PROSPECTUS | GW PLASTICS HOLDINGS BERHAD (881786-X)

GW PLASTICS HOLDINGS BERHAD

(Company No. 881786-X)
(Incorporated in Malaysia under the Companies Act, 1965)

THE INITIAL PUBLIC OFFERING ("IPO") OF 61,420,000 ORDINARY SHARES OF RM0.50 EACH ("IPO SHARES") COMPRISING OFFER FOR SALE OF 45,420,000 ORDINARY SHARES OF RM0.50 EACH ("OFFER SHARES") AND PUBLIC ISSUE OF 16,000,000 NEW ORDINARY SHARES OF RM0.50 EACH ("ISSUE SHARES") IN CONJUNCTION WITH THE LISTING OF GW PLASTICS HOLDINGS BERHAD ("GW HOLDINGS") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD:

- OFFERING OF 23,600,000 OFFER SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;
- OFFERING OF 17,820,000 OFFER SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS;
- OFFERING OF 11,800,000 ISSUE SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC; AND
- OFFERING OF 8,200,000 IPO SHARES COMPRISING 4,200,000 ISSUE SHARES AND 4,000,000 OFFER SHARES, FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF GW HOLDINGS AND OUR SUBSIDIARIES ("GROUP") AND/OR PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;

AT THE IPO PRICE OF RM0.76 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Joint Adviser, Sole Underwriter and Sole Placement Agent

RHB Investment Bank Berhad
(Company No.:19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Adviser

MainStreet Advisers Sdn Bhd
(Company No. 790320-P)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS PROSPECTUS.

IMPORTANT NOTICE

RESPONSIBILITY STATEMENTS

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

RHB INVESTMENT BANK BERHAD ("RHB INVESTMENT BANK") AND MAINSTREET ADVISERS SDN BHD ("MAINSTREET ADVISERS"), BEING OUR JOINT ADVISERS FOR OUR IPO, ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR IPO.

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING 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 OFFERING 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 OFFERED FOR INVESTMENT.

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

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

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR OUR SHARES BEING OFFERED. 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 PART OF THE CONTENTS OF THIS PROSPECTUS. OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

THE SECURITIES OF THIS COMPANY IS CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC BASED ON THE LATEST AUDITED FINANCIAL YEAR ENDED 31 DECEMBER 2009. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THE PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

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

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

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 CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

YOU CAN ALSO VIEW OR DOWNLOAD THIS PROSPECTUS FROM THE WEBSITE OF BURSA SECURITIES AT www.bursamalaysia.com.

A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITES OF RHB BANK BERHAD AT www.rhb.com.my, MALAYAN BANKING BERHAD AT www.maybank2u.com.my, CIMB BANK BERHAD AT www.cimbclicks.com.my AND AFFIN BANK BERHAD AT www.affinOnline.com (VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES) AND ON THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com.

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 THE RISKS OF PROBLEMS OCCURRING DURING THE 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 INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR JOINT ADVISERS OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

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 JOINT ADVISERS DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

(II) WE AND OUR JOINT ADVISERS ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE AND OUR JOINT ADVISERS ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COSTS 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, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND

(III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR JOINT ADVISERS ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITES 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 OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVERS 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 DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER 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 AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR 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 WEBSITES 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.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE SOLE UNDERWRITER TO UNDERWRITE THE PUBLIC ISSUE (AS DEFINED HEREIN) AND OFFER FOR SALE (AS DEFINED HEREIN) AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY COUNTRY OR 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 WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE AND WILL NOT BE ISSUED, CIRCULATED OR DISTRIBUTED AND OUR IPO WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. OUR IPO TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

TENTATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Tentative date
Opening of the application for our IPO (as defined herein)	23 September 2010 at 10.00 a.m.
Closing of applications, acceptance and payment	4 October 2010 at 5.00 p.m.
Tentative date for balloting of applications for the Retail Offer (as defined herein)	6 October 2010
Tentative date for allotment/transfer of our IPO Shares (as defined herein) to successful applicants	13 October 2010
Tentative listing date	18 October 2010

This timetable is tentative and subject to change which may be necessary to facilitate implementation procedures. The applications for our IPO Shares will close on the time and date stated above or such later date or dates as our Directors, Sole Underwriter and the Offerors (as defined herein) may in their absolute discretion mutually decide.

Should the closing date for the application for our IPO Shares be extended, the dates for the balloting, allotment, transfer of our IPO Shares pursuant to our IPO and our Listing (as defined herein) will be extended accordingly. We will announce any extension of time for the application for our IPO Shares by way of advertisements in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

All references to "our Company" and "GW Holdings" in this Prospectus are to GW Plastics Holdings Berhad, references to "our Group" is 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.

This Prospectus includes statistical data provided by various third parties and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by publicly available sources. In each such cases, 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 the independent market research report by Dun & Bradstreet (D&B) Malaysia Sdn Bhd. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither ourselves nor our advisers have verified these figures.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. 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 research report by Dun & Bradstreet (D&B) Malaysia Sdn Bhd, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved.

