) Acquisition of LT**

Pursuant to a conditional SPA entered into between our Company as the purchaser and Tang Ying See, Chin Song Mooi, Chow Cheng Moey, Lee Choong Onn, Au Chun Choong and Yee Poh Leng as the vendors on 3 August 2007, LCB acquired the entire issued and fully paid-up share capital of LT, comprising 5,000,000 ordinary shares of RM1.00 each in LT, for a purchase consideration of RM54,999,998, wholly satisfied by the issuance of 109,999,996 new LCB Shares to the respective vendors of LT at an issue price of RM0.50 per LCB Share, in the following manner: -

Name	Shareholdings in LT prior to Acquisition of LT		No. of LCB Shares issued as consideration
	No. of ordinary shares	%	
CRSB	-	-	* 58,970,000
Tang Ying See	3,223,772	64.47	* 24,823,098
Chin Song Mooi	900,000	18.00	* 6,929,998
Chow Cheng Moey	803,403	16.06	17,674,900
Lee Choong Onn	24,275	0.49	534,000
Au Chun Choong	24,275	0.49	534,000
Yee Poh Leng	24,275	0.49	534,000
Total	5,000,000	100.00	109,999,996

Note: -

* Upon completion of the Acquisitions and to consolidate their shareholdings in LCB, Tang Ying See and Chin Song Mooi respectively transferred 46,099,972 and 12,870,028 LCB Shares to CRSB, a company jointly controlled by Tang Ying See and Chin Song Mooi. The mandatory offer provisions under Subsection 6(2)(a) of the Malaysian Code on Take-overs and Mergers, 1998 were not applicable, as the consolidation of Tang Ying See and Chin Song Mooi's shareholdings in LCB, amounting to more than 33% of the voting shares in LCB, does not change the voting powers of Tang Ying See and Chin Song Mooi in LCB, and there was effectively no change in the substantial shareholders of LCB, and consequently no change in control of LCB.

The purchase consideration of RM54,999,998 for the Acquisition of LT was arrived at on a willing-buyer willing-seller basis, based on the adjusted audited consolidated NA of the LT Group of RM54,999,998 as at 31 December 2006.

4. INFORMATION ON OUR GROUP (Cont'd)

The issued and paid-up share capital of LT was acquired free from all liens, charges, equities and encumbrances together with all rights, interests, dividends, bonuses, advantages and accretions attaching thereto and all other entitlements due.

The completion of the Acquisition of LT on 9 May 2008 resulted in the issued and paid-up share capital of LCB increasing from RM2 comprising 4 LCB Shares to RM55,000,000 comprising 110,000,000 LCB Shares.

(ii) Acquisitions of LTSG, LPOLY and CCIM

Pursuant to conditional SPAs entered into between our Company as the purchaser and LT as the vendor on 17 August 2007, our Company acquired LT's entire equity interest in the following companies: -

- (I) the entire issued and paid-up share capital of LTSG amounting to SGD50,000 divided into 50,000 ordinary shares, for a purchase consideration of RM2. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited net liability position of LTSG of SGD14,958 as at 31 December 2006;
- (II) the entire issued and paid-up share capital of LPOLY amounting to RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM8,581,141. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NA of LPOLY of RM8,581,141 as at 31 December 2006; and
- (III) the entire issued and paid-up share capital of CCIM amounting to RM2 comprising 2 ordinary shares of RM1.00 each, for a purchase consideration of RM2. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited net liability position of CCIM of RM8,878 as at 31 December 2006.

The purchase consideration for LTSG, LPOLY and CCIM was wholly satisfied by cash and was completed on 12 May 2008.

(b) Public Issue

We are undertaking a Public Issue, details of which are set out in Section 2.3(a) of this Prospectus.

(c) Offer For Sale

Our Offerors are undertaking an Offer For Sale, details of which are set out in Section 2.3(b) of this Prospectus.

(d) Listing

Upon completion of the abovementioned Acquisitions, Public Issue and Offer For Sale, we will seek Admission and Listing.

4. INFORMATION ON OUR GROUP (Cont'd)

4.1.6 Key Achievements / Milestones / Awards

Following are some of our key milestones: -

Year	Milestones
1984	Lux Trading, a sole proprietorship, commences marketing and distribution of industrial chemicals and materials. Incorporation of LT
1987	LT takes over entire business operations of Lux Trading
1989	Set up marketing, distribution and warehouse centre in Penang
1991	Set up marketing, distribution and warehouse centre in Johor
1992	Set up marketing, distribution and warehouse centre in Perak
1992	Incorporation of LTSG for marketing and distribution activities in Singapore
1995	Construction of warehouse and administrative office in Port Klang, Selangor
1995	Incorporation of LPOLY and commenced R&D for manufacture of UPR
1996	Entered into a technology transfer program with Takeda Chemicals Industries Ltd to manufacture UPR
1998	Commenced commercial production of UPR
1999	Commenced production of gel coat
2001	LPOLY accredited ISO 9001:2000 Quality Management System
2003	LT accredited ISO 9001:2000 Quality Management System
2005	Entered into a technology transfer program with Japan Composite Co Ltd for the manufacture of vinyl ester resins
2006	Commenced production of putty resin
2007	Commenced pilot production of vinyl ester resins for chemical applications
2007	LTSG accredited ISO 9001:2000 Quality Management System

4.2 OUR SUBSIDIARIES

4.2.1 LT

(a) Background and History

LT was incorporated in Malaysia under the Act on 17 July 1984 as a private limited company under the name Luxchem Trading Sdn Bhd. LT embarked into the marketing and distribution of industrial chemicals in 1987.

