



AGROCHEMICALS



HEALTHCARE DISPOSABLES



HORTICULTURE & BIOTECHNOLOGIES



◆ Foliages & Planting



◆ Vermiculture



◆ Tissue Culture

Website: www.halex-group.com

HALEX HOLDINGS BERHAD (206220-U)
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HALEX HOLDINGS BERHAD PROSPECTUS



HALEX HOLDINGS BERHAD

(Company No. 206220-U)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:-

(I) PUBLIC ISSUE OF 10,000,000 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") ALLOCATED IN THE FOLLOWING MANNER:-

- 2,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE EMPLOYEES WHO HAVE CONTRIBUTED TO OUR SUCCESS AND DEVELOPMENT;
- 2,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS; AND
- 6,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC

(II) OFFER FOR SALE OF UP TO 10,000,000 EXISTING SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE/OFFER PRICE OF RM0.78 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT



OSK Investment Bank Berhad (14152-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR "RISK FACTORS"

THIS PROSPECTUS IS DATED 19 AUGUST 2009



RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other fact which if omitted, would make any statement in this Prospectus false or misleading.

OSK Investment Bank Berhad (14152-V) ("OSK"), being our Adviser, Sole Underwriter and Sole Placement Agent to our Flotation Exercise (as defined herein), 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 Flotation Exercise.

STATEMENTS OF DISCLAIMER

The Securities Commission ("SC") has approved our Listing Scheme (as defined herein) and a copy of this Prospectus has been registered with the SC. The approval, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Listing Scheme or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being issued/offered for investment.

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 for any loss you may suffer 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 THE FLOTATION EXERCISE AND YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.**

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the securities being issued/offered. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the invitation, our company, our shares or our Flotation Exercise. Bursa Securities 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 are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act, 2007.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the Capital Markets & Services Act 2007, e.g. directors and advisers, are responsible.

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

This Prospectus can also be viewed or downloaded from the Bursa Securities' website at 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 www.eipocimb.com, the website of CIMB Bank Berhad at www.cimbclicks.com.my, the website of Malayan Banking Berhad at www.maybank2u.com.my and the website of RHB Bank Berhad at www.rhbbank.com.my via hyperlink to the website of Bursa Securities.

You are advised that the Internet is not a fully secured medium, and that your Internet Share Application (as defined herein) 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 the control of the Internet Participating Financial Institution (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House, a paper printed copy of this Prospectus. In the event of any discrepancy arising between the contents of the Electronic Prospectus and the paper printed copy of this Prospectus for any reason whatsoever, 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 and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites. Accordingly, we and our Adviser are not responsible for the availability of, or the content or any data, files or other materials provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;
- (II) we and our Adviser 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 and our Adviser 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, files or other materials downloaded from the Third Party Internet Sites is done at your discretion and risk. We and our Adviser 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 materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (I) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent that the content of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions, 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 an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the Internet is not a fully secured medium.

The Internet Participating Financial Institutions are 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 inaccuracy, change, alteration, deletion or omission in respect of the information provided in an 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 yours or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, 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 Initial Public Offering (as defined herein), 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 Initial Public Offering would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for the Initial Public Offering would be in compliance with the terms of the Initial Public Offering and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted the Initial Public Offering 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 country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which the Flotation Exercise or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to the Flotation Exercise 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 following events are intended to take place on the following tentative dates:

Events	Date
Issuance of Prospectus/Opening of applications for the IPO (as defined herein)	19 August 2009
Closing of applications for the IPO	3 September 2009
Balloting of applications for the Public Issue Shares (as defined herein)	7 September 2009
Allotment of the Public Issue Shares to successful applicants	10 September 2009
Listing (as defined herein)	16 September 2009

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and Sole Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for application of the IPO to any later date or dates.

Should the closing date of the application for the IPO be extended, we will advertise a notice of the extension in widely-circulated English and Bahasa Malaysia newspapers prior to the original closing date of applications for the IPO. Following this, the dates for the balloting of applications for the Public Issue Shares, allotment of the Public Issue Shares and Listing would be extended accordingly.

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PRESENTATION OF INFORMATION

All references to “HALEX” and “our Company” in this Prospectus are to Halex Holdings Berhad, references to “our Group” are to our Company and our subsidiaries taken as a whole and references to “we”, “us”, “our” and “ourselves” are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to “Management” are to our Directors, key management and key technical personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise specified.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industries in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, including the projections from the Independent Market Researcher, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our 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 Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (a) demand for our products and services;
- (b) our business strategies;
- (c) plans and objectives of our Management for future operations;
- (d) our financial position; and
- (e) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) the economic, political and investment environment in Malaysia and globally; and
- (b) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 – "Risk Factors" and Section 12.2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. Due to these and other uncertainties, we cannot assure you that the forward-looking statements included in this Prospectus will be realised.

The forward-looking statements in this Prospectus are based on information available to us as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

"Act"	:	Companies Act, 1965
"ADA"	:	Authorised Depository Agent
"Adviser"	:	OSK
"Application Form(s)"	:	The printed application form(s) for the application for the IPO Shares
"ATM"	:	Automated Teller Machine
"Board"	:	Our Board of Directors
"Bonus Issue"	:	Bonus issue of 45,440,000 new Shares on the basis of approximately two (2) Bonus Shares for every one (1) existing Share held in our Company. The Bonus Issue was completed on 30 January 2009
"Bonus Share(s)"	:	45,440,000 new Shares issued pursuant to the Bonus Issue
"BPFK"	:	BIRO Pengawasan Famaseutikal Kebangsaan (National Pharmaceutical Control Bureau), Ministry of Health, Malaysia
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CABI"	:	Centre of Applied Bioscience International (formerly known as Commonwealth Agriculture Bureau International)
"CABI-SEA"	:	CABI - Southeast and East Asia
"CDS"	:	Central Depository System
"CEPP, UTM"	:	Chemical Engineering Pilot Plant in Universiti Teknologi Malaysia
"CMSA"	:	Capital Markets and Services Act, 2007
"D&B Malaysia"	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M)
"Declaration of Dividends"	:	Declaration of an aggregate net dividend of RM2,378,110 for the six (6)-month FPE 31 March 2009 to the shareholder of Halex Industries, namely Halex (M). Subsequently, a declaration of an aggregate net dividend of RM22,297,723 for the six (6)-month FPE 31 March 2009 to the common shareholder of Halex (M) and Halex Woolton, namely HALEX
"Director"	:	Either an executive director or a non-executive director of the Company within the meaning of Section 4 of the Act
"DOA"	:	Department of Agriculture, Malaysia
"Electronic Share Application"	:	An application for the IPO Shares through Participating Financial Institution's ATM
"EPS"	:	Earnings per share

DEFINITIONS (Cont'd)

"Flotation Exercise"	:	The Internal Restructuring, Share Split, Declaration of Dividends, Bonus Issue, Public Issue, Offer for Sale and Listing collectively
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended
"Government"	:	Malaysian government
"HALEX" or "Company"	:	Halex Holdings Berhad (206220-U)
"Halex (M)"	:	Halex (M) Sdn Bhd (47751-V)
"Halex Biotechnologies"	:	Halex Biotechnologies Sdn Bhd (194063-T)
"Halex Chemicals (S)"	:	Halex Chemicals (S) Pte. Ltd. (198001279K)
"HALEX Group" or "Group"	:	HALEX and its subsidiaries
"Halex Industries"	:	Halex Industries (M) Sdn Bhd (60664-A)
"Halex Realty"	:	Halex Realty Sdn Bhd (144568-T)
"Halex Trading"	:	Halex Trading Sdn Bhd (163702-M)
"Halex Woolton"	:	Halex Woolton (M) Sdn Bhd (161532-H)
"Initial Public Offering" or "IPO"	:	The Public Issue and Offer for Sale collectively
"Internal Restructuring"	:	Restructuring of the composition of our Group into two (2) distinct core business segments, being the agrochemicals, agro-biotechnology and horticulture business segment, and the healthcare disposables business segment, in such manner as set out in Section 9.1 of this Prospectus
"Internet Participating Financial Institution(s)"	:	Participating organisations in the Internet Share Application as listed in Section 17 of this Prospectus
"Internet Share Application"	:	An application for the IPO Shares through an Internet Participating Financial Institution
"IPO Share(s)"	:	The Public Issue Share(s) and Offer Share(s) collectively
"Listing"	:	Listing of and quotation for our entire enlarged issued and paid-up share capital of RM40,000,000 comprising 80,000,000 Shares on the Main Market of Bursa Securities
"Listing Requirements"	:	Listing Requirements of Bursa Securities
"Listing Scheme"	:	The Initial Public Offering and Listing collectively
"LPD"	:	30 June 2009, being the latest practicable date prior to the printing of this Prospectus
"MARDI"	:	Malaysian Agricultural Research and Development Institute
"Market Day(s)"	:	Any day between Monday to Friday (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities

DEFINITIONS (Cont'd)

"MCPA"	:	Malaysian CropLife and Public Health Association
"MI"	:	Minority interest
"MITI"	:	Ministry of International Trade and Industry
"MNC(s)"	:	Multinational company/(ies)
"NTA"	:	Net tangible assets
"Offer for Sale"	:	Offer for sale of up to 10,000,000 Offer Shares at an Offer Price of RM0.78 per Share by the Offerors by way of placement to Bumiputera investors approved by the MITI
"Offer Price"	:	RM0.78 for each Offer Share
"Offer Share(s)"	:	Share(s) being offered pursuant to the Offer for Sale
"Offeror(s)"	:	Our existing shareholders who are the offerors for the Offer for Sale and the number of Shares offered are set out in Section 9.6 of this Prospectus
"Official List"	:	The list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"OSK"	:	OSK Investment Bank Berhad (14152-V)
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 17 of this Prospectus
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Placement Agent"	:	OSK
"PRC"	:	People's Republic of China
"Promoter(s)"	:	Promoter(s) of our Company, namely Yeoh Cheng Poh, Husaini bin Md Sadli @ Md Sardili, Low Ngak Tiow and Ong E Jo @ Wong Ah Chuan
"Public Issue"	:	Public issue of 10,000,000 new Shares at an Issue Price of RM0.78 per Share payable in full upon application, subject to the terms and conditions of this Prospectus
"Public Issue Price" or "Issue Price"	:	RM0.78 for each Public Issue Share
"Public Issue Shares" or "Issue Shares"	:	The 10,000,000 new Shares to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
"QC"	:	Quality control
"R&D"	:	Research and development
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission

DEFINITIONS (Cont'd)

"Share(s)"	:	Ordinary share(s) of RM0.50 each in our Company pursuant to the Share Split
"Share Split"	:	Share split of 12,280,000 ordinary shares to 24,560,000 ordinary shares by sub-dividing the par value of the ordinary share of RM1.00 per share in our Company to RM0.50 per share
"UK"	:	United Kingdom
"Underwriter"	:	OSK
"Underwriting Agreement"	:	Underwriting agreement dated 24 July 2009 entered into between us and the Sole Underwriter
"USA"	:	The United States of America

CURRENCIES

"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"SGD"	:	Singapore Dollar
"USD"	:	United States Dollar
"Yen"	:	Japanese Yen

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GLOSSARY OF TERMS

"2,4-D"	:	2,4-dichlorophenoxyacetic acid is a hormone-type herbicide used in the control of broadleaf weeds and is commonly found in weed control products. The popular 2,4-D range products are 2,4-D Amine (water-based) and 2,4-D Butyl Ester (oil-based)
"2,4-D Amine"	:	Amine salt of 2,4-dichlorophenoxyacetic acid. It is a selective hormone-type compound used mainly as a post-emergence herbicide
"2,4-D Butyl Ester" or "2,4-D BE"	:	Butyl ester of 2,4-dichlorophenoxyacetic acid. Same group with 2,4-D Amine but with different compound. Normally in wettable powder or EC formulation and oil-based in ester form
"Active ingredient"	:	In any pesticide product, the component that kills, or controls and targets pests. Pesticides are regulated primarily on the basis of active ingredients, such as glyphosate
"Adjuvant"	:	Any substance that is added to the spray tank, separate from the pesticide formulation, which will improve the performance of the pesticide. Adjuvants can either enhance the activity of a pesticide's active ingredients or offset any problem associated with spray applications such as adverse water quality or wind. Adjuvants include surfactants, crop oils, anti-foaming agents, buffering compounds, drift control agents, compatibility agents, stickers and spreaders
"Agriculture chemical" or "Agrochemical"	:	A chemically-produced substance, in aqueous or non-aqueous form, such as pesticides, fertilisers and plant growth regulators, used in agriculture to improve crops or livestock production
"Agro-biotechnology"	:	Any technique which uses living organisms to make or modify products, improve plant or to develop microorganisms for specific agricultural use
"Carbendazim"	:	A systemic benzimidazole fungicide that is used to control a broad range of diseases on arable crops (cereals, oilseed rape), fruits, vegetables and ornamentals. It is also used in post-harvest food storage, and as a seed pre-planting treatment
"Chlorothalonil"	:	A broad spectrum, contact or protectant fungicide with long residual activity that helps to prevent infection by fungi when applied as a protective barrier on the plant surfaces
"Chlorpyrifos"	:	An insecticide that is a white crystal-like solid with a strong odor. It does not mix well with water, so it is usually mixed with oily liquids before it is applied to crops or animals. It may also be applied to crops in a capsule form
"Cypermethrin"	:	A synthetic compound primarily used as an insecticide that acts as a fast-acting neurotoxin (a toxin that acts specifically on nerve cells) in insects
"Emulsifiable Concentrate" or "EC"	:	A pesticide formulation consisting of an active ingredient and an emulsifying agent in an organic solvent. The solvent is usually not soluble in water. When an EC product is mixed with water prior to application, the resulting mix is a dispersion of fine, oily particles in water

GLOSSARY OF TERMS (Cont'd)