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 statements of historical facts contained in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Directors 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 present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Directors' current view with respect to future events and are not a guarantee of future performance.

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:

(i) demand for our products and services;

(ii) our business strategies;

(iii) plans and objectives of our Directors for future operations;

(iv) our financial position; and

(v) our future earnings, cash flows and liquidity.

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

(i) the economic, political and investment environment in Malaysia and globally; and

(ii) government policies, legislations or regulations.

Additional factors that could cause our actual results, performance, achievements or industry results to differ materially include, but are not limited to, those discussed in Section 5 (Risk Factors) of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA and any applicable laws, rules, regulations and guidelines having the force of law, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements 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.

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DEFINITIONS

Unless otherwise indicated, the following words and abbreviations shall apply throughout this Prospectus:

Acquisition of GW Packaging		Acquisition by us of the entire issued and paid-up share capital of GW Packaging amounting to RM6,000,002 comprising 6,000,002 ordinary shares of RM1.00 each in GW Packaging from GW Plastic for a cash consideration of RM10,000,000 which is reflected as an amount owing from our Company to GW Plastic, which was completed on 11 August 2010
Acquisition of GW Plastic	:	Acquisition by us of the entire issued and paid-up share capital of GW Plastic amounting to RM88,004,400 comprising 88,004,400 GW Plastic Shares from the Vendors for a purchase consideration of RM136,252,000, which was satisfied by the issuance of 219,999,996 Shares at an issue price of approximately RM0.62 each, credited as fully paid-up, which was completed on 11 August 2010
Acquisitions	:	Acquisition of GW Plastic and Acquisition of GW Packaging, collectively
Act	:	Companies Act, 1965 for the time being in force including any statutory modification, amendment or re-enactment thereof
ADA	:	Authorised Depository Agent
AFTA	:	ASEAN Free Trade Area
Application Form(s)	:	The application form(s) for the application for our IPO Shares accompanying this Prospectus
ASEAN	:	Association of Southeast Asian Nations
ATM	:	Automated teller machine
Authorised Financial Institution(s)	:	The authorised financial institution(s) participating in the Internet Share Applications with respect to payments for our 11,800,000 new Shares under the Retail Offer
Board	:	Board of Directors of our Company
Bumiputera Offer	:	Offering of 23,600,000 Offer Shares by way of private placement to Bumiputera investors approved by MITI, at the IPO Price, as set out in Section 4.3.1 of this Prospectus
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act 2007, for the time being in force including any statutory modification, amendment or re-enactment thereof
D&B / Independent Market Researcher	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd
D&B Report	:	D&B's independent market research report on the FPP industry in Malaysia

DEFINITIONS *(Cont'd)*

Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 4 of the Act
Dividend Payment	:	A net dividend of RM20,241,012 which GW Plastic had declared on 10 April 2010 and paid on 14 May 2010 to its existing shareholders
E&E	:	Electrical & Electronics
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
ECU	:	Equity Compliance Unit of the SC
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs or floppy diskettes
Electronic Share Application	:	Application for our 11,800,000 new Shares under the Retail Offer through a Participating Financial Institution's ATM
EPS	:	Earnings per Share
F&B	:	Food & beverages
FIZs	:	Free Industrial Zones
Flotation Exercise	:	Acquisitions, Public Issue, Offer for Sale and Listing, collectively
FPE	:	Financial period for the 3 months ended 31 March
FYE	:	Financial year(s) ended/ending 31 December
GDP	:	Gross domestic product
GW Holdings or Company	:	GW Plastics Holdings Berhad
GW Holdings Group or Group	:	Our Company and our subsidiaries namely, GW Plastic and GW Packaging, collectively
GW Holdings Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in our Company
GW Packaging	:	GW Packaging Sdn Bhd, a wholly-owned subsidiary of our Company
GW Packaging Share(s)	:	Ordinary share(s) of RM1.00 each in GW Packaging
GW Plastic	:	Great Wall Plastic Industries Berhad, a wholly-owned subsidiary of our Company
GW Plastic Share(s)	:	Ordinary share(s) of RM1.00 each in GW Plastic
IMP3	:	Third Industrial Master Plan 2006-2020
Internet Participating Financial Institution(s)	:	The institution(s) participating in the Internet Share Applications, namely, RHB Bank Berhad, Malayan Banking Berhad, CIMB Bank Berhad, CIMB Investment Bank Berhad and Affin Bank Berhad