(b) Principal Activities and Products / Services

The principal activities of LT are the marketing and distribution of industrial chemicals and materials.

4. INFORMATION ON OUR GROUP (Cont'd)**(c) Substantial Shareholders**

LT is a wholly-owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of LT is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of LT as at LPD is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of LT since its incorporation are as follows: -

Date of allotment	No. of shares allotted	Par value	Consideration	Cumulative issued and paid up share capital
		RM		RM
17.07.1984	2	1.00	Cash; Subscribers' shares	2
18.05.1987	299,998	1.00	Otherwise than cash; Capitalisation of RM299,998/- owing to Tang Ying See	300,000
08.10.1987	30,000	1.00	Otherwise than cash; Capitalisation of RM30,000/- owing to Tang Ying See	330,000
30.09.1989	82,000	1.00	Otherwise than cash; Capitalisation of RM81,664.52 owing to Tang Ying See; Balance RM335.48 in Cash	412,000
16.10.1989	70,000	1.00	Cash	482,000
30.06.1990	241,000	1.00	Bonus Issue	723,000
24.07.1991	677,000	1.00	Cash	1,400,000
05.02.1994	600,000	1.00	Cash	2,000,000
24.03.1997	3,000,000	1.00	Bonus Issue	5,000,000

As at the date of this Prospectus, LT does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary / Associated Company

As at the date of this Prospectus, LT does not have any subsidiary or associated company.

4.2.2 LTSG**(a) Background and History**

LTSG was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 30 December 1992 as a private limited company under the name Luxchem Trading (S) Pte Ltd. LTSG commenced its business in 1994.

4. INFORMATION ON OUR GROUP (Cont'd)**(b) Principal Activities and Products / Services**

The principal activities of LTSG are the marketing and distribution of industrial chemicals and materials in Singapore.

(c) Substantial Shareholders

LTSG is a wholly-owned subsidiary of our Company.

(d) Share Capital

The issued and fully paid-up share capital of LTSG as at LPD is SGD50,000 divided into 50,000 ordinary shares.

The changes in the issued and paid-up share capital of LTSG since its incorporation are as follows: -

Date of allotment	No. of Shares allotted	Consideration	Cumulative issued and paid up share capital SGD
30.12.1992	2	Cash; Subscribers' shares	2
01.01.1995	49,998	Cash	50,000

As at the date of this Prospectus, LTSG does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary / Associated Company

As at the date of this Prospectus, LTSG does not have any subsidiary or associated company.

4.2.3 LPOLY**(a) Background and History**

LPOLY was incorporated in Malaysia under the Act on 20 June 1995 as a private limited company under the name Luxchem Polymer Industries Sdn Bhd. LPOLY embarked into the manufacture of UPR in 1998.

(b) Principal Activities and Products / Services

LPOLY is principally engaged in the manufacture of UPR.

(c) Substantial Shareholders

LPOLY is a wholly-owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of LPOLY is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of LPOLY as at LPD is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of LPOLY since its incorporation are as follows: -

4. INFORMATION ON OUR GROUP (Cont'd)

Date of allotment	No. of Shares allotted	Par value	Consideration	Cumulative issued and paid up share capital
		RM		RM
20.06.1995	2	1.00	Cash; Subscribers' shares	2
11.06.1996	999,998	1.00	Cash	1,000,000
18.07.1997	2,000,000	1.00	Cash	3,000,000

As at the date of this Prospectus, LPOLY does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary / Associated Company

As at the date of this Prospectus, LPOLY does not have any subsidiary or associated company.

4.2.4 CCIM**(a) Background and History**

CCIM was incorporated in Malaysia under the Act on 28 December 1996 as a private limited company under the name Chemplex Composite Industries (M) Sdn Bhd. CCIM commenced its business in 1997.

(b) Principal Activities and Products / Services

CCIM is principally engaged in the procurement of industrial chemicals and materials.

(c) Substantial Shareholders

CCIM is a wholly-owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of CCIM is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of CCIM as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of CCIM since incorporation are as follows: -

Date of allotment	No. of Shares allotted	Par value	Consideration	Cumulative issued and paid up share capital
		RM		RM
28.12.1996	2	1.00	Cash; Subscribers' shares	2

As at the date of this Prospectus, CCIM does not have any outstanding warrants, options, convertible securities or uncalled capital.