- "Emulsifier" : A substance which stabilises a mixture of two (2) immiscible (unblendable) substances
- "Emulsion, oil in Water" or "EW" : The designation for a stable emulsion of active ingredient(s) in an aqueous phase, intended for dilution with water before use. The active ingredient is normally a liquid and forms the dispersed oil phase, but it is also possible to emulsify a solid active ingredient or liquid active ingredient that is dissolved in a water immiscible solvent.
- Emulsions, like suspension concentrate, are metastable systems. Thus, after transportation and storage, it may be necessary to re-homogenise the formulation, either by shaking small containers or by stirring the contents of large containers
- "Ex-plant" : Any organ from a mother plant, such as cells, stems, shoots, leaves, bulbs, embryo, and any part of a flower and roots
- "Glyphosate" : A non-selective water-based herbicide that kills or controls weeds
- "HDPE" : High density polyethylene
- "Inert ingredient" : A substance other than the active ingredient that is intentionally included in a product to make it easier to use or more efficient. It is also used to improve the storage, handling, application, effectiveness or safety of a product. Inert ingredients are not intended to prevent, destroy, mitigate or repel target pests
- "Molinate" : A selective herbicide used to control weeds in rice. It is toxic to germinate broadleaf and grassy weeds. Molinate is available in granular and emulsifiable liquid formulations
- "Paraquat" : A non-selective, contact herbicide
- "PET" : Polyethylene Terephthalate, a thermoplastic polymer resin of the polyester family that is used in synthetic fibers, beverage, food and other liquid container, thermoforming applications and engineering resins often in combination with glass fiber
- "pH" : A measure of the acidity or basicity of a solution
- "Protoplast" : A plant or bacterial cell that has had its cell wall removed
- "Protoplast fusion" : Comprises removal of cell walls and then the amalgamation of cell contents. Ex-plants from selected plant varieties (related species) would be treated with certain chemicals and as a result, the protoplast would be released and isolated from the cells. The mixture of protoplasts is placed in the medium that contains chemical such as Polyethylene Glycol (PEG), which enhances protoplasts fusion. The uptake and fusion of protoplasts from related species results in formation of new genetically modified cells. This will be placed into suitable medium to grow, and new plantlets may be regenerated
- "psi" : It stands for "Pounds per Square Inch", and is the common unit of measurement for pressure

GLOSSARY OF TERMS (Cont'd)

- "Sand granulation" : A pesticide formulation that is in granule form and which contains fewer amounts of active ingredients as compared to other forms of formulation (suspension concentrate, soluble liquid and wettable powder). As such, the product is ready for use, and farmers or planters can broadcast or scatter the sand granules onto the grounds where plants are planted using their hand or granular blowers
- "Surfactant" : The term surfactant is a blend of "**Surface active agent**". It is a substance that is added to the pesticides and fertilisers to reduce the surface tension. Surfactants are used for liquid form products. It is the active ingredient in most adjuvants and can be classified by the presence of formally charged groups in its head, as follows:
- Non-ionic surfactant – no charge groups in its head
 - Anionic surfactant – the head of the ionic surfactant carries a negative net charge
 - Cationic surfactant – the head of the ionic surfactant carries a positive net charge
 - Zwitterionic surfactant – the head of the ionic surfactant carries two (2) oppositely-charged groups
- Surfactants that are commonly used in pesticide formulations are non-ionic and anionic surfactants. Non-ionic surfactants do not affect the pesticides' pH levels, while anionic surfactants lower the pesticides' pH levels
- "Suspension concentrate" : Also known as flowable concentrate, in which solid active ingredients are dispersed in a liquid (normally water) together with additives. This forms a lastingly stable water dispersible suspension. Before application, the concentrate would be mixed with water to achieve the desired spraying solution
- "Triclopyr" : A systemic, foliar herbicide that controls broadleaf weeds while leaving grasses unaffected
- "Water dispersible granule" or "WDG" : WDG is a granule formulation of pesticide that is normally in concentrated form, and is readily dispersible in water
- "Wettable powder" or "WP" : Finely divided solids, typically mineral clays, to which an active ingredient is absorbed. They provide an ideal way to apply an active ingredient in spray form that is not readily soluble in water
- "Wetting agent" : Similar to "Surfactant", except that it is commonly used for powder form products
- "Xylene" : A colourless flammable solvent, commonly used in printing, rubber, leather and agrochemical industries

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Profession
Yeoh Cheng Poh <i>(Chairman cum Managing Director)</i>	No. 23, Jalan Bulat Taman Century 80250 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Low Ngak Tiow <i>(Non-Independent Executive Director)</i>	No. 1, Jalan Bukit Indah Taman Bukit Mewah 43000 Kajang Selangor Darul Ehsan	Malaysian	Company Director
Ong E Jo @ Wong Ah Chuan <i>(Non-Independent Executive Director)</i>	No. 48, Jalan Tasek Taman Tasek 80200 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Husaini bin Md Sadli @ Md Sardili <i>(Non-Independent Executive Director)</i>	No. 21, Jalan Keembong 34 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Supian bin Yussof <i>(Non-Independent Executive Director)</i>	No. 29, Jalan Austin Perdana 5/12 Taman Austin Perdana 81100 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Chiew Khwai @ Chiew Swee King <i>(Independent Non-Executive Director)</i>	No. 6, Lorong Bunga Ros Taman Sri Kulai Baru 81000 Kulai Johor Darul Takzim	Malaysian	Company Director
Tham Kut Cheong <i>(Independent Non-Executive Director)</i>	No. 2, Persiaran Basong Damansara Heights 50490 Kuala Lumpur	Malaysian	Chartered Accountant
Song Kok Cheong <i>(Independent Non-Executive Director)</i>	No. 3, Jalan 7/20, Section 7 46050 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Dato' Dr Yeang Hoong Yeet <i>(Independent Non-Executive Director)</i>	No. 18, Jalan Tasik Angsana 3 Pantai Sepang Putra 43950 Sungai Pelek Selangor Darul Ehsan	Malaysian	Research Consultant

CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Tham Kut Cheong	Chairman	Independent Non-Executive Director
Song Kok Cheong	Member	Independent Non-Executive Director
Dato' Dr Yeang Hoong Yeet	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Yeoh Cheng Poh	Chairman	Chairman cum Managing Director
Tham Kut Cheong	Member	Independent Non-Executive Director
Song Kok Cheong	Member	Independent Non-Executive Director

COMPANY SECRETARY

: Laang Jhe How (*MIA: 25193*)
 No. 37, Jalan Sri Petaling 16
 Sri Petaling
 57000 Kuala Lumpur
 Telephone No. : (03) 7727 3873

REGISTERED OFFICE AND HEAD OFFICE

: No. 9, Jalan Taruka
 Tampoi Industrial Estate
 81200 Johor Bahru
 Johor Darul Takzim
 Telephone No. : (07) 237 1543
 Website: www.halex-group.com
 E-mail address: halexm@tm.net.my

ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT

: OSK Investment Bank Berhad (*14152-V*)
 20th Floor, Plaza OSK
 Jalan Ampang
 50450 Kuala Lumpur
 Telephone No. : (03) 2333 8333

AUDITORS

: Leou & Associates (*AF0659*)
 No. 107-B, Jalan Aminuddin Baki
 Taman Tun Dr Ismail
 60000 Kuala Lumpur
 Telephone No. : (03) 7727 5573

Seow Teng Liang & Co (*000352*)
 No. 190, Middle Road
 #16-04 Fortune Centre
 Singapore 188979
 Telephone No. : (02) 6336 6155

CORPORATE DIRECTORY (Cont'd)

- REPORTING ACCOUNTANTS** : Leou & Associates (AF0659)
No. 107-B, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Telephone No. : (03) 7727 5573
- SOLICITORS FOR THE IPO** : T.C. Chong & Rakan Rakan
No. 23-2, Jalan Maharajalela
50150 Kuala Lumpur
Telephone No. : (03) 2141 8268
- PRINCIPAL BANKERS** : Alliance Bank Malaysia Berhad (88103-W)
No. 50 & 52, Jalan Dedap 13
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 353 5388
- Hong Leong Bank Berhad (97141-X)
No. 12-16, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 226 8980
- HSBC Bank Malaysia Berhad (127776-V)
2nd Floor, No. 46, Jalan Molek 1/10
Taman Molek
81100 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 357 3707
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
P.O. Box 13269
50804 Kuala Lumpur
Telephone No. : (03) 2693 2075
- REGISTRAR** : Insurban Corporate Services Sdn Bhd
No. 149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Telephone No. : (03) 7727 5529
- INDEPENDENT MARKET RESEARCHER** : Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M)
Level 9-3A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No. : (03) 2080 6000
- LISTING SOUGHT** : Main Market of Bursa Securities

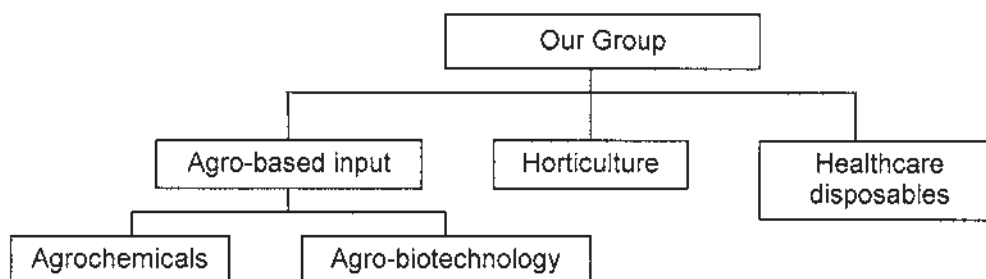
1. SUMMARY

This section is only a summary of the salient information about us and the IPO, and does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus. You should read and understand this section together with the entire Prospectus before you decide as to whether or not to invest in us.

1.1 Who We Are

We were incorporated in Malaysia on 13 October 1990 under the Act as a private limited company under the name Halex Holdings Sdn Bhd. Subsequently, on 11 January 2007, we converted our status from a private limited company to a public limited company to facilitate our listing on the Main Market of Bursa Securities. We are principally an investment holding company.

Our core business activities are illustrated below:



We are principally involved in the following:

- (a) manufacturing, formulation, re-packaging, distribution and agency of agrochemicals;
- (b) propagation of various ornamental plants through the application of biotechnology and other related agro-biotechnology activities;
- (c) propagation and sales of foliage cuttings, potted and festive plants; and
- (d) manufacturing and distribution of healthcare disposable products, such as wet wipes, cotton-based products, sanitary towels and tissue products.

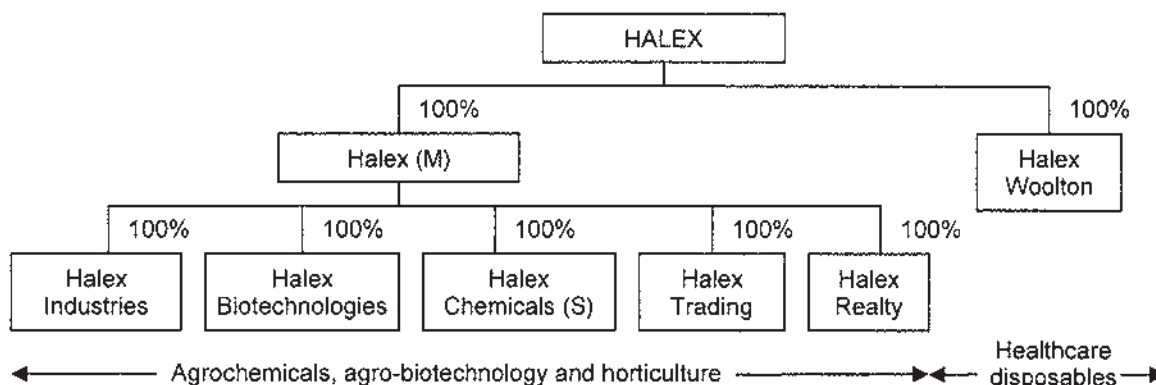
While our products are mainly manufactured under our own brand names, we are also the sole distributor in Malaysia for several agrochemical products developed by various MNCs, which include Chemtura Corporation (formerly known as Uniroyal Chemical Co. Inc. and Crompton Corporation), AMVAC Chemical Corporation and Wilbur-Ellis Company from USA, Sumitomo Chemical Company Ltd. and Summit Agro International Ltd. from Japan, as well as Yara Phosyn Ltd. (formerly known as Phosyn plc) from UK.

Please refer to Section 6 of this Prospectus for further information on our business.

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1. SUMMARY (Cont'd)

Our corporate group structure is as follows:



Details of our subsidiaries are summarised as follows:

Name of company	Date and country of incorporation	Issue and paid-up capital	Effective interest (%)	Principal activities
Direct				
Halex (M) (47751-V)	29.05.1979 Malaysia	RM3,310,125	100	Manufacturing, distribution and agency of agrochemicals
Halex Woolton (161532-H)	18.05.1987 Malaysia	RM2,200,000	100	Manufacturing and distribution of healthcare disposable products
Indirect through Halex (M)				
Halex Industries (60664-A)	24.07.1980 Malaysia	RM249,998	100	Manufacturing of agrochemicals
Halex Biotechnologies (194063-T)	26.02.1990 Malaysia	RM250,000	100	Horticulture and agro-biotechnology
Halex Chemicals (S) (1098001279K)	16.04.1980 Singapore	SGD215,000	100	Trading of agrochemicals
Halex Trading (163702-M)	21.08.1987 Malaysia	RM50,000	100	Trading of agrochemicals
Halex Realty (144568-T)	09.09.1985 Malaysia	RM408,200	100	Property investment and plantation activities

As at LPD, we do not have any associated company. Please refer to Section 5 of this Prospectus for further information on our subsidiaries.

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1. SUMMARY (Cont'd)

1.2 Our Strengths

We believe that our competitive strengths lie in the following areas:

- (a) diversity of product range;
- (b) diversity of business;
- (c) one (1) of the market leaders in the local foliar fertilisers market;
- (d) strong R&D capabilities;
- (e) good quality management system;
- (f) inroads made into overseas markets;
- (g) established track record and brand names;
- (h) experienced and professional management team;
- (i) strategic alliances; and
- (j) exclusive sole distributorship rights in Malaysia.

Please refer to Section 6.6 of this Prospectus for further information on our competitive strengths.

1.3 Our Strategies

The principal elements of our strategies will be as follows:

- (a) continue to strengthen our R&D capabilities;
- (b) product development and enhancement;
- (c) expansion of production facilities;
- (d) market expansion; and
- (e) increase in the distribution of proprietary products.

Please refer to Section 6.22 of this Prospectus for further information on our strategies.