DEFINITIONS *(Cont'd)*

Internet Share Application(s)	:	The application(s) for our 11,800,000 new Shares under the Retail Offer through an online share application service provided by the Internet Participating Financial Institution(s)
IPO / Initial Public Offering	:	This initial public offering of our Shares comprising the Public Issue and Offer for Sale
IPO Price	:	RM0.76 for each IPO Share
IPO Share(s)	:	Aggregate of 61,420,000 Shares to be made available for application under the Bumiputera Offer, the Private Placement, the Retail Offer, and the Pink Form Offer
ISO	:	International Organisation for Standardisation, a developer and publisher of international standards
Issue Share(s)	:	16,000,000 new Shares to be issued pursuant to the Public Issue
IT	:	Information technology
Joint Advisers	:	RHB Investment Bank and MainStreet Advisers, collectively
Joint Adviser, Sole Underwriter and Sole Placement Agent	:	RHB Investment Bank
Keybumi	:	Keybumi Sdn Bhd
Listing	:	Admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM118,000,000 comprising 236,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and any amendments thereto
LMW	:	Licensed Manufacturing Warehouse
LPD	:	31 August 2010, being the latest practicable date prior to the submission of the registrable Prospectus
M&A	:	Memorandum and Articles of Association
MainStreet Advisers	:	MainStreet Advisers Sdn Bhd
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day on which Bursa Securities is open for the trading of securities
MATRADE	:	Malaysia External Trade Development Corporation
Megastart	:	Megastart Sdn Bhd
MIDA	:	Malaysian Industrial Development Authority
MIDFCCS or Issuing House	:	MIDF Consultancy and Corporate Services Sendirian Berhad

MITI	:	Ministry of International Trade and Industry
MNCs	:	Multinational companies
NA	:	Net assets
NBV	:	Net book value
Offerors or Selling Shareholders	:	Keybumi, Yeoh Soo Ann and Lim Kok Boon, being the offerors pursuant to the Offer for Sale
Offer for Sale	:	Offer for sale by the Offerors of the Offer Shares at the IPO Price to be allocated in the manner set out in Section 4.3 of this Prospectus
Offer Share(s)	:	45,420,000 Shares to be offered for sale by the Offerors pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application, as listed in Section 17.5.2 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE multiple	:	Price earnings multiple
Pink Form Offer	:	Offering of 8,200,000 IPO Shares comprising 4,200,000 Issue Shares and 4,000,000 Offer Shares for application by the eligible Directors and employees of our Group and/or persons who have contributed to the success of our Group, at the IPO Price
Private Placement	:	Offering of 17,820,000 Offer Shares by way of private placement to identified investors, at the IPO Price
Promoters	:	Keybumi, Megastart, Yeoh Soo Ann, Lim Kok Boon and Abang Ariffin Bin Abang Bohan, collectively
Public	:	All persons or members of the public excluding Directors of our Group, our substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	:	Public issue by our Company of the Issue Shares to be allocated in the manner set out in Section 4.3 of this Prospectus
QA	:	Quality assurance
QC	:	Quality control
Record of Depositors	:	A record of depositors provided by Bursa Depository under the rules of Bursa Depository
Reporting Accountants	:	Messrs. Ernst & Young

Retail Offer	:	Offering of 11,800,000 Issue Shares for application by the Malaysian Public, at the IPO Price
RHB Investment Bank	:	RHB Investment Bank Berhad
Rights Issue	:	Renounceable two-call rights issue of 8,000,400 Rights Shares on the basis of 1 Rights Share for every 10 existing GW Plastic Shares held by the entitled shareholders of GW Plastic on 16 April 2010 at an issue price of RM1.00 each, of which the first call of RM0.001 for each Rights Share was paid in cash on application and the second call of RM0.999 for each Rights Share was capitalised from GW Plastic's share premium account, which was completed on 23 April 2010
Rights Share(s)	:	New GW Plastic Share(s) issued pursuant to the Rights Issue
SC	:	Securities Commission
SC Guidelines	:	Equity Guidelines (including the content of application for equity offerings and listings) issued by the SC and any amendments thereto
Sq. ft.	:	Square feet
UK	:	United Kingdom
Underwriting Agreement	:	Underwriting agreement dated 7 September 2010 entered into between our Company, the Offerors and RHB Investment Bank
USA	:	United States of America
Vendors	:	Keybumi, Megastart, Yeoh Soo Ann, Lim Kok Boon, Tan Sri Datuk Dr Omar bin Abdul Rahman, Abang Ariffin bin Abang Bohan, Dato' Chew Kong Seng @ Chew Kong Huat, Lim Chun Yuan, Wong Poon Kheong, Ng Choong Keen and Chua Choon Kow, collectively
W&H	:	Windmöller & Hölscher

CURRENCIES

EURO	:	Euro, the lawful currency of the European Union
RM and sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
SGD	:	Singapore Dollar, the lawful currency of Singapore
USD	:	United States Dollar, the lawful currency of the USA

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TECHNICAL TERMS

To facilitate better understanding of the business of our Group, the following glossary contains an explanation and description of certain terms used in this Prospectus in connection with our Group. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