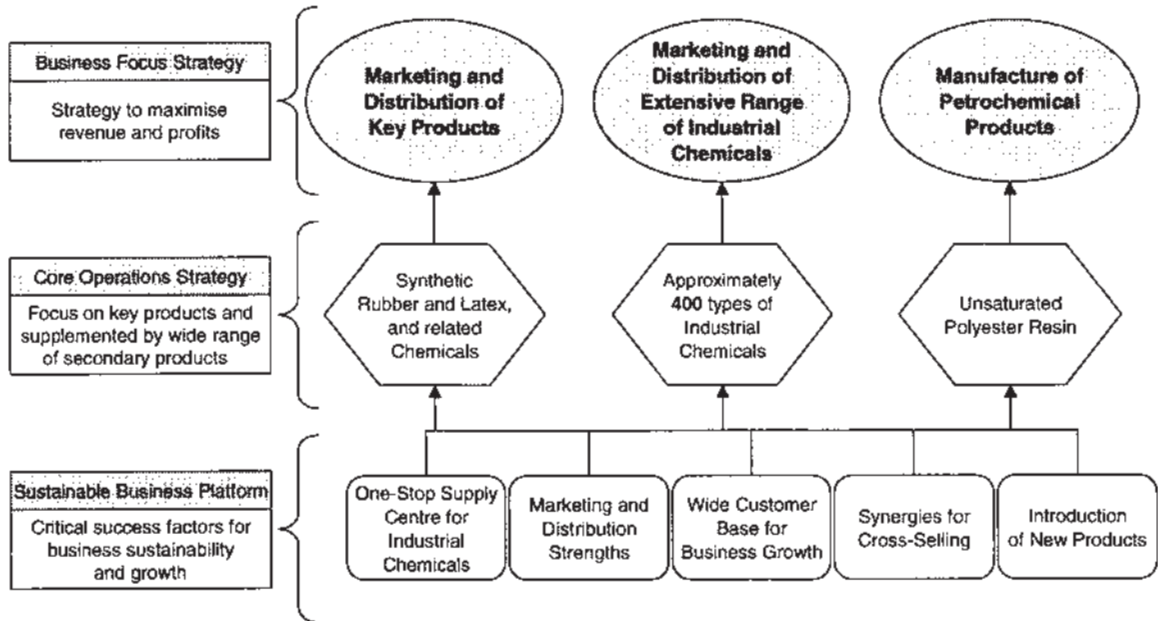
4. INFORMATION ON OUR GROUP (Cont'd)

(e) Subsidiary / Associated Company

As at the date of this Prospectus, CCIM does not have any subsidiary or associated company.

4.3 OUR BUSINESS

4.3.1 Business Model



Our business model comprises three (3) platforms – (A) Business Focus Strategy; (B) Core Operations Strategy; and (C) Sustainable Business Platform.

(A) Business Focus Strategy

Our overall business focus strategy is to focus on our combined expertise in the marketing and distribution of industrial chemicals and materials, and the manufacture of UPRs to serve as our main revenue streams.

Marketing and distribution enables us to enlarge our revenue and profit base, while manufacturing activities enable us to increase our profitability.

Within marketing and distribution, we adopt a two-pronged strategy: -

- the first prong is to focus and excel in selected sectors and strive to be a key player within the selected sectors. This will help us maintain our profitability when competing with other players in the industry. To this end, we focus on synthetic rubber and latex, and related chemicals, which accounted for 41.1% of total Group revenue whilst UPRs accounted for 27.5% of our Group's total revenue for the FYE 31 December 2007; and
- the second prong is to widen our product base to maximise revenue streams, but still focusing on industrial chemicals. This provides us with a base for continuous business growth. To this end, we currently market and distribute approximately 400 products.

4. INFORMATION ON OUR GROUP (Cont'd)**(B) Core Operations Strategy**

Our business model platform is our core operations strategy, which focuses on the marketing and distribution of synthetic rubber and latex, and related chemicals, supplemented by a very wide range of other industrial chemicals, and the manufacture of UPR.

Our core operations strategy supports our business focus strategy as follows: -

- our key product focus are synthetic rubber and latex, and related chemicals. Since the incorporation of LT in 1984, the success of our business and reputation has been largely due to our becoming of an established supplier in this sector in Malaysia;
- to enlarge our business and maximise our core competencies in marketing and distribution, we have vastly expanded our offering of industrial chemicals and materials to approximately 400 types, and approximately 50 active sub-categories of UPRs. This vast range provides us with a base to sustain as well as grow our business; and
- with the assistance of technology transferred from Japan since 1996, we have developed the expertise to manufacture UPR, which is a plastic in primary form derived from petroleum. This manufacturing capability enlarges our business, which allows us to increase our profitability.

Synthetic Rubber and Latex, and Related Chemicals

Our key product focus on synthetic latex and rubber, and related chemicals, is predicated on the following considerations: -

- synthetic rubber and latex are the main raw materials used by manufacturers to produce a wide range of products ranging from rubber tyres and moulded parts to latex gloves, condoms and catheters. Latex and rubber chemicals, which include accelerators, antioxidants, curatives and others, are commonly used during the compounding and formulation processes.