1.4 Salient Information on the IPO

- IPO : The Public Issue and Offer for Sale, collectively.
- Public Issue : The Public Issue will be allocated in the following manner:
- (a) 2,000,000 Public Issue Shares will be made available for application by our eligible employees who have contributed to our success and development;
 - (b) 2,000,000 Public Issue Shares will be made available for application by way of placement to identified investors; and
 - (c) 6,000,000 Public Issue Shares will be made available for application by the Malaysian public.
- Offer for Sale : Up to 10,000,000 Offer Shares to be offered to Bumiputera investors approved by the MITI.

1. SUMMARY (Cont'd)

Issue/Offer Price : RM0.78 per Share

Please refer to Section 3 of this Prospectus for further information on the IPO.

1.5 Utilisation of Proceeds from the Public Issue

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds of up to RM7.80 million arising from the Offer for Sale of up to 10,000,000 Offer Shares at the Offer Price will accrue entirely to the Offerors.

Our Company will only receive proceeds of RM7.80 million from the Public Issue of 10,000,000 Public Issue Shares at the Issue Price. We intend to use the proceeds within two (2) years from the date of Listing as follows:

	RM'000
Extension/expansion works on factory building and operations	2,000
Nursery land and development cost	1,100
Capital and R&D expenditures	1,500
Repayment of bank borrowings	1,200
Working capital	450
Estimated listing expenses	1,550
	<u>7,800</u>

Please refer to Section 3.9 of this Prospectus for further information on the utilisation of our Public Issue proceeds.

1.6 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks that we currently face or that may develop in the future. The list is not exhaustive. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us.

1.6.1 Risks relating to the IPO

- (a) Our Shares have never been publicly traded before and the IPO may not result in an active or liquid market for our Shares;
- (b) Our share price may be volatile, which could result in substantial losses for investors subscribing for our Shares; and
- (c) There may be a delay in or abortion of our Listing.

1.6.2 Risks relating to the industries that we operate in

- (a) We face continuous competition from other competitors;
- (b) We are exposed to potential threat from illegal pesticides;
- (c) We are dependent on the agriculture sector; and
- (d) We are subject to environmental protection laws.

1. SUMMARY (Cont'd)

1.6.3 Risks relating to our operations

- (a) We are subject to the risk of off-patent products;
- (b) There can be no assurance that there would be no unauthorised use of our brand names;
- (c) We are subject to order backlogs during surges in demand;
- (d) We may face difficulties in introducing new products and modifications;
- (e) Our products might be subject to defects and contamination;
- (f) We are dependent on our Directors, key management and key technical personnel;
- (g) Our revenue is mainly contributed from the sale of pesticides;
- (h) Revocation of sole distributorships may affect our financial performance;
- (i) Our manufacturing process may be disrupted if there is any shortage of raw materials and our profitability may be adversely affected by fluctuations in the prices of raw materials;
- (j) Recoverability of debts is inherently uncertain;
- (k) We are exposed to foreign exchange risks;
- (l) We are exposed to financial risks;
- (m) System disruptions may adversely affect us; and
- (n) There is no assurance that our insurance coverage would be adequate.

1.6.4 Other risks

- (a) Our business operations and financial position may be adversely affected by the current global economic crisis;
- (b) We are affected by political, economical and regulative factors that are beyond our control; and
- (c) Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements.

Please refer to Section 4 of this Prospectus for further information on the risks involved in investing in our Company.

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1. SUMMARY (Cont'd)

1.7 Financial Information

1.7.1 Pro forma and audited consolidated income statements

We have prepared our pro forma consolidated income statements for each of the past two (2) financial years up to the FYE 30 September 2007, our audited consolidated income statements for the past FYE 30 September 2008 and six (6)-month FPE 31 March 2009 below. We have also prepared our audited consolidated income statement for the six (6)-month FPE 31 March 2008 for comparison to the audited consolidated income statement for the six (6)-month FPE 31 March 2009.

Our pro forma consolidated income statements for each of the past two (2) financial years up to the FYE 30 September 2007 were prepared for illustrative purposes only, based on our Company's and our subsidiaries' respective audited financial statements for the past two (2) financial years up to the FYE 30 September 2007, on the assumption that our current Group structure had been in existence throughout the past two (2) financial years up to the FYE 30 September 2007.

You should read the summary of our financial data regarding our business for the past three (3) financial years up to the FYE 30 September 2008 and six (6)-month FPE 31 March 2009 that we have presented below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus and the accompanying notes and assumptions included in the Reporting Accountants' Report enclosed in Section 13 of this Prospectus.

	<--- Pro forma --->		Audited	Audited	
	FYE 30 September			6-month FPE 31 March	
	2006	2007	2008	2008	2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	69,450	78,241	100,897	48,339	39,112
Less: Cost of sales	(47,363)	(53,070)	(73,775)	(34,859)	(27,979)
Gross profit	22,087	25,171	27,122	13,480	11,133
Other operating income	445	383	272	139	206
Profit before depreciation, interest, taxation and amortisation	11,010	12,281	12,375	6,512	3,918
Finance costs	(205)	(241)	(442)	(231)	(218)
Depreciation and amortisation	(1,323)	(1,327)	(1,409)	(655)	(689)
Operating profit	9,482	10,713	10,524	5,626	3,011
Exceptional items ⁽¹⁾	-	-	-	-	-
Share of profits of associated companies	-	-	-	-	-
PBT	9,482	10,713	10,524	5,626	3,011
Taxation	(1,938)	(2,043)	(1,915)	(1,123)	(791)
Profit from ordinary activities	7,544	8,670	8,609	4,503	2,220
Extraordinary items ⁽¹⁾	-	-	-	-	-
MI	-	-	-	-	-
PAT and MI	7,544	8,670	8,609	4,503	2,220
No. of ordinary shares of RM0.50 each in issue ('000) ⁽²⁾	70,000	70,000	70,000	70,000	70,000
Profit margin					
Gross profit margin (%)	31.80	32.17	26.88	27.89	28.46
Pre-tax profit margin (%)	13.65	13.69	10.43	11.64	7.70
Net profit margin (%)	10.86	11.08	8.53	9.32	5.68

1. SUMMARY (Cont'd)

	<--- Pro forma --->		Audited	Audited	
	FYE 30 September			6-month FPE 31 March	
	2006 (RM'000)	2007 (RM'000)	2008 (RM'000)	2008 (RM'000)	2009 (RM'000)
Basic EPS					
Gross EPS (Sen) ⁽³⁾	13.55	15.30	15.03	8.04	4.30
Net EPS (Sen) ⁽⁴⁾	10.78	12.39	12.30	6.43	3.17

Notes:

* *Inter-company transactions between companies within our Group for each of the years/periods under review have been eliminated on consolidation.*

(1) *There were no exceptional and extraordinary items for the financial years/periods under review.*

(2) *The number of Shares assumed in issue is the number of issued and paid-up share capital of RM0.50 each immediately prior to the IPO.*

(3) *The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.*

(4) *The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.*

Please refer to Sections 12 and 13 of this Prospectus for further information on our financial performance throughout the years/periods under review.

1.7.2 Pro forma consolidated balance sheets

We have prepared our pro forma consolidated balance sheets below for illustrative purposes only, based on our audited consolidated balance sheets as at 31 March 2009 to show the effects of our Listing Scheme and the use of proceeds arising from the IPO on the assumptions that the transactions had been effected on that date.

We advise you to read the pro forma consolidated balance sheets together with the accompanying notes and assumptions included in the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus.

	As at 31 March 2009* RM'000	Pro forma I After the IPO RM'000	Pro forma II After Pro forma I and utilisation of proceeds RM'000
Non-current assets			
Property, plant and equipment	39,268	39,268	43,868
Investment in property	90	90	90
Investment in quoted shares	62	62	62
Other investments	26	26	26
Intangible assets	27	27	27
Development costs	490	490	490
Prepaid lease payments	1,522	1,522	1,522
	<u>41,485</u>	<u>41,485</u>	<u>46,085</u>
Current assets			
Inventories	26,975	26,975	26,975
Trade receivables	18,837	18,837	18,837
Other receivables and deposits [^]	3,240	3,240	1,910
Other investments	43	43	43
Deposits with licensed banks	908	908	908
Tax recoverable	373	373	373
Cash and bank balances	1,597	9,397	3,377
	<u>51,973</u>	<u>59,773</u>	<u>52,423</u>

1. SUMMARY (Cont'd)

	As at 31 March 2009* RM'000	Pro forma I After the IPO RM'000	Pro forma II After Pro forma I and utilisation of proceeds RM'000
Total assets	93,458	101,258	98,508
Capital and reserves			
Share capital	35,000	40,000	40,000
Share premium	-	2,800	1,250
Revaluation reserves	1,387	1,387	1,387
Exchange reserves	293	293	293
Unappropriated profit	30,993	30,993	30,993
Shareholders' equity	67,673	75,473	73,923
Non-current liabilities			
Term loans	7,812	7,812	6,612
Deferred taxation	541	541	541
	8,353	8,353	7,153
Current liabilities			
Trade payables	2,859	2,859	2,859
Other payables and accruals	3,179	3,179	3,179
Hire purchase payables	1	1	1
Bills payable	6,704	6,704	6,704
Term loans	1,231	1,231	1,231
Provision for taxation	70	70	70
Bank overdraft	3,388	3,388	3,388
	17,432	17,432	17,432
Total liabilities	25,785	25,785	24,585
Total equity and liabilities	93,458	101,258	98,508
No. of shares in issue ('000)	70,000	80,000	80,000
Par value (RM)	0.50	0.50	0.50
NTA	67,156	74,956	73,406
NTA per Share (RM)	0.96	0.94	0.92

Notes:

* The Internal Restructuring, Share Split, Declaration of Dividends and Bonus Issue were completed during the six (6)-month FPE 31 March 2009.

^ Includes prepaid listing expenses of approximately RM1.330 million which were already incurred and will be written off against the share premium account.

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1. SUMMARY (Cont'd)

1.7.3 Dividend policy

Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as:

- (a) the level of our cash, marketable financial assets and level of indebtedness;
- (b) required and expected interest expense, cash flows, our profits, return on equity and earnings;
- (c) our expected results of operations; and
- (d) our projected levels of capital expenditure and other investment plans.

1.7.4 Auditors' qualification

As set out in the Reporting Accountants' Report in Section 13 of this Prospectus, none of the financial statements of the companies within our Group for the financial years/periods under review was subject to any audit qualification.

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2. INTRODUCTION

This Prospectus is dated 19 August 2009.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

We have obtained approvals from the SC vide its letters dated 17 October 2008, 29 January 2009 and 20 July 2009 in respect of the Listing Scheme. However, the approval of the SC shall not be taken to indicate that the SC recommends the Listing Scheme.

We have also obtained the approval in-principle from Bursa Securities on 13 August 2009 for the admission of our Company to the Official List of the Main Market of Bursa Securities and for permission to deal in and for the listing of and quotation for our entire enlarged issued and paid-up share capital, including the IPO Shares, which are the subject of this Prospectus, on the Main Market of Bursa Securities. Our Shares will be admitted to the Official List of the Main Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been issued and despatched to all successful applicants.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the Main Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our Flotation Exercise.

Our acceptance of your application for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of your application, which we accept, will be returned in full without interest within fourteen (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 fourteen (14) days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Securities Industries (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealing in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue any share certificate to successful applicants.

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 presently have a CDS account, you must open a CDS account at an ADA before making an application for the IPO Shares.

- In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form; or
- In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so; or

2. INTRODUCTION (Cont'd)

- In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

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, at least 25% of the total number of our Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. We expect to meet this public shareholding spread requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers has authorised anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any IPO Share in any jurisdiction or circumstance in which such an offer or invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such offer or invitation.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE FLOTATION EXERCISE AND YOUR INVESTMENT IN OUR SHARES. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.

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3. PARTICULARS OF THE IPO

3.1 Opening and Closing of Applications

Opening of the application: 10.00 a.m. on 19 August 2009

Closing of the application: 5.00 p.m. on 3 September 2009

or at such other later time and date or dates as our Directors and Sole Underwriter may mutually decide, at their absolute discretion.

Our Directors and Sole Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for application of the IPO to any later date or dates. Should the closing date of the application for the IPO be extended, we will advertise a notice of the extension in widely-circulated English and Bahasa Malaysia newspapers prior to the original closing date of applications for the IPO. Following this, the dates for the balloting of applications for the Public Issue Shares, allotment of the Public Issue Shares and Listing would be extended accordingly.

3.2 Our IPO

Our IPO comprises:

- (a) a Public Issue of 10,000,000 Public Issue Shares at an Issue Price of RM0.78 per Public Issue Share, payable in full on application upon such terms and conditions as set out in this Prospectus, and will be allocated in the following manner:
 - (i) 2,000,000 Public Issue Shares representing 2.50% of our enlarged issued and fully paid-up share capital, will be made available for application by our 288 eligible employees who have contributed to our success and development;
 - (ii) 2,000,000 Public Issue Shares representing 2.50% of our enlarged issued and fully paid-up share capital, will be placed with identified investors by OSK in its capacity as the Sole Placement Agent; and
 - (iii) 6,000,000 Public Issue Shares representing 7.50% of our enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public, to be allocated via ballot, of which at least 50.00% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.
- (b) an Offer for Sale of up to 10,000,000 Offer Shares, representing 12.50% of our enlarged issued and fully paid-up share capital, at an Offer Price of RM0.78 per Offer Share to be offered by the Offerors to Bumiputera investors approved by the MITI.

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3. PARTICULARS OF THE IPO (Cont'd)

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

	Public Issue		Offer for Sale		Total	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
Our eligible employees who have contributed to our success and development	2,000,000	2.50	-	0.00	2,000,000	2.50
Identified investors (by way of placement)	2,000,000	2.50	10,000,000	12.50	12,000,000	15.00
Malaysian public	6,000,000	7.50	-	0.00	6,000,000	7.50
	10,000,000	12.50	10,000,000	12.50	20,000,000	25.00

Our Sole Underwriter has fully underwritten the Public Issue Shares available for application by our eligible employees who have contributed to our success and development as well as those available for application by the Malaysian public. The Public Issue Shares and Offer Shares available for application by identified investors are not underwritten. Our Sole Placement Agent has received irrevocable undertakings from the identified investors to take up the Public Issue Shares available for application under the private placement.