ABS	:	Acrylonitrile butadiene styrene
Blown film	:	Blown film is manufactured by a method of fabrication where blended plastic resins are first melted and conveyed by the extruder screw and extruded through a circular die to form a continuous tube of plastic which is blown into a bubble by chilled air. The chilled air serves to cool the film and simultaneously inflates and thins out the tube into the desired thickness. The bubble is guided by a series of rollers which flattens the tube to form flat films which is slit, trimmed and wound to the desired roll sizes.
BUR	:	Blow-up ratio
Cast film	:	Cast film is manufactured by a method of fabrication where blended plastic resins are first melted and conveyed by the extruder screw to a feedblock and extruded through a T-die to form a thin film before being cooled by an internally cooled chill roll. The film is then conveyed by a series of rollers to the slitting station and wound to the desired roll sizes.
Elmendorf tear	:	A testing means for measuring a material's ability to resist tearing forces. This method initiates a tear in a sample material, then measured to the amount of force needed to tear the sample apart. The test result value is referred to as the tear value
EVOH	:	Ethylene vinyl alcohol
Flexographic	:	A printing process which uses a photopolymer printing plate, fast drying ink and an ink-metering (anilox) roll system to transfer the image. This process is mainly used for thin film applications
FPP	:	Flexible plastic packaging
Gravure or rotogravure	:	A printing process which utilises the recessed-image plate cylinder to transfer the image to the plastic film
HACCP	:	Hazard Analysis and Critical Control Points
HDPE	:	High density polyethylene
HIPS	:	High impact polystyrene
LDPE	:	Low density polyethylene
LLDPE	:	Linear low density polyethylene
mLLDPE	:	Metallocene catalyzed linear low density polyethylene
OHSAS	:	Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help an organisation to control occupational health and safety risks
PA	:	Polyacetyl

TECHNICAL TERMS *(Cont'd)*

PE	:	Polyethylene
PET	:	Polyethylene terephthalate
PP	:	Polypropylene
PS	:	Polystyrene
PVC	:	Polyvinylchloride
SAN	:	Styrene acrylonitrile

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1. INTRODUCTION

This Prospectus is dated 23 September 2010.

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 Registrar of Companies. Neither the SC nor the Registrar of Companies takes any responsibility for its contents.

We have received the SC's approval vide its letter dated 29 July 2010 for our IPO. However, the approval of the SC shall not be taken to indicate that the SC recommends our IPO. You should rely on your own evaluation to assess the merits and risks of our IPO.

We have also obtained the approval from Bursa Securities on 25 August 2010, for, *inter-alia*, our admission to the Official List of the Main Market of Bursa Securities and for permission to deal in and for the quotation of all our Shares.

Our Shares will be admitted to the Official List of the Main Market of Bursa Securities and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been issued and despatched to all the successful applicants. Admission to the Official List of the Main Market of Bursa Securities shall not be taken as an indication of the merits of our IPO, our Company or our Shares.

The acceptance of applications of our IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for all our IPO Shares on the Main Market of Bursa Securities. If the permission for our Listing is not granted within 6 weeks from the date of this Prospectus (or such longer period as may be specified by the SC), provided that we are notified by Bursa Securities within the aforesaid timeframe, we are required to return in full, without interest, all monies paid in respect of any application accepted, at your own risk. If any such monies are not returned within 14 days after we become liable to pay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our IPO Shares as a prescribed security. Therefore, we will deposit our IPO Shares directly with Bursa Depository. Any dealings in our IPO Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. If we fail to do so, we may not be allowed to proceed with our Listing. In such an event, all monies paid in respect of all applications will be returned in full without interest and if such monies are not returned in full within 14 days after we become liable to do so, the provision of subsection 243(2) of the CMSA shall apply accordingly.

If you are submitting your application by way of Application Form or Electronic Share Application or Internet Share Application (refer to Sections 17.4, 17.5 and 17.6 respectively of this Prospectus), you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application or Internet Share Application.

You should rely on the information contained in this Prospectus. We, our Joint Advisers and the Offerors have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue or offer made in connection with this Prospectus shall not, under any circumstances, 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 our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

1. INTRODUCTION *(Cont'd)*

We are not making any offer to sell or invitation to subscribe for our IPO Shares in any jurisdiction other than Malaysia and in any circumstances in which such an invitation and/or offer is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdiction may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR IPO SHARES.

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2. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Profession	Nationality
Tan Sri Datuk Dr Omar bin Abdul Rahman *(Independent Non-Executive Director cum Chairman)*	No. 34, Jalan Tualang Bukit Bandaraya 59100 Kuala Lumpur	Company Director	Malaysian
Lim Kok Boon *(Non-Independent Executive Director cum Chief Executive Officer)*	No. 16, Lorong PJU 3/15B Damansara Indah Resort Homes 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Yeoh Soo Ann *(Non-Independent Non-Executive Director)*	No. 53, Jalan PJU 3/12 Damansara Indah 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dato' Chew Kong Seng @ Chew Kong Huat *(Independent Non-Executive Director)*	12-1, Seri Duta II Condominium 11, Jalan Langgak Duta 50480 Kuala Lumpur	Company Director	Malaysian
Abang Ariffin bin Abang Bohan *(Non-Independent Non-Executive Director)*	No. 23, Jalan Desa 3/8 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	Advocate and Solicitor	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Chew Kong Seng @ Chew Kong Huat	Chairman	Independent Non-Executive Director
Tan Sri Datuk Dr Omar bin Abdul Rahman	Member	Independent Non-Executive Director cum Chairman
Abang Ariffin bin Abang Bohan	Member	Non-Independent Non-Executive Director