According to the Malaysian Industrial Development Authority, in 2007 there were approximately 510 manufacturers of rubber (including latex) products in Malaysia. In 2007, the sales value of rubber products registered a growth of 4.5% to reach RM11.9 billion. *(Source: Independent Assessment of the Industrial Chemicals and UPR Industries prepared by Vital Factor Consulting Sdn Bhd)*

To optimise our business opportunities from the large size of the rubber industry, we target the synthetic rubber and latex market segment sector; and

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4. INFORMATION ON OUR GROUP (Cont'd)

- the rubber industry covers a wide range of applications and products. As such, addressing the upstream sector of the rubber industry by supplying basic raw materials provides us with business diversification to mitigate against any impact towards one or small groups of user industries. For example, we supply synthetic rubber to tyre and rubber moulded product manufacturers and synthetic latex to glove, condom and catheter manufacturers. Thus, if there is a downturn of any one end-user segment, our overall business will not be unduly affected.

Approximately 400 Types of Industrial Chemicals and Materials

We carry approximately 400 different types of industrial chemicals and materials, which provides us with the following advantages: -

- the extensive range of products provides us with various avenues and opportunities for growth. In addition, our business is also diversified and not over-reliant on any one end-user industry;
- provides the ability to meet most of our customer requirements for industrial chemicals across diverse end-user industries, and provides convenience to our customers, thus promoting customer retention and loyalty, and at the same time attracting new customers;
- with an extensive range of products, we are able to cross sell to the same customer base and across end-user segments. This maximises our marketing and distribution efforts which increases our economies of scale; and
- our wide technical knowledge garnered from marketing a wide range of products provides us with a competitive advantage to win new and retain established customers. This is particularly important and much sought after by most of our customers as they are mainly manufacturers themselves. Technical knowledge is highly regarded in the industry as it directly impacts our customers' business and performance.

Manufacture of UPR

Part of our business strategy to undertake manufacturing is to increase our value adding and thus, improve our profitability. To this end, we have collaborated with a number of overseas manufacturers for the transfer of technology to manufacture various resins, of which the current focus is on UPR.

As we manufacture the UPR ourselves, we are able to exercise full control over the quality of our UPR supplied, which is a crucial consideration by customers since UPR is normally used as a raw material for diverse applications.

In addition, as a manufacturer, we are also able to customise, via R&D, our UPRs to meet customer requirements.

As at LPD, we have in-house capabilities and expertise to manufacture approximately 100 different sub-categories or grades of UPR for use in a wide range of applications. Of these, approximately 50 sub-categories of UPR are currently being manufactured.

4. INFORMATION ON OUR GROUP (Cont'd)

(C) Sustainable Business Platform

Firstly, to provide a sustainable business platform, we focus on the following key success factors: -

- one-stop supply centre for industrial chemicals and materials;
- marketing and distribution strengths;
- wide customer base for business growth;
- synergies for cross-selling; and
- introduction of new products.

One-stop supply centre for industrial chemicals and materials: We serve as a one-stop supply centre for many of our customers due to our wide product range of industrial chemicals and materials, and UPRs.

Marketing and distribution strengths: Our seven (7) marketing and distribution centres in Peninsular Malaysia and Singapore form the backbone of our marketing and distribution network.

Wide customer base for business growth: Our extensive product breadth and depth enables us to supply the needs of diverse end-user industries. For the FYE 31 December 2007, our customer base comprises approximately 740 customers spread across 14 countries, including Malaysia.

Synergies for cross selling: Our wide customer base and extensive portfolio of products provides us with synergies for cross selling of products to established and new customers.

Introduction of new products: Our in-house technical knowledge and expertise allows us to introduce new products, which suits our customer requirements better, where and when available.

4.3.2 Competitive Strengths and Advantages

Our Directors believe that our success and future prospects are bolstered by a combination of strengths and advantages, including the following: -

(i) One-stop Supply Centre for Industrial Chemicals

Our wide product range enables us to serve as a one-stop supply centre for industrial chemicals and materials and UPR.

With approximately 400 different types of industrial chemicals and materials as at LPD, our products are broadly categorised into synthetic rubber and latex, rubber and latex chemicals, polymer resins, plastic additives, fibreglass materials and others. In addition, with a cumulative total of approximately 100 different grades of UPR, we meet most, if not all of our customers' UPR requirements. Of these, we are currently manufacturing approximately 50 sub-categories of UPR.

Our ability to provide the convenience of a one-stop supply centre for industrial chemicals and materials promotes customer loyalty among our established customers, and attracts new customers.

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4. INFORMATION ON OUR GROUP (Cont'd)**(ii) Wide Customer Base for Business Growth**

Our extensive range of products positions us to supply the needs of a wide customer base in diverse end-user industries. For the FYE 31 December 2007, our customer base comprised approximately 740 customers spread across 14 countries, including Malaysia. This large and established customer base provides us the platform to sustain and grow our business.

(iii) Synergies for Cross Selling of Products

Our wide customer base and extensive portfolio of products provides us with considerable synergies for cross selling of products to established and new customers. This significantly reduces our cost of marketing and distribution, whilst providing growth opportunities for our business.

(iv) Wide Range and Extensive Stock

For marketing and distribution operations, we currently maintain a wide range and extensive inventories of industrial chemicals and materials. We have an information technology system in place for monitoring sales and stock movements, which links all our warehouses and administrative offices together.