In the event of an under-subscription of the Public Issue Shares by the eligible employees who have contributed to our success and development, the unsubscribed Public Issue Shares will be made available to the Malaysian public. Any Public Issue Shares which are not taken up by the Malaysian public will be made available for application by the identified investors via private placement if the private placement is oversubscribed and vice versa. Any further Public Issue Shares not subscribed for will be made available for subscription by our Sole Underwriter as specified in the Underwriting Agreement. Please refer to Section 3.10 of this Prospectus for further information on our underwriting arrangements.

The allocations of the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities, as well as to establish a liquid and adequate market for our Shares.

3.3 Details of Allocation of Shares to Eligible Employees

As mentioned in the preceding section, 2,000,000 Public Issue Shares will be reserved for our 288 employees, who have contributed to our success and development.

The Shares to be allocated to our eligible employees have been allocated based on, inter alia, the following criteria as approved by our Board:

- (a) the role, responsibility and accountability of the positions;
- (b) the past performances and respective contributions towards our Group; and
- (c) the length of service.

3. PARTICULARS OF THE IPO (Cont'd)

3.4 Selling Shareholders

Our shareholders who are offering the Offer Shares for sale and their respective relationships with our Company within the past three (3) years are as follows:

Shareholders	Material relationship with our Company	<-- Before IPO -->		Shares offered pursuant to the Offer for Sales			<---- After IPO ---->	
		No. of Shares	%	No. of Offer Shares	% of the existing share capital ⁽¹⁾	% of the enlarged share capital ⁽²⁾	No. of Shares	%
Husaini bin Md Sadli @ Md Sardili	Our Executive Director	18,461,679	26.37	7,086,942	10.12	8.86	11,374,737	14.22
Yeoh Cheng Poh	Our Chairman cum Managing Director	12,957,650	18.51	1,082,855	1.55	1.35	11,874,795	14.84
Low Ngak Tiow	Our Executive Director	11,891,438	16.99	993,753	1.42	1.24	10,897,685	13.62
Ong E Jo @ Wong Ah Chuan	Our Executive Director	10,009,116	14.30	836,450	1.19	1.05	9,172,666	11.47
				<u>10,000,000</u>	<u>14.28</u>	<u>12.50</u>		

Notes:

(1) Based on the existing issued and paid-up share capital of 70,000,000 Shares.

(2) Based on the enlarged issued and paid-up share capital of 80,000,000 Shares.

Please refer to the Corporate Directory Section of this Prospectus for the addresses of the Offerors.

3.5 Share Capital

	No. of Shares	RM
Authorised share capital	<u>200,000,000</u>	<u>100,000,000</u>
Issued and fully paid-up share capital		
Existing Shares	70,000,000	35,000,000
To be issued pursuant to the Public Issue	10,000,000	5,000,000
Enlarged share capital upon Listing	<u>80,000,000</u>	<u>40,000,000</u>
To be offered pursuant to the Offer for Sale	<u>10,000,000</u>	<u>5,000,000</u>

We have only 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, upon allotment and issue, rank *pari passu* in all respects with our existing issued and fully paid-up ordinary shares including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares. There is no over-allotment option or 'greenshoe' that will result in an increase in the amount of the IPO Shares.

3. PARTICULARS OF THE IPO (Cont'd)

Subject to any special right attaching to any of our Shares which we may issue in the future, our shareholders 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 in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

At any of our general meetings, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or, being a corporation, by a representative. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative 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 our Company.

3.6 Purposes of our IPO

The purposes of our IPO are as follows:

- (a) to enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities;
- (b) to enable us to have access to the capital market for cost effective capital raising to provide us the financial flexibility to pursue growth opportunities. See Section 3.9 of this Prospectus for further information on how we plan to utilise the proceeds from the Public Issue of our Shares;
- (c) to enable our existing and continuing shareholders to realise all or part of their investments;
- (d) to enhance the liquidity of our Shares;
- (e) to enhance the transparency and discipline of our corporate management; and
- (f) to provide an opportunity for the investing community, including the Malaysian public, eligible employees of our Group who have contributed to our success, to participate in the equity and continuing growth of our Company.

3.7 Basis of Arriving at the Issue/Offer Price

Our Directors, Offerors together with OSK as our Adviser, have determined and agreed on the Issue/Offer Price of RM0.78 per Share, after taking into consideration the following factors:

- (a) our operating and financial history and conditions as outlined in Sections 6, 12 and 13 of this Prospectus. Based on our historical audited consolidated PAT of approximately RM8.61 million for the FYE 30 September 2008 and our issued and paid-up share capital of 70,000,000 Shares, we recorded a net EPS of approximately 12.30 sen, which translates to a historical net PE Multiple of approximately 6.34 times based on the Issue/Offer Price of RM0.78 per Share;
- (b) our competitive strengths, future plans, strategies and prospects as outlined in Sections 6.6 and 6.22 of this Prospectus;
- (c) the prospects of the industries in which we operate as set out in Sections 7 and 14 of this Prospectus;

3. PARTICULARS OF THE IPO (Cont'd)

- (d) our pro forma consolidated NTA per Share as at 31 March 2009 of approximately RM0.92 based on our enlarged issued and paid-up share capital of 80,000,000 of Shares upon listing and after the proposed utilisation of proceeds as set out in Section 3.9 of this Prospectus; and
- (e) the prevailing market conditions.

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of our Shares before deciding on an investment decision. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

3.8 Market Capitalisation upon Listing

Based on our Issue/Offer Price and the enlarged issued and paid-up share capital of 80,000,000 Shares, our market capitalisation upon Listing will be RM62.40 million.

3.9 Utilisation of Proceeds

We expect to raise proceeds of RM7.80 million from the Public Issue and each principal intended use of the proceeds is set out below:

	RM'000	Expected utilisation period after our Listing
Extension/expansion works on factory building and operations	2,000	Within two (2) years
Nursery land and development cost	1,100	Within two (2) years
Capital and R&D expenditures	1,500	Within two (2) years
Repayment of bank borrowings	1,200	Within one (1) year
Working capital	450	Within one (1) year
Estimated listing expenses	1,550	Upon completion of the Listing
	<u>7,800</u>	

We will bear all expenses and fees incidental to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, which include underwriting commission, brokerage, professional fees, authorities' fees, advertising and other fees, the aggregate of which is estimated to be RM1.55 million.

The Offer for Sale will raise proceeds of up to RM7.80 million. This amount shall accrue entirely to the Offerors and we will not receive any of the proceeds. The Offerors shall bear all expenses, such as placement fee, management fee, brokerage, registration fee and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be RM0.50 million.

There is no minimum subscription to be raised from the IPO as all the Public Issue Shares, save for our 2,000,000 Shares to be placed out, are fully underwritten.

3. PARTICULARS OF THE IPO (Cont'd)

3.9.1 Extension/Expansion works on factory building and operations

We plan to carry out extension works on our current agrochemicals manufacturing facility in Kawasan Industri Bandar Tenggara, Johor Darul Takzim. We have a vacant plot of land measuring approximately 1.5 acres beside our current factory. We intend to build a new extension in order to accommodate new and additional product lines, as well as to facilitate the separation of herbicides, insecticides and fungicides production and storage. This is in line with international standards and requirements and would ease our attainment of international certification on our products, and hence gain wider acceptance by larger MNCs to appoint us as contract manufacturer for their products. Furthermore, this will increase our existing agrochemicals production capacity. This expansion will also cater for the future production of products derived from our vermiculture projects. This extension work is expected to be completed by 2009/2010.

3.9.2 Nursery land and development cost

We intend to increase our capacity in the production of our horticulture products and tissue cultured plantlets by proposing to acquire additional land bank measuring approximately 20 acres located around Ban Foo and Seelong, Johor Darul Takzim, where our existing nurseries and horticulture facilities are located. This land will be used for increasing our range of horticulture products and tissue culture plantlets, which are expected to contribute positively to our revenue in the future.

3.9.3 Capital and R&D expenditures

We have allocated RM1.50 million of the proceeds to acquire new plant and machinery, upgrade and improve our existing plant and machinery for the following business divisions:

Division	RM'000	Purpose
Agrochemicals	900	To acquire new production lines for existing agrochemical products, as well as for new and upcoming EW-type products, WDG-type products, pellet-type and nugget-type vermicast or vermicompost, and/or other equipments
Healthcare disposables	400	To acquire new production lines for the production of wet wipes, facial cotton jumbo rolls, cotton buds, medical cotton using 100% cotton and/or tissue products
	<u>1,300</u>	

In June 2006, we initiated the tissue culture of medicinal and fragrant plants. Together with the increasing demand for our tissue cultured plantlets, we constructed a new tissue culture facility at our Ban Foo nursery to house our tissue culture operations. The tissue culture facility, with a built-up area of approximately 1,765 square metres, was completed in November 2007. We have also set up a microbiology laboratory for our vermiculture projects.

As part of our ongoing efforts to maintain our competitive advantage in the agriculture sector, we have also allocated additional RM200,000 for the expansion and upgrading of our microbiology laboratory and purchase of tissue culture equipment and R&D equipment for our tissue culture operations and vermiculture products respectively.

3. PARTICULARS OF THE IPO (Cont'd)

We expect our production capacity to increase with the acquisition of new plant and machinery, as well as the upgrading of our existing plant and machinery. This is expected to contribute positively to our revenue and profit in the future.

3.9.4 Repayment of bank borrowings

In anticipation of the continued expansion of our operations, we purchased a piece of land with a partially-completed factory building on 2 October 2006. We have refurbished and completed the factory building on this land situated at Lot 142, GM 826, Mukim Plentong, 81800 Ulu Tiram, Johor Darul Takzim in mid-2009. The new factory has a production floor and office space of approximately 13,656 square metres built on land area of approximately 45,033 square metres. We are still waiting for the certificate of fitness for occupation and intend to move and centralise our cotton- and paper-based healthcare disposables processing operations at the new building. This will increase the efficiency of our healthcare disposables operations as all of these activities will be centralised at the new factory. The wet wipes and jumbo roll processing operations at the Jalan Taruka factory will then be expanded.

The cost of the land and the refurbishment of the factory was approximately RM18 million. We have obtained bank borrowings to finance the cost of the land and the refurbishment of the factory amounting to RM8 million and RM3 million respectively, with the remaining balance being financed through internally-generated funds.

Details of the bank borrowing and amount to be settled using the proceeds raised from the Public Issue are set out as follows:

- | | | |
|--|---|--|
| ▪ Lender | : | Hong Leong Bank Berhad |
| ▪ Type of borrowing | : | Term loan |
| ▪ Limit | : | RM8,000,000 |
| ▪ Outstanding balance as at LPD | : | RM6,281,412 |
| ▪ Interest rate | : | 1.50% above the bank's effective cost of funds |
| ▪ Terms of repayment | : | 120 monthly instalments commencing from May 2007 |
| ▪ Purpose of borrowings | : | To finance the purchase of the land situated at Lot 142, GM 826, Mukim Plentong, 81800 Ulu Tiram, Johor Darul Takzim |
| ▪ Amount to be settled using the proceeds raised from the Public Issue | : | RM1,200,000 |

At prevailing interest rates, we expect to enjoy interest savings of approximately RM69,000 per annum from this partial repayment of our bank borrowings.

3.9.5 Working capital

The utilisation of approximately 5.77% of the aggregate proceeds for working capital purposes is consistent with our businesses and strategies. As we aim to strengthen our position via enhancing our market penetration, an adequate level of working capital is imperative to support the higher level of purchases of material supplies and higher level of trade receivables that would likely result from increased sales and greater amount of marketing expenses.

3. PARTICULARS OF THE IPO (Cont'd)**3.9.6 Estimated listing expenses**

The estimated listing expenses for the listing of and quotation for our enlarged issued and paid-up share capital on the Main Market of Bursa Securities are as follows:

	RM
Professional fees ⁽¹⁾	850,000
Regulatory authorities' fees	125,500
Underwriting/Placement fees	156,000
Brokerage fees	32,760
Printing and advertising fees	200,000
Miscellaneous ⁽²⁾	185,740
TOTAL	<u><u>(3)1,550,000</u></u>

Notes:

- (1) *Includes fees for, among others, the Adviser, Solicitors, Reporting Accountants and Independent Market Researcher.*
- (2) *Other incidental or related expenses in connection with the IPO.*
- (3) *Any unutilised amount shall be used for our Group's working capital purposes.*

Underwriting Commission

The Sole Underwriter has agreed to underwrite up to 8,000,000 Shares in our Company. We are obligated to pay the Sole Underwriter underwriting commission at the rate of 1.50% of the total value of the underwritten Shares at the Issue Price of RM0.78 per Share.

Placement Fees

The Sole Placement Agent has agreed to place out the 2,000,000 Shares in our Company to be offered to identified investors. We are obligated to pay the Sole Placement Agent a placement fee at the rate of 1.00% and 2.00% of the value of the Shares placed out to investors identified by our Promoters and the Sole Placement Agent respectively, at the Issue Price of RM0.78 per Share.

Brokerage Fees

Brokerage is payable in respect of the Public Issue Shares at the rate of 1.00% of the Issue Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks or Issuing House. No brokerage is payable on the Public Issue Shares to be placed out by the Placement Agent.

Pending the deployment of the proceeds raised from the Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

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3. PARTICULARS OF THE IPO (Cont'd)

3.10 Salient Terms of Underwriting Agreement

We had on 24 July 2009 entered into an underwriting agreement with our Sole Underwriter to underwrite up to 8,000,000 Public Issue Shares ("Underwritten Shares") subject to clawback and reallocation. The Sole Underwriter has agreed to underwrite the Public Issue Shares described in Section 3.2(a)(i) and (iii) of this Prospectus at the rate set out in Section 3.9.6 of this Prospectus.