COMPANY SECRETARY : Lee Ying Fong (MAICSA 7002564)
c/o GW Plastics Holdings Berhad
Lot 1608 Rawang Integrated Industrial Park
Jalan Rawang Batang Berjuntai
48000 Rawang
Selangor Darul Ehsan
Tel No.: 03 – 6092 3333

REGISTERED OFFICE : Unit F603, Pusat Dagangan Phileo Damansara 1
No. 9 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel No.: 03 – 7956 1177

2. CORPORATE DIRECTORY *(Cont'd)*

HEAD / MANAGEMENT OFFICE / PRINCIPAL PLACE OF BUSINESS	:	Lot 1608 Rawang Integrated Industrial Park Jalan Rawang Batang Berjuntai 48000 Rawang Selangor Darul Ehsan Tel No.: 03 – 6092 3333 Fax No.: 03 – 6092 8833 / 2323 Website: www.gwpi.com.my
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young (AF 0039) Chartered Accountants Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel No.: 03 – 7495 8000
DUE DILIGENCE SOLICITORS	:	Shook Lin & Bok Advocates and Solicitors 20th Floor, Ambank Group Building 55 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03 – 2031 1788
PRINCIPAL BANKERS	:	Alliance Bank Malaysia Berhad Ground Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03 – 2694 8800
	:	Standard Chartered Bank Malaysia Berhad Level 15, Menara Standard Chartered 30 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03 – 2117 7777
	:	OCBC Bank (Malaysia) Berhad Menara OCBC 18 Jalan Tun Perak 50050 Kuala Lumpur Tel No.: 03 – 2034 5034
ISSUING HOUSE AND SHARE REGISTRAR	:	MIDF Consultancy and Corporate Services Sendirian Berhad Level 8, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03 – 2173 8888

2. CORPORATE DIRECTORY *(Cont'd)*

INDEPENDENT MARKET RESEARCHER	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd Block C-17-02, 3 Two Square No. 2, Jalan 19/1 46350 Petaling Jaya Selangor Darul Ehsan Tel No.: 03 – 7966 6866
JOINT ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03 – 9287 3888
JOINT ADVISER		MainStreet Advisers Sdn Bhd 25-7, Block B, Jaya One 72A Jalan Universiti 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03 – 7968 3398
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by Shariah Advisory Council of the SC

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3. INFORMATION SUMMARY

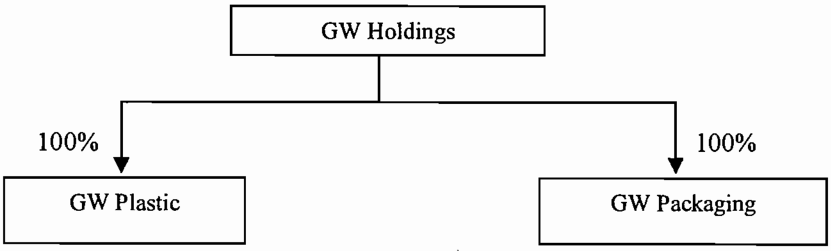
THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND OUR IPO, WHICH IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. THE SUMMARY INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS SECTION AND THE ENTIRE PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN OUR COMPANY.

3.1 Overview of our Group and business

Our Company was incorporated as a public limited company in Malaysia under the name GW Plastics Holdings Berhad on 8 December 2009 under the Act as an investment holding company. Our Group is one of Malaysia's leading and well-established producers of FPP. Our products are sold domestically and overseas to various diversified industries. Our overseas markets include Japan, Australia, New Zealand, Europe, Mexico, South Korea, Hong Kong, Singapore and other South East Asia countries.

<u>Our Group</u>

Our Group structure and the principal activities of our subsidiaries are as follows:



Our subsidiaries	Principal activities
GW Plastic	Manufacturing and marketing of plastic film packaging products (1)
GW Packaging	Manufacturing and marketing of plastic film packaging products (2)

Notes:

(1) Focused in the manufacturing of blown plastic film packaging products.

(2) Focused in the manufacturing of cast plastic film packaging products mainly for the export market.

<u>Our history</u>

Our history can be traced back to 1971 when our subsidiary, GW Plastic was incorporated in Malaysia as a private limited company under the Act on 13 February 1971 under the name of Great Wall Plastic Industries Sendirian Berhad. GW Plastic commenced operations in 1971 and was initially involved in the manufacturing of plastic packaging products. Subsequently, GW Plastic expanded its range of products to include packaging bags for commercial and industrial use to broaden its customer base. Since early 1990s, GW Plastic has undertaken a programme to modernise and upgrade its production technology and started manufacturing high-tech and value added packaging products to meet the growing demand from the industrial sector as the country became more developed.