Our extensive stock enables us to promptly deliver a wide range of products to customers on demand. This ability to quickly fulfil orders strengthens our relationships with our customers, as our customers rely on us for inventory holding and just-in-time deliveries, thus enabling them to save on inventory costs.

(v) Market Reputation and Established Track Record

We began operations in 1984 and over the years, have developed a reputation in Malaysia as an established supplier of industrial chemicals and materials. This reputation is further bolstered by our manufacture of UPR. Our established reputation is augmented by the fact that 10 of our top 20 customers have been dealing with our Group for 7 or more years. Of these, 7 of our top 20 customers have been dealing with the Group for 10 or more years.

(vi) Financial Strength

Our financial performance and growth have been steady over the years, which we expect to continue beyond our Listing. From FYE 31 December 2005 to FYE 31 December 2007, we recorded a compounded average growth rate of 15.7% for both our revenue and PAT.

A large part of our business is in the marketing and distribution of industrial chemicals and materials. We are able to command reasonable margins by keeping operating costs low. In addition, our profitability is further enhanced by our manufacturing business. For FYE 31 December 2005 – FYE 31 December 2007, we recorded an average gross profit margin and PAT margin of approximately 11.1% and 5.2%, respectively.

Our favourable financial performance over the years has allowed us to expeditiously capitalise on business growth opportunities when identified. We are also able to maintain a wide range of raw materials and products, which presents several key advantages as elaborated in Section 4.3.2(iv) of this Prospectus.

4. INFORMATION ON OUR GROUP (Cont'd)

(vii) Marketing and Distribution Strength

We have an established marketing and distribution network, which is supported by seven (7) marketing and distribution centres, six (6) of which are strategically located throughout Peninsular Malaysia, in Selangor, Perak, Penang, Johor and Malacca, while one (1) is located in Singapore.

Our marketing and distribution network enables us to better service our customers, obtain feedback on improvements and be in the position to work closely with our customers to understand their needs and requirements.

(viii) Product Quality

The ISO 9001:2000 certifications of our subsidiaries, LPOLY, LT and LTSG are endorsements of the quality assurance system that is in place for our manufacture of UPRs, and marketing and distribution of industrial chemicals and materials. These certifications provide customers with the assurance of our Group's quality.

Our ability to deliver quality products consistently is a key advantage in building customer satisfaction and ensuring long-term customer loyalty.

(ix) Introduction of New Products

Our in-house technical knowledge and expertise allows us to develop close working relationships with our customers, where we serve as consultants that identify customers' evolving needs. Subsequently, we introduce new products that suits their requirements better, where and when available.

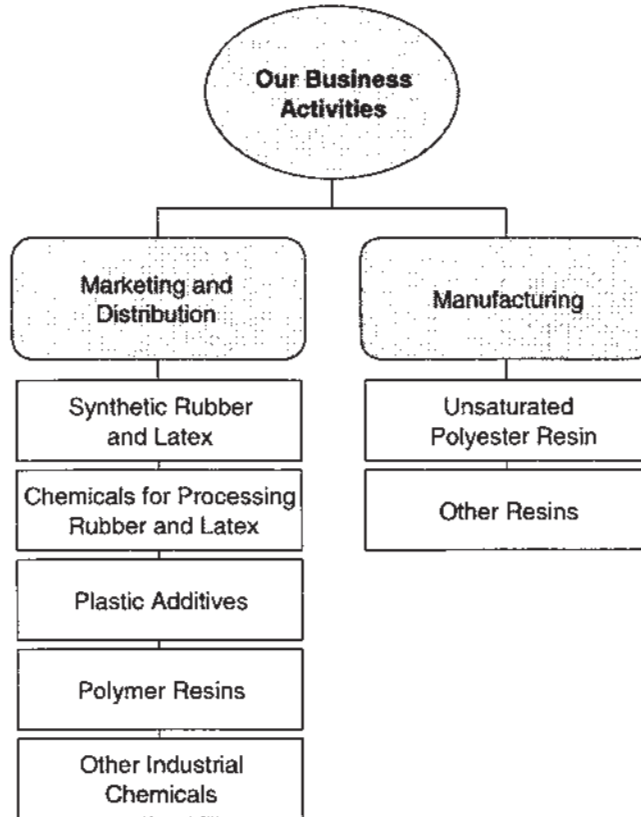
Thus, we assist our customers in keeping abreast with innovative and / or cost-effective materials and applications, which in turn improve their manufacturing processes and products. This allows us to add to our product range whilst creating customer satisfaction and loyalty.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.3.3 Types of Products and Services

Our principal categories of products and related services are as follows: -



As at LPD, we market and distribute approximately 400 types of industrial chemicals and materials covering eight (8) major categories. Some of the major categories include: -

- synthetic rubber and latex;
- chemicals for rubber and latex;
- polymer resins;
- plastic additives; and
- other industrial products such as fibreglass materials.

We manufacture UPRs for a diverse range of applications to meet different technical properties, including heat, chemical and water resistance, high durability, UV resistance, good wetting-out properties and impact resistance. We also manufacture specialised polyester resins, including gel coat and putty resins.