The salient terms of the Underwriting Agreement as extracted from the Underwriting Agreement are set out below:

(1) Conditions precedent

The obligations of the Sole Underwriter to underwrite the Underwritten Shares under the Underwriting Agreement are conditional on the performance by the Company of their obligations under the Underwriting Agreement and on:

- (a) The Sole Underwriter being provided with the reports or confirmation and the Sole Underwriter being satisfied on the last date for the acceptance of and payment for the Public Issue Shares under the IPO as stated in this Prospectus or such later date as may be extended from time to time by the Company subject to the Sole Underwriter's prior written consent provided that such extended date does not exceed three (3) months from the date of the Underwriting Agreement ("Closing Date") that:
 - (i) there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Company or Group taken as a whole from that subsequent to the date of the Underwriting Agreement; or
 - (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 10 (Representations, Warranties and Undertakings) of the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by the Company;
- (b) The Sole Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 3 (Certificate) of the Underwriting Agreement dated the Closing Date signed by a Director of the Company for and on behalf of the Board stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 10 (Representations, Warranties and Undertakings) of the Underwriting Agreement;
- (c) The Prospectus being issued not later than thirty (30) Market Days from the date of the Underwriting Agreement or such date the Company and Sole Underwriter may agree in writing;
- (d) The registration of the Prospectus with the SC and the issue by the SC of the relevant certificate of registration and the lodgement of the Prospectus with the ROC on or before the date of issue of this Prospectus ("Issue Date");

3. PARTICULARS OF THE IPO (Cont'd)

- (e) The approvals of the SC and MITI referred to in Clause 2.3 (Approvals) of the Underwriting Agreement as well as the extension of time granted by the SC on 10 April 2009 and any other extension of time granted by the SC for the IPO remaining in full force and effect and that all conditions precedent to the approvals have been complied with;
- (f) The approval in-principle of Bursa Securities for the admission of the Company to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities being obtained and remaining in full force and effect and that all conditions precedent for the IPO have been completed and complied with;
- (g) The Sole Underwriter being satisfied with the arrangements of the Company to pay the expenses referred to in Clause 9 (Underwriting Commission) of the Underwriting Agreement;
- (h) The Sole Underwriter receiving the Company's Board of Directors' Resolution which shall be in full force and effect and duly certified by the Director and/or secretary of the Company as true and accurate and in the form and substance acceptable to the Sole Underwriter in respect of the following:
 - (i) approving the Prospectus and Application Forms, the Underwriting Agreement and the transactions contemplated by them;
 - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of the Company;
 - (iii) authorising the issuance of the Prospectus and Application Forms;
- (i) The Underwriting Agreement being duly signed by all parties and stamped;
- (j) The IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities have been obtained and are in force on the Closing Date or the Sole Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
- (k) The Sole Underwriter being satisfied that the Company has complied with the policies, guidelines and requirements of the SC, Bursa Securities and other relevant authorities and all revisions, amendments and/or supplements thereto.

The Sole Underwriter, without prejudice to any of its rights, may waive all or any of the conditions as set out above except for those required by rule of law or governmental, public or regulatory authorities in connection with the Underwriting Agreement. Any waiver granted shall not preclude the Sole Underwriter from insisting that such condition waived be subsequently complied with at a later date.

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3. PARTICULARS OF THE IPO (Cont'd)

Subject to the right to waive all or any of the conditions as set out above in the event any of the abovementioned conditions are not fulfilled or complied with to the satisfaction of the Sole Underwriter on or before the Closing Date, the Sole Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company and in such event the provisions of Clause 13 (Termination) as set out below shall apply but without prejudice to the rights of the Sole Underwriter under Clause 9 (Underwriting Commission), Clause 10.4 (indemnity provision in favour of the Sole Underwriter) and Clause 11 (Costs and Expenses) of the Underwriting Agreement.

(2) Termination

Notwithstanding anything contained in the Underwriting Agreement, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its their underwriting commitment to underwrite the Underwritten Shares ("Underwriting Commitment") if:

- (a) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 10 (Representations, Warranties and Undertakings) of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the written notice of such breach given to the Company; or
- (b) there is failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or
- (c) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group or the success of the IPO; 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) any matter which arises immediately before the date of the Prospectus, which would have constituted a material and adverse omission in the context of the IPO; or
- (f) any material and adverse event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities contained under the Underwriting Agreement.
- (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 (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

3. PARTICULARS OF THE IPO (Cont'd)

- (ii) any event or series of events beyond the reasonable control of the Sole Underwriter including (without limitation) national disorder, declaration of a state of national emergency, acts of terrorism, respiratory or virus outbreak, acts of government, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, tsunami, civil commotion, sabotage, acts of war or accidents; or
- (iii) any change in laws, regulations, directives, policies or rulings in any jurisdiction; or
- (iv) the FTSE Bursa Malaysia Kuala Lumpur Composite Index falling below 850 points and staying below 850 points for at least five (5) consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive

which, in the reasonable opinion of the Sole Underwriter would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the IPO, or market conditions generally or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

Upon any such notice(s) being given pursuant to the above termination clause, the Sole Underwriter shall be released and discharged of their obligations without prejudice to their rights under the Underwriting Agreement, and where the Sole Underwriter has terminated or withdrawn their Underwriting Commitments pursuant to the above termination clause, the Underwriting Agreement shall be of no further force or effect, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 9 (Underwriting Commission), Clause 10.4 (indemnity provision in favour of the Sole Underwriter) and under Clause 11 (Costs and Expenses) of the Underwriting Agreement for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 7.3.2 (Prospectus) of the Underwriting Agreement for the payment of any taxes, duties or levies, and for any antecedent breach.

The Sole Underwriter shall have the rights to terminate the Underwriting Agreement by notice in writing served on the Company in the event that the approval of Bursa Securities for the admission of the Company to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities is withdrawn or procured but subject to conditions not acceptable to the Sole Underwriter and upon such termination, the obligations of the Company and the Sole Underwriter shall become null and void and none of the parties shall have a claim against each other and that each party shall return any moneys paid to the other or others under the Underwriting Agreement save for those paid under Clauses 9 (Underwriting Commission), Clause 10.4 (indemnity provision in favour of the Sole Underwriter) and 11 (Costs and Expenses) of the Underwriting Agreement within 48 hours of the receipt of such notice.

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4. RISK FACTORS

Notwithstanding the prospects of our Group as outlined in this Prospectus, our business is subject to a number of risk factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider the risk factors set out below (which may not be exhaustive) that may have a significant impact on the future performance of our Group, together with other information contained in this Prospectus.

If you are unsure about any of the information contained under this Section on “Risk Factors”, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers.

4.1 Risks relating to the IPO

4.1.1 Our Shares have never been publicly traded before and the IPO may not result in an active or liquid market for our Shares

There has been no public market for our Shares prior to the IPO. We have received approval in-principle from Bursa Securities to have our Shares listed and quoted on the Main Market of Bursa Securities. The listing of and quotation for our Shares does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Therefore, we cannot predict whether a trading market for our Shares will develop or how liquid that market might become.

There also can be no assurance that the Issue/Offer Price which has been determined after taking into consideration of the factors as set out in Section 3.7 of this Prospectus will correspond to the price at which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing.

4.1.2 Our share price may be volatile, which could result in substantial losses for investors subscribing for our Shares

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, inter alia, the following factors, some of which are beyond our control:

- (a) variation in our operating results;
- (b) success or failure of our management team in implementing business and growth strategies;
- (c) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (d) changes in conditions affecting the industries, general economic conditions or stock market sentiments or other events or factors;
- (e) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;
- (f) additions or departures of key management and key technical personnel;
- (g) fluctuations in stock market prices and volume; or
- (h) involvement in litigation.

In addition, our Share price may be under downward pressure if certain of our Directors, management staff or employees sell their Shares immediately after the IPO or upon expiry of the moratorium period, as the case may be.

4. RISK FACTORS (Cont'd)

4.1.3 There may be a delay in or abortion of our Listing

Our Listing is exposed to the risk of potential failure or delay should the following events, amongst others, occur:

- (a) our eligible employees fail to subscribe to the portion of Public Issue Shares allocated to them;
- (b) our Company or the Sole Underwriter fails to honour its obligations under the Underwriting Agreement;
- (c) the Sole Underwriter, in honouring its obligations, becomes a substantial shareholder of our Company;
- (d) the identified placees fail to acquire the portion of the Public Issue Shares allotted to them; and
- (e) we are unable to meet the public spread requirements of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, at the time of Listing.

Nevertheless, we would endeavour to ensure compliance of the various listing requirements for our successful listing on the Main Market of Bursa Securities.

4.2 Risks relating to the Industries that We Operate in**4.2.1 We face continuous competition from other competitors**

The agrochemicals industry is very competitive in both global and local arenas. While there are only a handful of global players that produce proprietary products, there are many small generic pesticides players which operate in their own countries. Inherently, competitive factors would also affect our pricing and profitability. Due to minimal product differentiation, the disposable hygienic products industry is also subject to price competition.

However, our Directors are of the opinion that with our continuous emphasis on R&D that results in product differentiation and innovation, we are competent to face the challenges ahead. Our R&D efforts are evidenced by our expansion into biotechnology with our investments in tissue culture production and vermiculture facilities and laboratory as well as the expansion of our healthcare disposable products range.

Furthermore, the threat from new entrants is relatively low due to high barriers of entry such as the tight regulations surrounding the pesticides industry, the requirement of industrial knowledge and technical competency in the industries that we operate in, the existence of patented products, as well as the capital intensiveness of our businesses.

4.2.2 We are exposed to potential threat from illegal pesticides

It is estimated that the local illegal pesticides market was worth more than RM41 million in 2007. The value of illegal pesticides traded locally has remained steady compared to the previous year as the increase in volume has been diluted by lower pricing. In addition, the price competition amongst the illegal traders has become a major threat to the industry.

(Source: Independent Market Research Report by D&B Malaysia)

4. RISK FACTORS (Cont'd)

However, the MCPA together with the DOA has carried out various media campaigns and awareness programmes to curb the sale and use of illegal pesticides. Through such campaigns and programmes, the public is informed of the grave consequences arising from the use of illegal pesticides and the harmful effects caused by usage of unregistered pesticides. In addition, a task force comprising various Government agencies, including the Pesticides Board of Malaysia of the DOA and the Royal Customs and Excise Department, Malaysia, has been established to act as the Government's enforcement arm to combat illegal pesticides trading.

Nevertheless, there can be no assurance that the efforts taken by the relevant authorities in combating illegal pesticides usage will be successful.

4.2.3 We are dependent on the agriculture sector

As the agriculture sector is the main end-user market for the agrochemicals and agrobiotechnology industries in which we operate, there is a certain level of dependency of these industries on market conditions of the agriculture sector, in particular the demand for commercial crops such as oil palm.

Nevertheless, our Board believes that with the Government's efforts to promote the agriculture sector, especially with the recent food shortage, which is testament with the promulgation of the Third National Agriculture Policy 1998-2010 and Ninth Malaysia Plan 2006-2010, we stand in a position to benefit from the agriculture sector. Furthermore, our agro-based input products are also used by the public health sector apart from agricultural applications.

In addition, we are also involved in the manufacturing, processing and distribution of healthcare disposable products to both the local and overseas markets, which helps to diversify our income stream.

4.2.4 We are subject to environmental protection laws

Our production operations are subject to certain local and international laws and regulations, including those set out in Section 7.3.1 of this Prospectus. Any breach or non-compliance with these laws and regulations may result in the imposition of penalties by the relevant authorities, including the suspension, withdrawal or termination of our Group's manufacturing or business licences, which may cause us to cease production of certain or all of our products, hence possibly adversely affecting our business and financial performance.

However, we strive to adhere to all applicable laws and regulations through providing environmental and safety training programmes, as well as through the establishment of a safety committee to establish, implement and review safety measures.

4.3 Risks relating to our Operations**4.3.1 We are subject to the risk of off-patent products**

We formulate only generic chemicals that are off-patent and can generally be commonly produced. This is because the development of new proprietary products requires intensive resources and extensive conception periods, and hence are mainly undertaken by the larger MNCs. As such, the off-patent generic products, such as glyphosate or chlorpyrifos, can be easily replicated by our competitors.

Nevertheless, we are committed to continuously engage in R&D to enhance product efficacy, cost effectiveness and environmental-friendliness to ensure that our products continue to remain competitive in the market.

4. RISK FACTORS (Cont'd)

4.3.2 There can be no assurance that there would be no unauthorised use of our brand names

We place great emphasis on the goodwill of our brand names, as negative connotations to a brand name would invariably adversely affect the market share of that particular brand. Hence, as set out in Section 6.16 of this Prospectus, we have registered certain brand names used for our products. Nevertheless, even when brand names have been registered, there can be no assurance that there would not be unauthorised third party copying, using or exploiting of our brand names.

4.3.3 We are subject to order backlogs during surges in demand

Despite the average production capacity of some of our agrochemicals and horticulture products being below the maximum capacity as set out in Section 6.11 of this Prospectus, our current premises, nurseries and machinery are insufficient to accommodate the higher seasonal demand of some of our agrochemicals and horticulture products during the paddy seasons and some of the festive seasons. Furthermore, we do not maintain buffer stocks as our agrochemical products have limited shelf lives and our horticulture products are perishables.

However, we intend to mitigate such demand by increasing our stock levels before the paddy seasons and such festive seasons, working overtime, as well as closely monitoring our production levels based on our knowledge of historical trends as well as purchase orders received from our customers six (6) months before the delivery of our horticulture products. If required, we will also source from other growers to meet any shortage in our horticulture products. Furthermore, we are looking into investing in additional machinery to facilitate our production processes.

4.3.4 We may face difficulties in introducing new products and modifications

Difficulties in introducing new products and modifications in a timely manner may impact our continued profitability.

New products can require long development and testing periods. Furthermore, as set out in Section 6.15 of this Prospectus, it usually takes between eight (8) months to four (4) years to obtain the required approvals for a registered pesticide. Any delay in developing and releasing new products may undermine our business. However, our Directors believe that we would be able to continually develop and introduce new products and modifications that respond to our customers' needs. They are also of the opinion that our R&D achievements as set out in Section 6.17.6 of this Prospectus are strong testimonies of our R&D capabilities to develop marketable products in a timely manner.

4.3.5 Our products might be subject to defects and contamination

Any material defect in our products or any event of product contamination, could adversely affect our business, financial condition and reputation. Furthermore, the Pest Quarantine Department of both Japan and USA, both of which are countries that we mainly export our foliage cuttings and festive plants to, adhere to stringent standards. Should any of our foliage cutting and festive plant be fumigated or incinerated as a result of failed quarantine tests, this could also adversely affect our reputation and financial results.