GW Plastic was converted into a public company on 17 November 1993 before being listed on the main board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) in 1995. It undertook a restructuring scheme where, amongst others, resulted in the transfer of its listing status to Encorp Berhad in 2003. This was followed by a management buyout exercise in 2004 where GW Plastic ceased to be a subsidiary of Encorp Berhad with the disposal of 51% equity interest of GW Plastic. Thereafter with the disposal of the balance 49% equity interest in GW Plastic, it ceased to be an associate of Encorp Berhad effective 22 January 2007. Refer to Section 6.1 of this Prospectus for further details on our restructuring scheme.

Since 2004, GW Plastic has acquired higher end extruder machines, printing machines and converting machines to produce higher quality films and more value added products. This, coupled with the ISO 22000:2005 Food Safety Management System certification obtained in 2008 has contributed to the increase in export sales to Europe as well as other Asia Pacific markets. Export sales contribution increased from 32% in 2004 to 52% in 2009.

Our wholly-owned subsidiary company, GW Packaging was incorporated on 21 November 2005 is also principally involved in the manufacturing and marketing of cast plastic film packaging products mainly for the export market.

Our business

Our Group is principally involved in the manufacturing and marketing of FPP products. These FPP products can be divided into 2 types namely, cast film and blown film, based on the production process involved.

Our products are used in a wide range of industries such as F&B, logistics, industrial, household products, pharmaceutical, construction, retail, agriculture, petrochemical and medical.

The list of FPP products manufactured by our Group is as follows:

(i) Stretch film;
(ii) Lamination base film;
(iii) Wicketed bags;
(iv) General bags/ sheet/ tube;
(v) Printed film;
(vi) Specialty film;
(vii) Shrink film; and
(viii) Shrink/ stretch hood.

Refer to Sections 6 and 7 of this Prospectus for further information on our Group and our business respectively.

Refer to Section 8 of this Prospectus for further information on the industry in which we operate, the industry players and market position of our Group.

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3.2 Our competitive strengths and advantages

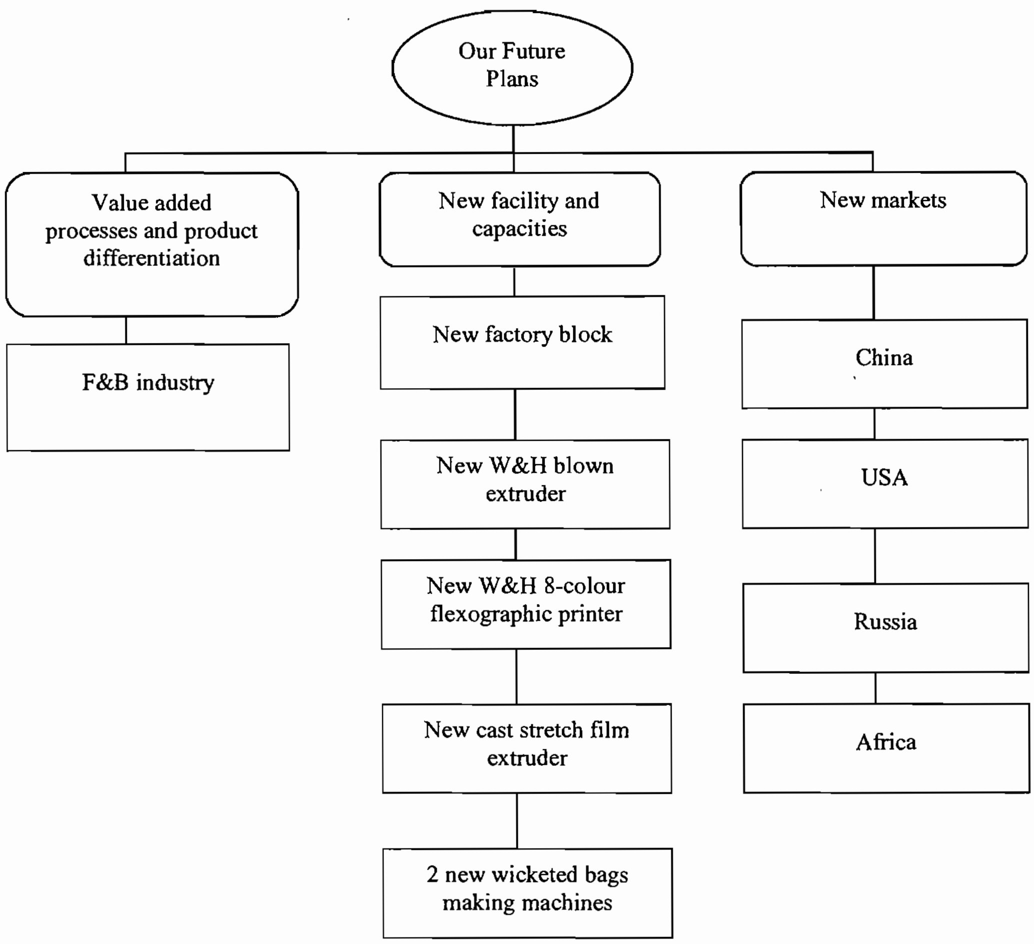
We believe the following are our competitive strengths and advantages and seek to maintain them in our efforts to improve our market share and strengthen our business.