4.3.3.1 Marketing and Distribution of Industrial Chemicals

LT is responsible for marketing and distribution within Malaysia and export markets, while LTSG focuses on marketing and distribution in Singapore and other overseas markets.

For the FYE 31 December 2007, marketing and distribution activities amounted to RM210.3 million, representing approximately 70.2% of our total revenue.

4. INFORMATION ON OUR GROUP (Cont'd)

Between FYE 31 December 2005 and 2007, our revenue from marketing and distribution activities grew from RM168.0 million in FYE 31 December 2005 to RM210.3 million for the FYE 31 December 2007. This represents a compound annual growth rate of approximately 11.9% per annum.

We market and distribute the following major categories of industrial chemical products, including, among others: -

- synthetic latex;
- latex chemicals;
- synthetic rubber;
- rubber chemicals;
- plastic additives;
- polymer resins;
- paint and coating materials;
- fibreglass materials; and
- others include catalysts, pigment pastes, aluminium hydroxide, raw materials for brakes and others.

Some of the applications of industrial chemicals marketed and distributed by us include the following: -

Types of industrial chemicals	Applications
Synthetic latex and latex chemicals	Latex products e.g. latex gloves, condoms, balloons, swimming caps, finger cots, latex foam, carpet underlays, and medical devices e.g. latex catheters
Synthetic rubber and rubber chemicals	Rubber products e.g. tyres, inner tubes, car mats or floor mats, automotive parts, rubber threads, rubber bands, shoe soles, bushes / mountings, extruded mechanical goods, hoses and tubes, rollers, o-rings and oil seals, diaphragms, auto tires and belts, fuel hoses, vibration mounts, air inlet ducts, gaskets, bellows, duct applications, weather strips, glass run channels, plug covers, home appliances, adhesives, sealants, insulation films, rubber carriers and binders, medical parts, keypads and remote controls
Plastic additives	Added into plastic products e.g. plastic hoses, PVC leather, tiles, shoes, plastic bottles, pipes and tubes, profiles and edgings, plastic sheets, wires and cables, gaskets and flexible PVC products
Polymer resins	PVC resin commonly used in all types of PVC-based products in various forms, e.g. sheets and films, profiles and edgings, pipes and tubes, and conduits
	PU resin to manufacture PU foams e.g. convoluted foams and contour foams, and foam products e.g. display packs and cushion shippers
Paint and coating materials	Finishing and coatings for plastic products
	Wood panel coatings, plywood coatings
	Marine paints and metal coatings
	Chemicals for paint manufacturing, e.g. fillers and drying accelerators
Fibreglass materials	Fibreglass materials e.g. chopped-strand mats and woven roving used in certain manufacturing process e.g. hand lay-up, injection moulding and press moulding for production of laminated glass-reinforced plastics for industrial applications e.g. transportation, sports and leisure equipment

4. INFORMATION ON OUR GROUP (Cont'd)

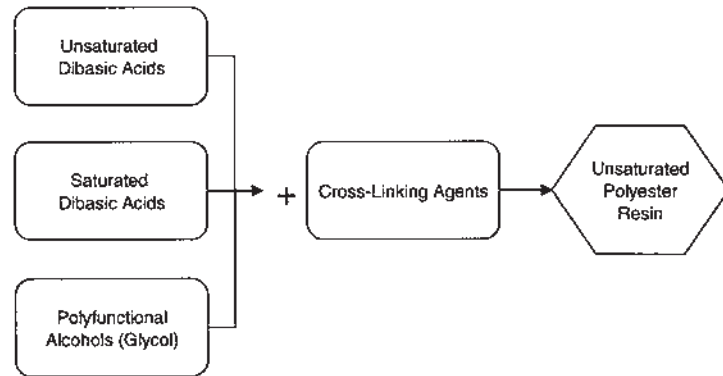
4.3.3.2 Manufacturing Activities

(i) Manufacture of UPR

The manufacture of UPR is undertaken by LPOLY, a wholly-owned subsidiary within our Group. UPR is a plastic in primary form and is derived from petrochemicals.

In 1996, we entered into a technology transfer program with Takeda Chemicals Industries Ltd. for the manufacturing and commercialisation of UPR. The program was successfully completed in 2004, and we are now self-sufficient in the manufacture of UPR.

In general, UPR is a thermosetting polymer, which is capable of being cured from a liquid state depending on the operating conditions. The general manufacturing process is depicted in the figure below: -



The UPR is formed from the condensation reaction of an unsaturated dibasic acid, a saturated dibasic acid, and a polyfunctional alcohol. The condensate obtained is mixed with styrene monomer as a cross linking agent to obtain the unsaturated polyester formulation.

For the FYE 31 December 2007, the manufacture of UPR amounted to RM82.2 million, representing approximately 27.5% of our total revenue.

UPRs manufactured by us are widely used in the following application processes: -

- hand lay-up;
- spray-up;
- pultrusion;
- filament winding;
- cast moulding;
- press moulding;
- resin transfer moulding;
- resin concrete moulding; and
- continuous moulding.