4. RISK FACTORS (Cont'd)

However, our Directors have confirmed that our Group performs strict QC, and that there has not been any substantial claim or litigation that has adversely and materially affected our profitability. The adoption of stringent QC is also evidenced by the accreditation received by Halex Woolton and Halex Industries from SIRIM QAS International Sdn Bhd in 2003 and 2006 as well as 2005 respectively, certifying that our quality systems meet the requirement of the ISO 9001:2000 Quality Management System. Our facial cotton and wet wipes have also been tested for hypoallergenicity and irritancy by the Philippines Board of Dermatology, Department of Health and were certified as safe products in May 2007.

4.3.6 We are dependent on our Directors, key management and key technical personnel

To a large extent, our continued business will depend on the abilities and continued efforts of our existing Directors and senior management team. We are managed by qualified professionals with vast experience in servicing the agro-based input, horticulture and healthcare disposables industries. Any loss of our Directors, key management or key technical personnel could adversely affect our operations and our competitiveness in the market.

As we have identified this risk, we strive to ensure that we have the ability to retain our existing key management and key technical personnel team and attract new talent, which involves, inter alia, the following:

- (a) providing continuous on-the-job technical and management training to improve existing skills in all other areas of the business to ensure an all rounded management team;
- (b) grooming the younger members of the management to support senior management and/or to shoulder further responsibilities in preparation for long-term expansion, as well as to ensure the continuity and the competency of the management team; and
- (c) allocation of the Public Issue Shares as recognition for their contribution to the success of our Group.

Our Board has identified Chen Sen Loon and Lim Pang Yan as the successors to our common directors, namely Yeoh Cheng Poh, Low Ngak Tiow and Ong E Jo @ Wong Ah Chuan. As such, plans are currently in place to groom both Chen Sen Loon and Lim Pang Yan to take on greater responsibilities with the view that one day they will assume the stewardship of our Group.

Mr. Chen joined our Group for more than 17 years. He started his career as a Chemist in Halex Industries in 1992, and was promoted to the position of Production Manager in 1994. He was subsequently promoted to the position of General Manager, who oversees the operational activities, as well as product and business development of our agrochemicals operation. On the other hand, Mr. Lim joined our Group for more than 13 years. He is presently our Group Accountant.

Our Directors have taken efforts to promote long-term commitment among the key management and key technical personnel to ensure a smooth and uninterrupted succession in the management team of our Group. Please refer to Section 6.12 of this Prospectus for further details of our Group's management succession plan.

Although we seek to limit our dependence on our Directors, key management and key technical personnel, there can be no assurance that the above measures will always be successful in retaining Directors, key management or key technical personnel, or in ensuring smooth transitions should changes occur.

4. RISK FACTORS (Cont'd)

4.3.7 Our revenue is mainly contributed from the sale of pesticides

For the FYE 30 September 2008 and six (6)-month FPE 31 March 2009, the sale of pesticides accounted for approximately 48.03% and 42.07% of the total turnover of our Group, respectively. Over-dependency on these products may affect our financial performance in the event the demand for pesticides changes materially. Such scenarios may be caused by drastic changes in weather patterns and a reduction in the prices of commodities, such as the crude oil prices.

However, the Board believes that with the Government's efforts in promoting the agriculture sector under its Third National Agriculture Policy 1998-2010 and Ninth Malaysia Plan 2006-2010, we stand in a position to benefit from the agriculture sector. Furthermore, our other core business in healthcare disposables provides diversification of our income stream, hence cushioning any negative impact to our agrochemical business by accounting for approximately 33.77% and 42.97% of the total turnover of our Group for the FYE 30 September 2008 and six (6)-month FPE 31 March 2009 respectively.

4.3.8 Revocation of sole distributorships may affect our financial performance

We are the sole distributor in Malaysia for certain agrochemicals developed by MNCs. Based on our audited financial statements for the FYE 30 September 2008 and the six (6)-month FPE 31 March 2009, sales arising from the distribution of such agrochemical products accounted for approximately 7.11% and 5.34% of the total turnover of our Group respectively. As such, the revocation of these sole distributorships may adversely affect our business.

Nevertheless, we are of the opinion that with our established and extensive distribution network, as well as good reputation and strong presence in the agrochemicals industry, we are able to secure our existing distributorships and procure new distributorships. Our Directors have also confirmed that there has not been such revocation that has materially and adversely affected our financial performance in the past.

4.3.9 Our manufacturing process may be disrupted if there is any shortage of raw materials and our profitability may be adversely affected by fluctuations in the prices of raw materials

We use active ingredients and inert ingredients as our principal raw materials. These raw materials are not easily replaceable as various studies need to be carried out to ensure that the raw materials are suitable and that they meet our requirements. The process of changing of a supplier is tedious, as the raw materials will be required to undergo tests again. Given that, we are constantly looking out for alternative cheaper sources of raw materials that meet our requirements.

Based on our established long working relationships with our suppliers, many of whom we have been dealing with for more than 15 years, the Board is of the opinion that there would be constant supplies of raw materials at reasonable prices, which will in turn ensure minimal disruption to our operations. Furthermore, we are of the opinion that we are able to pass on any increase in the price of raw materials to our customers. However, we cannot assure you that any future change in our relationships with the suppliers or availability of raw materials, as well as fluctuation in price of the raw materials will not have an impact on our business and performance.

4. RISK FACTORS (Cont'd)

4.3.10 Recoverability of debts is inherently uncertain

Generally, the risk of potential bad debts is considered to affect most businesses. However, recoverability of debts has not been a significant concern to us for the past three (3) financial years up to the FYE 30 September 2008 and six (6)-month FPE 31 March 2009.

We have implemented various credit control measures to keep our credit risk at a minimal level. Furthermore, our well-established long relationships with our customers are built on mutual understanding of payment within terms mutually agreed upon. As at 31 March 2009, approximately RM2.05 million of trade receivables have exceeded our Group's normal credit period of 90 days, of which approximately RM1.23 million has been collected as at 30 June 2009.

Nevertheless, there is no assurance that all debts would be collected. Our financial performance could be adversely affected in the event of write-offs and/or provisions for doubtful debts. However, our Directors are confident that our outstanding debts are recoverable.

4.3.11 We are exposed to foreign exchange risks

We are exposed to foreign exchange risks as a significant portion of our business transactions are carried out in foreign currencies. Our raw material purchases are primarily in USD and SGD. Our revenues from international markets are denominated in USD, SGD and Yen. Our plans to expand into other international markets may also further increase our exposure to foreign exchange risks.

We currently adopt prudent foreign currency management procedures in hedging against foreign currency fluctuations through the locking in of foreign currency rates at the time of order placement. However, we cannot give you our assurance that any future change in exchange rates will not have an impact on our revenue and earnings streams. In view of this, we constantly monitor our foreign exchange exposure and will hedge our foreign exchange risk whenever we deem appropriate.

4.3.12 We are exposed to financial risks

Businesses face limitations in their growth, as well as operating and financial flexibility due to their indebtedness in general. Nonetheless, our debt to equity ratio of 0.24 times based on our pro forma consolidated balance sheets as at 31 March 2009 gives us the capacity to borrow further if desired. With our current and anticipated cash flows, bank facilities and net proceeds from the IPO, we believe that we have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

However, there is no assurance that our financial performance would remain favourable in the event of adverse changes in interest rates. We hope to mitigate this risk by adopting a cautious policy on our borrowings.

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4. RISK FACTORS (Cont'd)

4.3.13 System disruptions may adversely affect us

All businesses face the risk of losses arising from system disruptions due to among others, blackouts, natural disasters such as fire and flood, disruptions in water and electricity supply, and war. We have taken note of such risks and have taken various measures and steps to reduce such risk by having adequate safety and fire-fighting equipment. We have also in place a system of educating our employees on relevant safety measures.

Notwithstanding the measures and steps have been taken, there is no assurance that emergency crises would not cause interruptions in our operations and have adverse material effect on our profitability.

4.3.14 There is no assurance that our insurance coverage would be adequate

We are aware of the adverse consequences arising from inadequate insurance coverage that could potentially jeopardise our business operation and financial position. In ensuring such risks are kept to the minimal level, we review and ensure adequate coverage for our properties and assets on a continuous basis. Furthermore, all assets such as inventory, machinery and equipment are sufficiently insured under fire and other insurance policies.

Although we have taken necessary steps to ensure that our assets are adequately insured, there can be no assurance that our insurance coverage would be adequate to compensate for the replacement cost of the assets or any consequential loss arising thereof.

4.4 Other Risks

4.4.1 Our business operations and financial position may be adversely affected by the current global economic crisis

The current global economic crisis is adversely affecting the economy in USA and many other parts of the world including those in which we have operations. As a result of the economic crisis, demand for our products may decline and the prices of our products may need to be lowered in order to maintain the attractiveness of our products. As a result, our business operations and financial position may be adversely affected.

Furthermore, the disruption in the global credit markets, coupled with the re-pricing of credit risks, USA and UK housing market deterioration and a slowdown in the global economy have created increasingly difficult conditions in the financial markets. These conditions have resulted in historic levels of volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets. These conditions have resulted in the failures of a number of financial institutions in USA and unprecedented action(s) by governmental authorities and central banks around the world. It is difficult to predict how long these conditions will exist and how adversely affected our market, products and businesses will be. These conditions may be exacerbated by persisting volatility in the financial sector and capital markets, or concerns about, or default by, one or more institution, which could lead to significant market-wide liquidity problems, losses or defaults by other institutions. Whilst we will continue to adopt prudent financial management and efficient operating procedures, there can be no assurance that our financial condition or results of operations will not be adversely affected. The conditions of the capital markets could also adversely affect our IPO, as well as limit or reduce the number of investors in our Shares, thereby adversely affecting the liquidity and potentially the price of our Shares.

4. RISK FACTORS (Cont'd)

4.4.2 We are affected by political, economical and regulative factors that are beyond our control

In addition to Section 4.4.1 above, adverse developments in political, economic and regulatory conditions in Malaysia and other countries where we operate in and market our products to or source our supplies from could materially and adversely affect our financial and business prospects. Political and economic uncertainties include but are not limited to risks of war, expropriation, nationalisation, methods of taxation and incentives, and currency exchange controls.

Our operations are also subjected to the policies on foreign investment of the respective foreign countries. In addition, the ability of our foreign subsidiary to repatriate the profits arising from our investment abroad will largely depend on the relevant legislation relating to the repatriation of profits prevailing at the point of repatriation.

Whilst we will continue to take effective measures such as financial management and efficient operating procedures, there can be no assurance that any adverse political, economic and regulatory condition will not materially affect our operations.

4.4.3 Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts. These include, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations. These forward-looking statements are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Directors on their current view with respect to future events. While we may believe them to be reasonable, they are subject to known and unknown risks, uncertainties, contingencies and other important 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 in such forward-looking statements.

Such factors include, among other things, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industries in which we operate, as well as changes in the commodity prices and interest rates. In light of these uncertainties, we wish to caution you that the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our advisers or us on the achievability of our future plans and objectives.

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5. INFORMATION ON OUR GROUP

5.1 Information on HALEX

5.1.1 Background and history

We were incorporated in Malaysia on 13 October 1990 under the Act as a private limited company under the name Hallex Holdings Sdn Bhd. Subsequently, on 11 January 2007, we converted our status from a private limited company to a public limited company to facilitate our listing on the Main Market of Bursa Securities.

5.1.2 Principal activity and products/services

We are principally an investment holding company, and provide management services to our subsidiaries.

5.1.3 Share capital and changes in share capital

As at LPD, our authorised and issued and paid-up share capital are as follows:

	Number of Shares	Par value (RM)	Amount (RM)
Authorised	200,000,000	0.50	100,000,000
Issued and fully paid-up	70,000,000	0.50	35,000,000

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

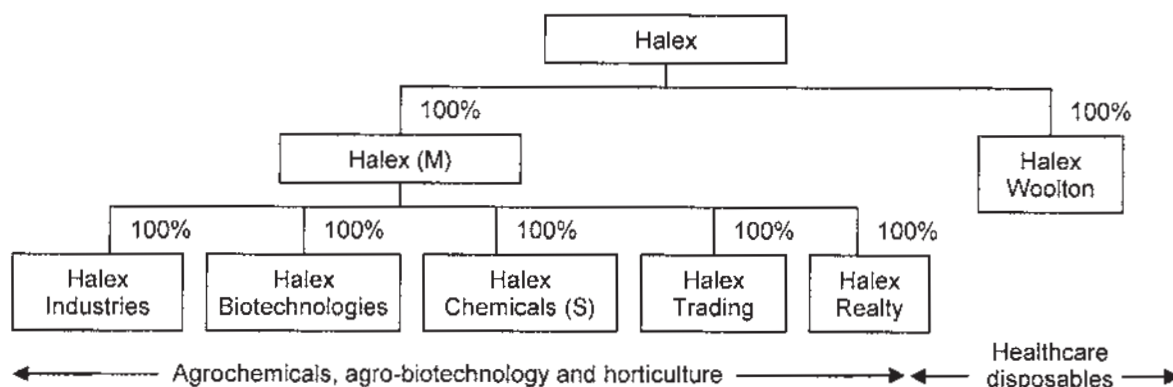
Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
13.10.1990	2	1.00	Subscribers' shares	2
06.05.1998	2,599,881	1.00	Other than cash	2,599,883
17.06.1998	449,303	1.00	Other than cash	3,049,186
01.09.1998	260,941	1.00	Other than cash	3,310,127
10.05.1999	194,083	1.00	Rights issue on the basis of one (1) right share for every 12.50 existing shares held	3,504,210
25.06.2001	174,214	1.00	Rights issue on the basis of one (1) right share for every 16.67 existing shares held	3,678,424
18.07.2002	135,230	1.00	Rights issue on the basis of one (1) right share for every 20 existing shares held	3,813,654
14.07.2003	144,579	1.00	Rights issue on the basis of one (1) right share for every 20 existing shares held	3,958,233
27.07.2004	302,089	1.00	Rights issue on the basis of one (1) right share for every 10 existing shares held	4,260,322
06.02.2006	639,048	1.00	Rights issue on the basis of one (1) right share for every 6.67 existing shares held	4,899,370
09.03.2006	33,000	1.00	Other than cash	4,932,370
28.07.2006	4,267,630	1.00	Cash	9,200,000
29.09.2006	3,080,000	1.00	Cash	12,280,000
23.01.2009	-	0.50	Share Split	12,280,000

5. INFORMATION ON OUR GROUP (Cont'd)

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
30.01.2009	45,440,000	0.50	Bonus issue	35,000,000

5.1.4 Subsidiary and associated company

As at LPD, our corporate group structure is set out below:



Details of our subsidiaries are summarised as follows:

Name of company	Date and country of incorporation	Issue and paid-up capital	Effective interest (%)	Principal activities
Direct				
Halex (M) (47751-V)	29.05.1979 Malaysia	RM3,310,125	100	Manufacturing, distribution and agency of agrochemicals
Halex Woolton (161532-H)	18.05.1987 Malaysia	RM2,200,000	100	Manufacturing and distribution of healthcare disposable products
Indirect through Halex (M)				
Halex Industries (60664-A)	24.07.1980 Malaysia	RM249,998	100	Manufacturing of agrochemicals
Halex Biotechnologies (194063-T)	26.02.1990 Malaysia	RM250,000	100	Horticulture and agro-biotechnology
Halex Chemicals (S) (198001279K)	16.04.1980 Singapore	SGD215,000	100	Trading of agrochemicals
Halex Trading (163702-M)	21.08.1987 Malaysia	RM50,000	100	Trading of agrochemicals
Halex Realty (144568-T)	09.09.1985 Malaysia	RM408,200	100	Property investment and plantation activities

As at LPD, we do not have any associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.2 Information on Halex (M)

5.2.1 Background and history

Halex (M) was incorporated in Malaysia under the Act on 29 May 1979 as a private limited company under the name of Halex Sdn Bhd. It subsequently adopted its present name of Halex (M) Sdn Bhd on 4 January 1980.