(i) Advanced extrusion machines and employment of the latest printing technology;
(ii) Good location with clean and well organised production facilities;
(iii) Established track record, stable customer base and ability to grow new customers' base;
(iv) Producer of high quality blown film, printed films and wicketed bags;
(v) Ability to offer wide range of products and customisation;
(vi) Market positioning and competitive pricing;
(vii) Experienced and capable management team;
(viii) Skilled work force; and
(ix) Accreditations and certifications in food safety and environmental management systems.

Refer to Section 7.4 of this Prospectus for further information on our Group's competitive strengths and advantages.

3.3 Our future plans and strategies

Our future plans are focused on the following key areas:



Refer to Section 7.19 of this Prospectus for further details on our Group's future plans and strategies.

3.4 Our prospects

Plastics have high possibilities for packaging applications and the usage of FPP is expected to grow further in the future due to its versatility, flexibility, adaptability and ease of handling. Further, the prices of plastic resins, being the major raw material component for FPP, is expected to moderate from the fourth quarter of 2010 and possibly decline further due to an increase in the supply of plastic resins as a result of the huge petrochemical capacities that are expected to come onstream during the period 2010/2011. The cost reduction in producing plastic resins and consequently the FPP products will encourage the usage of and preference for FPP products over substitute packaging materials as well as improve our Group's operating margins.

In addition, rising consumer affluence, changing lifestyles and increasing consumer preference for convenience food products and purchases in small quantum, will increase the demand and amount of packaging required. Also, the F&B industry is generally more resilient to economic downturn, and this gives producers of FPP that caters for the F&B industry such as our Group, some resilience against economic downturn as well. As such, our Directors believe that our Group's focus on the F&B industry will augur well from the demand perspective.

The focus on investing in the state-of-the-art extrusion, printing and bag conversion machines will enable our Group to benefit from consistent output quality, efficiency in output, and better value added capabilities. The ISO certifications that we have achieved in ensuring food safety and quality compliance together with a conducive operating environment for the production of FPP products catering to the F&B industry will allow us to meet the stringent requirements of our customers. This will allow our Group to differentiate our products from those of our competitors'.

Refer to Section 7.20 of this Prospectus for further details on our Group's prospects.

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3.5 Financial highlights

3.5.1 Statement of comprehensive income

The following table summarises the pro forma consolidated statement of comprehensive income of our Group for the following financial years, which was prepared on the assumption that our current Group structure had been in existence throughout the financial years under review.

You should read the summary financial information in conjunction with the full text of this Prospectus, including the Reporting Accountants' Letter on the Pro Forma Financial Information and the Accountants' Report set out in Sections 13.8 and 14 respectively of this Prospectus and the management's discussion and analysis of financial condition and results of operations as set out in Section 13.2 of this Prospectus.

	Pro forma Group (Audited)				Pro forma Group (Unaudited)
	FYE 2007 (Restated)	**FYE 2008**	**FYE 2009**	**FPE 2010**	**FPE 2009**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Revenue	248,435	292,839	255,504	77,355	51,533
Gross profit	21,875	24,513	36,643	8,925	10,419
EBITDA	17,040	18,394	30,426	8,084	8,447
PBT	8,146	7,576	18,800	5,150	5,492
Taxation	(2,693)	1,293	(3,457)	(817)	(1,432)
PAT	5,453	8,869	15,343	4,333	4,060
Number of Shares in issue*	220,000	220,000	220,000	220,000	220,000
Gross EPS (sen) (1)	3.7	3.4	8.5	2.3	2.5
Net EPS (sen) (2)	2.5	4.0	7.0	2.0	1.9

Notes:
* *Based on the number of Shares in issue after the Acquisitions but before the Public Issue.*
(1) *Computed based on PBT over 220,000,000 Shares.*
(2) *Computed based on PAT over 220,000,000 Shares.*

3.5.2 Statement of financial position

The pro forma consolidated statement of financial position set out below is for illustrative purposes only to show the effects of the Flotation Exercise and on the assumption that these transactions had been effected as at 31 March 2010.

You should read the pro forma consolidated statement of financial position in conjunction with the full text of this Prospectus, including the Reporting Accountants' Letter on the Pro Forma Financial Information and the Accountants' Report set out in Sections 13.8 and 14 respectively of this Prospectus and the management's discussion and analysis of financial condition and results of operations as set out in Section 13.2 of this Prospectus.