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4. INFORMATION ON OUR GROUP (Cont'd)

UPRs are widely used for diverse applications due to its good mechanical properties of strength, corrosion resistance and low weight. Some of the general applications of UPRs include, amongst others: -

Sector	Applications
Household products	Synthetic marble and granite (used in manufacturing of bathroom and kitchen countertops), sanitary ware (e.g. bathtubs, vanity tops and sinks), bathroom furniture (e.g. baths and shower trays, and shower rooms unit), septic tanks, and parts for solar water heating systems
Construction	Skylights, corrugated sheets, flat plates, panels, water-proof linings, rods, concrete shutterings, concrete shooters, and resin concrete (pipe or manhole)
Automobile	Automobile body filler, bumper beams, body panels, sunroof frames, catalytic converter heat shields, dashboard carriers, seat structures, battery supports, spring systems, buggies, golf carts, and camping trailers
Vessel	Fishing boats, leisure boats, life boats, sunroof frames, seat structures, canoes, yachts, boat hulls, hover crafts, operating boats, floats
Railcar	Cooler covers, instrumental panels, seats and fuel tanks
Industrial	Storage tanks, silos, ducts, electrical equipment and insulation devices, shipping containers, anti-corrosion floor linings, pipes, and cooling towers, ray domes, breakers, switch boards, speaker boxes and satellite dishes
Sports goods	Bowling balls, surfboards, skis, helmets, swimming pools, hot tubs, fishing rods and rackets
Miscellaneous	Buttons, body putty, chairs, benches, planters, showcases, mannequins, ornaments, trays, paints and adhesive products

We also have capabilities to meet customers' requirements in relation to different mechanical properties of UPR. Amongst many others, this includes tensile strength, flexural strength, viscosity, corrosion and chemical resistance, thermal stability, stain resistance and processability.

As at LPD, we have successfully manufactured a cumulative total of approximately 100 different grades and types of UPRs, of which approximately 50 sub-categories of UPR are currently being manufactured.

We have in-house expertise to manufacture UPRs with the following properties: -

- chemical resistance;
- UV resistance;
- weather resistance;
- water resistance;
- boiling-water resistance;
- heat resistance;
- higher flexibility;
- anti cracking;

4. INFORMATION ON OUR GROUP (Cont'd)

- rapid setting or curing;
- fire retardant;
- low-styrene emission; and
- low-profile additives.

We sell our own range of UPRs through our in-house marketing and distribution functions. LPOLY obtained ISO accreditation for the manufacture of UPR from Lloyd's Register of Shipping (M) Bhd, Malaysia in 2001. This is a reflection of our management's emphasis on quality.

Our experienced in-house quality team closely monitors our production processes to ensure the quality standards of our products. As such, proper implementation and compliance with our quality control is reflected in the quality of our products.

(ii) **Manufacture of Specialised Polyester Resin**

We are also involved in the manufacture of specialised polyester resins such as gel coat and putty resin.

Gel Coat

Gel coat is a surface coat of a specialised polyester resin (either coloured or clear) that is applied over fibreglass laminates. It conceals the fibreglass reinforcement to provide a smooth surface for aesthetic considerations, whilst its pigmentation provides the desired colour to the parts. In addition, gel coat is also used to improve resistance to degradation from exposure to the environment.

For the FYE 31 December 2007, the manufacture of gel coat amounted to RM2.3 million, representing approximately 0.8% of our total revenue.

We have successfully manufactured six (6) different grades of gel coat for hand lay-up and spray-up processes. In addition, we are able to provide various colours of gel coat based on customer requirements and specifications.

With our in-house capabilities and R&D, we managed to manufacture gel coats with the following resistance properties: -

- UV resistance; and
- water resistance.

Putty Resin

Putty resin is a mixture of resin made of UPR with fillers and other additives, depending on the final density desired. It is commonly used as body fillers for sealing holes and imperfections on metal surfaces, primarily in automobiles.

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4. INFORMATION ON OUR GROUP (Cont'd)

(iii) Manufacture of Vinyl Ester Resin

In the second quarter of 2007, we commenced the pilot production of vinyl ester resin.

Vinyl ester resin is a type of thermosetting resin that has a similar molecular structure to unsaturated polyesters. However, the vinyl ester molecule features fewer ester groups. These ester groups are susceptible to water degradation by hydrolysis. As such, vinyl ester resin exhibits better resistance to water and many types of chemicals.

Currently, our pilot production of vinyl ester resin is for general-purpose applications including: -

- floor linings;
- boat hulls;
- chemical storage tanks; and
- fumed scrubbers.

In general, vinyl ester resin has the following properties: -

- corrosion resistance to fuels, vapours, acids and basic chemicals;
- heat resistance; and
- high strength.

4.3.3.3 Technology Used

Polymerisation

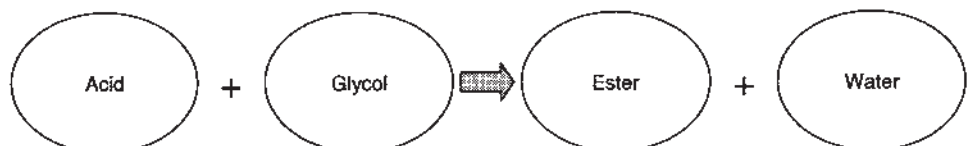
We utilise the polymerisation technology in manufacturing operations. In general, there are two (2) types of polymerisation or polymer synthesis: -

- condensation polymerisation; and
- chain-growth polymerisation.