Halex (M) commenced its operations in 1980 as a trading company involved in the distribution of agrochemicals. Over the years, Halex (M) has successfully developed an extensive distribution network.

5.2.2 Principal activity and products/services

Halex (M) is principally engaged in the manufacturing, distribution and agency of agrochemicals. The company is also a sole distributor in Malaysia for several agrochemical products developed by various MNCs, which include Chemtura Corporation (formerly known as Uniroyal Chemical Co. Inc. and Crompton Corporation), AMVAC Chemical Corporation and Wilbur-Ellis Company from USA, Sumitomo Chemical Company Ltd. and Summit Agro International Ltd. from Japan, as well as Yara Phosyn Ltd. (formerly known as Phosyn plc) from UK.

The products include pesticides, fertilisers and other related products. Its customers include all the major crops companies, such as those involved in oil palm, rubber, paddy, tobacco, pepper, vegetables and flowers.

5.2.3 Substantial shareholder

As at LPD, Halex (M) is our wholly-owned subsidiary.

5.2.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Halex (M) are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	3,310,125	1.00	3,310,125

The changes in the issued and paid-up share capital of Halex (M) since its date of incorporation are as follows:

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
29.05.1979	3	1.00	Subscribers' shares	3
25.01.1980	170,997	1.00	Cash	171,000
28.02.1980	79,000	1.00	Cash	250,000
17.07.1980	190,000	1.00	Cash	440,000
21.07.1982	74,500	1.00	Cash	514,500
04.08.1982	45,500	1.00	Cash	560,000
20.09.1983	30,823	1.00	Cash	590,823
30.10.1984	130,102	1.00	Cash	720,925
12.11.1984	22,446	1.00	Cash	743,371
04.03.1985	148,671	1.00	Other than cash	892,042

5. INFORMATION ON OUR GROUP (Cont'd)

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
06.08.1985	115,836	1.00	Cash	1,007,878
01.04.1986	7,000	1.00	Cash	1,014,878
10.06.1986	73,536	1.00	Cash	1,088,414
25.03.1987	21,290	1.00	Cash	1,109,704
18.05.1987	110,970	1.00	Cash	1,220,674
15.06.1988	122,067	1.00	Cash	1,342,741
25.06.1988	10,000	1.00	Cash	1,352,741
15.05.1990	69,456	1.00	Cash	1,422,197
23.08.1990	213,330	1.00	Cash	1,635,527
10.03.1991	82,592	1.00	Cash	1,718,119
25.05.1991	171,812	1.00	Cash	1,889,931
25.05.1993	188,993	1.00	Cash	2,078,924
03.05.1994	207,892	1.00	Cash	2,286,816
30.09.1994	337,577	1.00	Other than cash	2,624,393
15.03.1995	130,000	1.00	Cash	2,754,393
31.12.1995	254,812	1.00	Cash	3,009,205
25.06.1997	300,920	1.00	Cash	3,310,125

5.2.5 Subsidiary and associated company

As at LPD, Halex (M) has five (5) subsidiaries namely Halex Industries, Halex Biotechnologies, Halex Chemicals (S), Halex Trading and Halex Realty.

As at LPD, Halex (M) does not have any associated company.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.3 Information on Halex Woolton

5.3.1 Background and history

Halex Woolton was incorporated in Malaysia under the Act on 18 May 1987 as a private limited company under the name of Sancot Sdn Bhd. It was acquired by Halex (M) on 11 May 1992 and subsequently adopted its present name on 7 August 1992. On 22 January 2009, our Group undertook an internal restructuring exercise which resulted in Halex Woolton becoming a direct subsidiary of HALEX. Details of our internal restructuring exercise are set out in Section 9.1 of this Prospectus.

Halex Woolton started in 1987 as a contract manufacturer for Smith & Nephew Sales Sdn Bhd, a subsidiary of a UK-based pharmaceuticals company. During the early years, our products were manufactured under the brand names Hospital Quality Sanitary Towels, Southalls Maternity Pads, and Arctic and Caressa Brands Cotton Wool that were mainly supplied to hospitals throughout Malaysia through the Ministry of Health, Malaysia. In 1992, the company expanded into the manufacturing of a wide range of healthcare disposable products.

5.3.2 Principal activity and products/services

Halex Woolton is principally engaged in the manufacturing and distribution of healthcare disposable products, including wet wipes, cotton-based products, sanitary towels and tissue products under its own brand names TenderSoft, Evelyn®, Every Woman®, Protect, Bunnies, Tenders and Tensof®. The company is also a contract manufacturer for other private labels.

5.3.3 Substantial shareholder

As at LPD, Halex Woolton is our wholly-owned subsidiary.

5.3.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Halex Woolton are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	2,200,000	1.00	2,200,000

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

Date of Allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
18.05.1987	4	1.00	Subscribers' shares	4
15.09.1987	99,996	1.00	Cash	100,000
10.11.1989	100,000	1.00	Cash	200,000
08.06.1992	208,000	1.00	Cash	408,000
12.07.1996	632,000	1.00	Other than cash	1,040,000
03.03.2003	1,160,000	1.00	Other than cash	2,200,000

5.3.5 Subsidiary and associated company

As at LPD, Halex Woolton does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4 Information on Halex Industries

5.4.1 Background and history

Halex Industries was incorporated in Malaysia under the Act on 24 July 1980 as a private limited company.

Halex Industries was incorporated to formulate and re-package agrochemicals for its parent company, namely Halex (M). Over the years, Halex Industries expanded its scope of services into product development and analysis, and material handling for our Group, and now manufactures a range of agrochemicals.

5.4.2 Principal activity and products/services

Halex Industries is principally engaged in the formulation and manufacturing of agrochemicals. Its products include pesticides, fertilisers and other related products. In addition to the manufacturing of its own products, Halex Industries also manufactures agrochemicals on contract manufacture basis for private labels, as well as re-packages proprietary and generic products imported by Halex (M).

Halex Industries is also actively involved in R&D and regularly conducts tests to improve its current products and to develop new products.

5.4.3 Substantial shareholder

As at LPD, Halex Industries is a wholly-owned subsidiary of Halex (M).

5.4.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Halex Industries are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	250,000	1.00	250,000
Issued and fully paid-up	249,998	1.00	249,998

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

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
24.07.1980	2	1.00	Subscribers' shares	2
29.09.1981	99,998	1.00	Cash	100,000
15.02.1982	149,998	1.00	Cash	249,998

5.4.5 Subsidiary and associated company

As at LPD, Halex Industries does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.5 Information on Halex Biotechnologies

5.5.1 Background and history

Halex Biotechnologies was incorporated in Malaysia under the Act on 26 February 1990 as a private limited company under the name of Halex Floriculture Sdn Bhd. It subsequently adopted its present name on 3 October 2006. On 22 January 2009, our Group undertook an internal restructuring exercise which resulted in Halex Biotechnologies becoming a direct subsidiary of Halex (M). Details of our internal restructuring exercise are set out in Section 9.1 of this Prospectus.

Halex Biotechnologies commenced operation as a supplier of landscape plants and a provider of landscaping services after acquiring the entire nursery operations from Halex Realty. Halex Biotechnologies later expanded its operations to include the exports of foliage cuttings as well as produces some varieties of potted plants for the local market. Halex Biotechnologies also produces several varieties of festive plants for overseas and local markets. In recent years, Halex Biotechnologies has moved into the arena of biotechnology, with operational tissue culture production as well as vermiculture facilities.

5.5.2 Principal activity and products/services

Halex Biotechnologies is principally engaged in the propagation of ornamental plants and the export of foliage cuttings. Its products are mainly distributed to Japan and other overseas countries. The company also produces several varieties of festive plants for overseas and local markets, as well as potted plants for the local market. Halex Biotechnologies ventured into the arena of biotechnology in recent years and currently has operational tissue culture production as well as vermiculture facilities.

5.5.3 Substantial shareholder

As at LPD, Halex Biotechnologies is a wholly-owned subsidiary of Halex (M).

5.5.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Halex Biotechnologies are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	250,000	1.00	250,000
Issued and fully paid-up	250,000	1.00	250,000

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

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
26.02.1990	4	1.00	Subscribers' shares	4
15.06.1991	249,996	1.00	Cash	250,000

5.5.5 Subsidiary and associated company

As at LPD, Halex Biotechnologies does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.6 Information on Halex Chemicals (S)

5.6.1 Background and history

Halex Chemicals (S) was incorporated under the laws of Singapore on 16 April 1980 as a private limited company.

Halex Chemicals (S) was established to serve as a marketing arm of and sourcing agent for Halex (M) by tapping into the Singaporean market and other regional markets.

5.6.2 Principal activity and products/services

Halex Chemicals (S) is principally engaged in the trading of agrochemicals. It also acts as a sourcing agent for Halex (M) and Halex Industries.

5.6.3 Substantial shareholder

As at LPD, Halex Chemicals (S) is a wholly-owned subsidiary of Halex (M).

5.6.4 Share capital and changes in share capital

As at LPD, the issued and paid-up share capital of Halex Chemicals (S) is as follows:

	Number of shares	Par value (SGD)	Amount (SGD)
Issued and fully paid-up	215,000	1.00	215,000

The changes in the issued and paid-up share capital of Halex Chemicals (S) since its date of incorporation are as follows:

Date of allotment	Number of shares	Par value (SGD)	Consideration	Total (SGD)
16.04.1980	2	1.00	Subscribers' shares	2
08.07.1980	99,998	1.00	Cash	100,000
08.06.1981	115,000	1.00	Cash	215,000

5.6.5 Subsidiary and associated company

As at LPD, Halex Chemicals (S) does not have any subsidiary or associated company.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7 Information on Halex Trading

5.7.1 Background and history

Halex Trading was incorporated in Malaysia under the Act on 21 August 1987 as a private limited company.

Halex Trading serves as a marketing arm of Halex (M) and was established to cover government tenders and establishments, especially the State Farmers' Associations (Pertubuhan Peladang Kawasan).

5.7.2 Principal activity and products/services

Halex Trading is principally engaged in the trading of agrochemicals. It mainly distributes products marketed by Halex (M), such as pesticides, fertilisers and other related products.

5.7.3 Substantial shareholder

As at LPD, Halex Trading is a wholly-owned subsidiary of Halex (M).

5.7.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Halex Trading are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	250,000	1.00	250,000
Issued and fully paid-up	50,000	1.00	50,000

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

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
21.08.1987	5	1.00	Subscribers' shares	5
19.10.1987	9,995	1.00	Cash	10,000
23.01.1990	40,000	1.00	Cash	50,000

5.7.5 Subsidiary and associated company

As at LPD, Halex Trading does not have any subsidiary or associated company.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.8 Information on Halex Realty

5.8.1 Background and history

Halex Realty was incorporated in Malaysia under the Act on 9 September 1985 as a private limited company.

Halex Realty commenced its operations as a property investment company. In 1985, Halex Realty acquired a six (6)-acre plot of agriculture land in Ulu Sungai Sedili Besar, Johor. In 1988, it acquired an eight (8)-acre plot of land in Kempas, Johor and commenced its nursery operations on the Kempas land in 1989. In 1991, Halex Realty sold its entire nursery operations to its related company, namely Halex Biotechnologies in order to focus on property investment. The Kempas land was subsequently sold in 1995, and the entire nursery operations were moved to the then newly acquired Ban Foo and Seelong lands.

5.8.2 Principal activity and products/services

Halex Realty is principally engaged in property investment and plantation activities.

5.8.3 Substantial shareholder

As at LPD, Halex Realty is a wholly-owned subsidiary of Halex (M).

5.8.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Halex Realty are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	499,000	1.00	499,000
Issued and fully paid-up	408,200	1.00	408,200

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

Date of allotment	Number of shares	Par value (RM)	Consideration	Total (RM)
09.09.1985	2	1.00	Subscribers' shares	2
25.03.1986	31,168	1.00	Other than cash	31,170
26.01.1989	168,830	1.00	Cash	200,000
07.11.1989	208,200	1.00	Cash	408,200

5.8.5 Subsidiary and associated company

As at LPD, Halex Realty does not have any subsidiary or associated company.

6. OUR BUSINESS

6.1 Our History

We were incorporated in Malaysia on 13 October 1990 under the Act as a private limited company under the name Halex Holdings Sdn Bhd. Subsequently, on 11 January 2007, we converted our status from a private limited company to a public limited company to facilitate our listing on the Main Market of Bursa Securities. We are principally an investment holding company.

Our Group commenced operations when Halex (M) was incorporated in 1979. During the early years, Halex (M) was involved in the distribution of agrochemicals. Under the resourceful stewardship of Mr. Yeoh Cheng Poh, Mr. Low Ngak Tiow and Mr. Ong E Jo @ Wong Ah Chuan, we successfully developed an extensive distribution network for our products. To-date, we successfully sold our products to over 10 countries worldwide, such as Singapore, Taiwan, Hong Kong and developing countries like Vietnam, Myanmar, Indonesia, the Philippines, Pakistan, Bangladesh, Mauritius, Brunei, Thailand, Slovenia, Senegal and Lebanon.

Halex Industries was also incorporated to formulate and re-package agrochemicals for its parent company, namely Halex (M). Over the years, Halex Industries expanded its scope of services into product development and analysis, and material handling to support the Group, and now manufactures a range of agrochemicals, including herbicides, insecticides, fungicides, fertilisers and other related products of increasing capabilities and efficacy. In addition to the manufacturing of our own products, Halex Industries also manufactures agrochemicals on contract manufacture basis for private labels. In 2005, Halex Industries was awarded the ISO 9001:2000 certification by SIRIM QAS International Sdn Bhd.

Seeing the opportunity to source agrochemical products from MNCs that were operating in Singapore, Halex Chemicals (S) was incorporated in Singapore in 1980 to serve as a sourcing and trading arm for our Group. Halex Trading was also established to cover government tenders and establishments, especially the State Farmers' Associations (Pertubuhan Peladang Kawasan).

We ventured into ornamental horticulture via our investment in Halex Biotechnologies in 1990. In 1999, Halex Biotechnologies also shifted its emphasis from the local market to the export of foliage cuttings and festive plants. We also ventured into the arena of biotechnology in recent years and currently have operational tissue culture production as well as vermiculture facilities.

We are also proud to be the sole distributor in Malaysia for several agrochemical products developed by various MNCs, which include Chemtura Corporation (formerly known as Uniroyal Chemical Co. Inc. and Crompton Corporation), AMVAC Chemical Corporation and Wilbur-Ellis Company from USA, Sumitomo Chemical Company Ltd. and Summit Agro International Ltd. from Japan, as well as Yara Phosyn Ltd. (formerly known as Phosyn plc) from UK.

With over 29 years of involvement in agrochemical products and over 19 years of involvement in foliage and ornamental horticulture, we have established a solid presence in the agrochemical industry and agriculture sector. We hold over 111 products registered with the Pesticides Board of Malaysia, of which 94 of them are our in-house generic products, while the other 17 are proprietary products that we hold under our sole distribution rights within Malaysia. We have another 20 products pending registration and re-registration with the Pesticides Board of Malaysia, of which 16 of them are our in-house generic products, while the other four (4) are proprietary products. We also have over 30 products registered in eight (8) different developing countries.

6. OUR BUSINESS (Cont'd)

We are also involved in the manufacturing, processing and distribution of healthcare disposable products under our subsidiary, namely Halex Woolton. The products are mainly manufactured under our own brand names, namely TenderSoft, Evelyn®, Every Woman®, Protect, Bunnies, Tenders and Tensof®. In August 2003 and August 2006 respectively, Halex Woolton was awarded with the ISO 9001:2000 certification in Quality Management System for its cotton-based products and wet wipes by SIRIM QAS International Sdn Bhd and was awarded the Good Manufacturing Practice (GMP) certification on its controlled manufacturing room for the manufacture of wet wipes by BPFK in 2004. Meanwhile, its tissue and cotton manufacturing facilities have been audited and approved by some of its well-known customers, which include local and foreign hypermarket and supermarket chains, as well as local pharmacies and pharmaceutical chains.

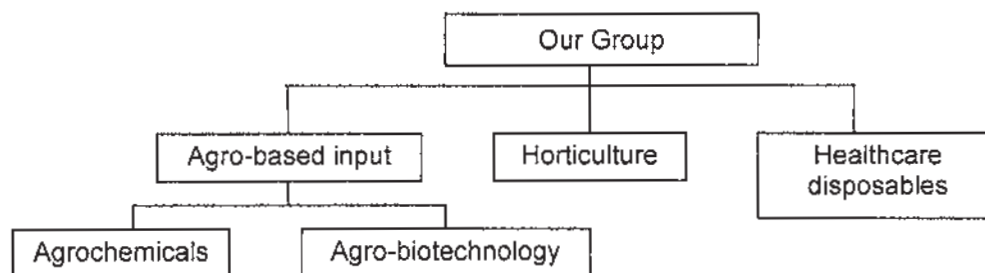
We are currently one (1) of two (2) local manufacturers (including foreign companies with facilities in Malaysia) that have in-house cotton wool production facilities to produce cotton jumbo rolls from raw cotton. The cotton jumbo rolls are then used as the principal raw material in the manufacturing of cotton-based healthcare disposable product. We are also one of the leading producers of wet wipes in Malaysia and provide a wide range of wet wipes, which include baby wipes, antiseptic wipes, hygienic wipes, family wipes, kitchen and household wipes, facial cleansing wipes, feminine wipes and alcohol surface wipes (for hospital use).

(Source: Independent Market Research Report by D&B Malaysia)

In July 2006, our TenderSoft brand was recognised and presented with the Superbrands Malaysia status from Asian Integrated Media Limited, Hong Kong. In March 2007, our facial cleansing wipes were also awarded the HALAL Certification by Jabatan Kemajuan Islam Malaysia (JAKIM).

6.2 Our Structure and Principal Activities

Our core business activities are illustrated below:



We are principally involved in the following:

- manufacturing, formulation, re-packaging, distribution and agency of agrochemicals;
- propagation of various ornamental plants through the application of biotechnology and other related agro-biotechnology activities;
- propagation and sales of foliage cuttings, potted and festive plants; and
- manufacturing and distribution of healthcare disposable products, such as wet wipes, cotton-based products, sanitary towels and tissue products.

While our products are mainly manufactured under our own brand names, we are also the sole distributor in Malaysia for several agrochemical products developed by various MNCs, which include Chemtura Corporation (formerly known as Uniroyal Chemical Co. Inc. and Crompton Corporation), AMVAC Chemical Corporation and Wilbur-Ellis Company from USA, Sumitomo Chemical Company Ltd. and Summit Agro International Ltd. from Japan, as well as Yara Phosyn Ltd. (formerly known as Phosyn plc) from UK.

6. OUR BUSINESS (Cont'd)

We also manufacture agrochemicals on contract manufacture basis for private labels, such as Ancom Crop Care Sdn Bhd (a subsidiary of Ancom Berhad), Nufarm Malaysia Sdn Bhd, Serba Kimia Sdn Bhd (a subsidiary of PK Resources Berhad), Imaspro Resources Sdn Bhd (a subsidiary of Imaspro Corporation Berhad) and Farmcochem Sdn Bhd.

6.3 Our Products and Services

Our products and services are categorised as follows:

6.3.1 Agrochemicals

The range of our agrochemicals consists of pesticides, fertilisers and other related products.

6.3.1.1 Pesticides

▪ *Herbicides*

Herbicides are used in weed control management by destroying, suppressing or preventing the spread of weeds or other unwanted vegetation. Herbicides are widely used in agriculture and in landscape turf management. They are applied in total vegetation control programmes for the maintenance of highways and railroads. Smaller quantities are used in forestry, pasture systems and management of areas set aside as wildlife habitat.

We manufacture and distribute the following range of herbicides:

- (a) *selective herbicides* that destroy specific types of weeds and cause little or no injury to other vegetation; and
- (b) *non-selective herbicides* that destroy or injure all types of vegetation.

As at LPD, we hold 50 brands of registered herbicides. These herbicides consist of 47 generic products and three (3) proprietary products.

▪ *Insecticides*

Insecticides are used to eliminate insects and bugs. Insecticides are widely used in agriculture and households. We manufacture and distribute the following range of insecticides:

- (a) *contact insecticides* that eliminate insects by penetrating the external skeleton of the insects; and
- (b) *systemic insecticides* that are absorbed by the leaves or roots of the plants and are directly ingested by the insects.

As at LPD, we hold 46 brands of registered insecticides. These insecticides consist of 37 generic products and nine (9) proprietary products.

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6. OUR BUSINESS (Cont'd)

▪ **Fungicides**

Fungicides are used to control, destroy, render ineffective or regulate the effects of fungi and control diseases caused by fungi. We manufacture and distribute the following range of fungicides:

- (a) *prophylactic fungicides* that provide only preventive action; and
- (b) *curative/systemic fungicides* that kill disease after the appearance of disease in the plants, either externally or internally.

As at LPD, we hold 15 brands of registered fungicides. These fungicides consist of 10 generic products and five (5) proprietary products.

6.3.1.2 Fertilisers

▪ **Basal Fertilisers**

Basal fertilisers are fertilisers applied to the soil and uptaken through the roots of the plant. We market a range of basal fertilisers for all crops ranging from oil palm and rubber to vegetables.

We distribute *organic* basal fertilisers manufactured by United Plantations Berhad under our own registered trademark, namely Supergro® Green, Supergro® Blue and Turfgro® Green. These fertilisers are produced from fortified palm oil mill effluent.

For *inorganic (chemical)* basal fertilisers, we are an appointed distribution agent for the following fertiliser companies:

- (a) Behn Meyer & Co. (M) Sdn Bhd;
- (b) PK Fertilizers Sdn Bhd;
- (c) Agromate (M) Sdn Bhd; and
- (d) CCM Fertilizers Sdn Bhd.

▪ **Foliar Fertilisers**

Foliar fertilisers are fertilisers applied to the leaves and are absorbed by the leaves and other aerial parts of the plant. We distribute the following range of foliar fertilisers:

- (a) chemically reacted, spray dried wettable powders under the Leffingwell range, namely NUTRA-PHOS® SUPER K, NUTRA-PHOS® N and NUTRA-PHOS® 24; and
- (b) suspension concentrates, namely Pholex ManCuZin and Pholex CaBZn

which are produced by Yara Phosyn Ltd. (formerly known as Phosyn plc) in UK.

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6. OUR BUSINESS (Cont'd)

We also manufacture and market our own bio-organo foliar fertilisers under our brand names of *Fruitti Organisol* for fruit-bearing plants and *Leaffie Organisol* for leafy vegetables, which contain humic acid, seaweed and amino acids that improve soil fertility in the long-term, promote root development as well as quick recovery from damages caused by malnutrition, crop rotation or excessive use of agrochemicals.

Advantages of our bio-organo foliar fertilisers over normal chemical fertilisers are as follows:

- contain organic extracts and amino acid complex to promote healthy plant growth and to replenish soil vitality;
- easily absorbed by plants through foliage or ground application; and
- natural fragrant smell as compared to the conventional fish-based organic foliar fertiliser.

6.3.1.3 Other related products

▪ *Plant Growth Regulators*

Plant growth regulators are chemicals used by growers to enhance the desired characteristics of a plant. We distribute the following range of growth regulators:

- (a) *gibberellic acid*, which is a plant growth regulator used around the world to improve the production of fruits and vegetables. It is manufactured by a subsidiary of Sumitomo Chemical Company Ltd. under the brand name ProGibb®;
- (b) *daminozide*, which is used to reduce stem elongation to develop shorter, more compact plants. It is manufactured by Chemtura Corporation (formerly known as Uniroyal Chemical Co. Inc. and Crompton Corporation) in USA under the brand name B-Nine®; and
- (c) *maleic hydrazide*, which is a plant growth retardant used to inhibit the growth of plants. It is manufactured by Chemtura Corporation (formerly known as Uniroyal Chemical Co. Inc. and Crompton Corporation) in USA under the brand name Royal MH® 30.

▪ *Adjuvants*

Adjuvants are used to enhance the activity of a pesticide's active ingredient or offset any problem associated with spray application, such as adverse water quality or wind. We manufacture and distribute adjuvants under our own brand name Halexpol, which is a non-ionic wetting agent, and also distribute adjuvants under the brand name BIVERT®, a deposition and retention agent for Wilbur-Ellis Company in USA.

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6. OUR BUSINESS (Cont'd)

6.3.2 Agro-biotechnology

▪ *Tissue culture operations*

Tissue culture is the process of regenerating a whole plant from plant seeds, organs, tissue cells or protoplast, on a nutrient media under sterile, nutritionally and environmentally supportive conditions (in vitro). It is also known as micropropagation or mericlones.

Our tissue culture operations produce a large variety of orchid and ornamental plantlets for growers in Malaysia and Singapore. As far as our management's awareness of the tissue cultured orchid plantlets markets in Malaysia and Singapore, we are one of the largest local suppliers of tissue cultured orchid plantlets to these two (2) countries, where a thriving orchid growing industry is centred.

We mainly produce the following varieties of orchids and ornamental plants:

Type	Varieties
Orchids	<ul style="list-style-type: none"> ▪ Aranda ▪ Aranthera ▪ Ascocenda ▪ Ascorachics ▪ Cattelya ▪ Cymbidium ▪ Dendrobium ▪ Doritis ▪ Epidendrum ▪ Hoitumara ▪ Kagawara ▪ Mokara ▪ Oncidium ▪ Phalaenopsis ▪ Renanthera ▪ Spathoglottis ▪ Vanda ▪ Yusofara
Ornamental plants	<ul style="list-style-type: none"> ▪ Aglaonema ▪ Alocasia ▪ Aloe ▪ Alpinia ▪ Anthurium ▪ Begonia ▪ Caladium ▪ Chrysanthemum ▪ Curcuma ▪ Monstera

Our tissue culture operations also propagate new varieties of foliage for our export and are able to produce cash crops, such as banana, edible yam, ginger, vanilla and papaya.

The major benefits derived from tissue culture, as compared to normal propagation methods, are as follows:

- (a) all-year-round propagation with no interruption caused by seasonal changes, as the plantlets are propagated within a regulated environment (in vitro) in a laboratory;
- (b) extraordinary high fecundity, producing thousands of plantlets using ex-plants selected from a single mother plant, in a short period of time;
- (c) produce disease-free and robust plants;
- (d) viable to regenerate genetically modified cells after protoplast fusion in suspension culture; and
- (e) able to multiply rare and slow growing plants with high ecological benefits.