We currently utilise condensation polymerisation for our manufacture of UPR. Within condensation polymerisation, there are two (2) methods that can be used to produce UPR, including: -

- batch process; and
- continuous process.

We are currently utilising the batch process. The process is based on the condensation polymerisation of polymer synthesis, where firstly acid and glycol react to form an ester, which is depicted as follows: -



Note: -

Polymerisation is a generic term to describe the basic process of forming long chains of polymers from monomers. Polyesterification is a polymerisation process that creates long chain of ester polymers.

4. INFORMATION ON OUR GROUP (Cont'd)

Monomers involved in condensation polymerisation have functional groups. These functional groups combine to form ester linkages. When this occurs, water molecules are formed, and removed through condensation.

The basic chemical reaction involves an acid group reacting with an alcohol group (glycol) to form an ester and a water molecule. There are two (2) reactive groups on both sides of the ester chain. These can react with other groups to form a longer chain. Thus, a long chain can be formed by ester links, which is polyester.

The reaction commonly takes place at about 200 degrees centigrade that allows the water to evaporate. This reaction will rapidly increase the viscosity due to the growth of the chains.

At a desired point, cooling down the mixtures halts the reaction and polyester is diluted to styrene monomer and additives are added. The additives are used for controlling the curing process and colour. Styrene monomer is used as cross-linking agent, as maleic acid component contains a double bond.

Currently, we have in-house expertise to manufacture various grades of UPR with different properties, by using different acids and glycols as well as various additives.

In general, some of the typical components used to form UPR are as follows: -

Acid group		Polyfunctional alcohols	Cross-linking agents
Unsaturated dibasic acids	Saturated dibasic acids		
Fumaric acid	Adipic acid	Diethylene glycol	2-Ethyl hexylacrylate
Maleic anhydride	isophthalic anhydride	Dipropylene glycol	Acrylamide
	Phthalic anhydride	Ethylene glycol	Diallyl phthalate
		Neopentyl glycol	Methyl methacrylate
		Pentaerythritol	Styrene monomers
		Propylene glycol	Vinyl acetate
			Vinyl toluene

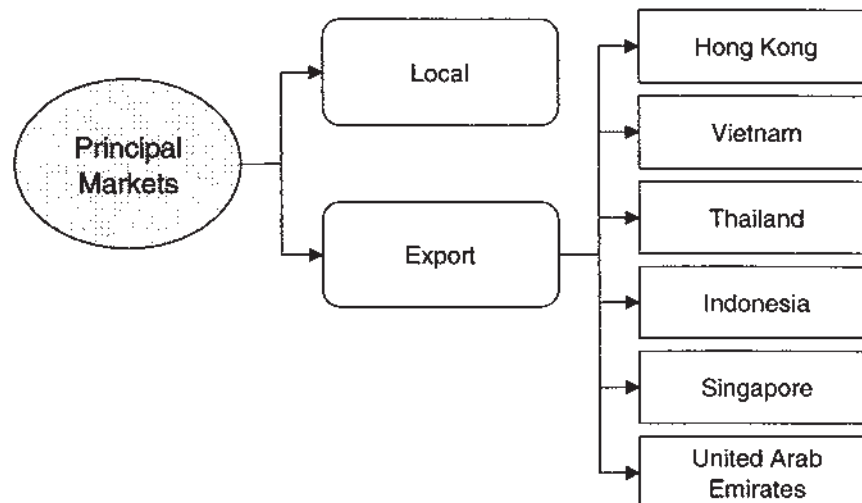
Promoters or accelerators are also used as additives to achieve desired properties depending on the applications: -

- promoters or accelerators, are active oxidising agents suspended in a liquid carrier used in conjunction with a catalyst to produce internal heat in a liquid plastic to cure it; and
- inhibitors are substances that retard the polymerisation process to extend the shelf life of a monomer. They are also used to influence the gel time to slow the chemical reaction that leads to curing.

4. INFORMATION ON OUR GROUP (Cont'd)

4.3.4 Principal Markets

For the FYE 31 December 2007, our principal markets are as follows: -



For the FYE 31 December 2007, the local market contributed 75.1% of our total revenue. The remaining 24.9% of total revenue was derived from overseas countries.

For FYE 31 December 2007, the revenue contributions segmented by countries are as follows: -

	Revenue for the FYE 31 December 2007	
	RM'000	%
Malaysia	224,770	75.1
Overseas	74,662	24.9
Hong Kong	32,569	10.9
Vietnam	12,659	4.2
Thailand	9,348	3.1
Indonesia	6,024	2.0
Singapore *	4,810	1.6
United Arab Emirates	4,189	1.4
China	2,196	0.7
Iran	1,637	0.6
Philippines	537	0.2
Australia	322	0.1
Pakistan	254	0.1
Sri Lanka	113	- ^
Japan	4	- ^
Total	299,432	100.0

Notes: -

* Sales to Singapore comprise both exports from Malaysia and local sales made by our subsidiary, LTSG in Singapore.

^ Negligible.