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3. INFORMATION SUMMARY *(Cont'd)*

	Audited as at 31 March 2010 RM'000	(I) After Acquisitions RM'000	(II) After (I), Public Issue and utilisation of proceeds RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	-	149,832	158,832
Deferred tax assets	-	3,716	3,716
	-	153,548	162,548
Current assets			
Inventories	-	37,001	37,001
Trade and other receivables	-	41,230	41,230
Tax recoverable	-	119	119
Deposits, cash and bank balances	(1)	8,340	9,300
	-	86,690	87,650
TOTAL ASSETS	-	**240,238**	**250,198**
EQUITY AND LIABILITIES			
Share capital	(2)	110,000	118,000
Share premium	-	33,489	35,449
Merger reserve	-	(48,247)	(48,247)
Revaluation reserves	-	2,558	2,558
(Accumulated loss)/Retained profits	(6)	66,387	66,387
TOTAL EQUITY	(6)	**164,187**	**174,147**
Non-current liabilities			
Bank borrowings	-	5,174	5,174
	-	5,174	5,174
Current liabilities			
Trade and other payables	6	35,529	35,529
Bank borrowings	-	35,348	35,348
	6	70,877	70,877
TOTAL LIABILITIES	6	**76,051**	**76,051**
TOTAL EQUITY AND LIABILITIES	-	**240,238**	**250,198**
Number of shares in issue		220,000	236,000
(net liabilities)/NA per ordinary share (RM)		0.75	0.74
Adjusted (net liabilities)/NA per share (RM) (3)		0.64	0.64

Notes:

(1) Being cash proceeds from paid-up share capital of RM2.00 comprising 2 Shares of RM1.00 each.

(2) Being issued and paid-up share capital of RM2.00 comprising 2 Shares of RM1.00 each. Thereafter on 13 April 2010, a share split was undertaken whereby 2 ordinary shares of RM1.00 each were sub-divided into 4 ordinary shares of RM0.50 each.

(3) Adjusted (net liabilities) / NA is calculated by deducting RM23.15 million from the total (net liabilities) / NA. This amount of RM23.15 million refers to deferred tax assets recognised on unabsorbed reinvestment allowances included in the retained profits.

3.6 Summary of our IPO

IPO Size	:	Offering of 61,420,000 IPO Shares comprising Offer for Sale of 45,420,000 Offer Shares by the Offerors and the Public Issue of 16,000,000 Issue Shares by our Company.
Bumiputera Offer	:	Offering of 23,600,000 Offer Shares, subject to reallocation, by way of private placement to Bumiputera investors approved by MITI, at the IPO Price.
Private Placement	:	Offering of 17,820,000 Offer Shares by way of private placement to identified investors, at the IPO Price.
Retail Offer	:	Offering of 11,800,000 Issue Shares for application by the Malaysian Public, subject to reallocation, at the IPO Price, of which 5,900,000 new Shares representing 50% of the Retail Offer will be set aside for public retail Bumiputera investors.
Pink Form Offer	:	Offering of 8,200,000 IPO Shares comprising 4,200,000 Issue Shares and 4,000,000 Offer Shares, subject to reallocation, for application by the eligible Directors and employees of our Group and/or persons who have contributed to the success of our Group, at the IPO Price.
Reallocation	:	Any IPO Shares not subscribed for by the Bumiputera investors under the Bumiputera Offer shall be made available for application by the retail Bumiputera investors as part of our IPO balloting process. Thereafter, any IPO Shares that were reallocated to the retail Bumiputera investors (as part of our IPO balloting process) and not taken up by the retail Bumiputera investors shall be made available for application by the Malaysian Public and/or by way of private placement to selected public investors. Any IPO Shares not taken up by the eligible employees of our Group shall be reallocated to our other eligible employees of our Group and/or persons who have contributed to the success of our Group. Any of the reallocated IPO Shares which are not taken up will be made available for application by the Malaysian Public and/or by way of private placement to selected public investors at the IPO Price in the event of an over-subscription under the Retail Offer and under-subscription under the Pink Form Offer. Any IPO Shares reallocated to the Retail Offer not taken up by the Malaysian Public and/or by way of private placement to selected public investors shall then be underwritten by the Sole Underwriter.
IPO Price	:	RM0.76 per Share
Utilisation of proceeds	:	We intend to utilise the gross proceed from the Public Issue of RM12.16 million in the following manner:

Purpose	RM'000
Building of new factory block	9,000
Working capital	960
To defray listing expenses	2,200
Total gross proceeds	**12,160**

Refer to Section 4 of this Prospectus for detailed information on our IPO.

3.7 Risk factors

An investment in our Shares involves a certain degree of risk. Before investing in our Shares, you should carefully consider the following risk factors (which may not be exhaustive), along with other matters in this Prospectus.

Risks relating to our business and industry

(i) We are subject to the fluctuations in prices of plastic resins;
(ii) We operate in a competitive environment;
(iii) We do not have long-term contracts with suppliers and customers;
(iv) We are dependent on major suppliers;
(v) We are dependent on the continued employment and performance of our Directors, key management and key technical personnel;
(vi) We are dependent on foreign labour;
(vii) We are exposed to exchange rate fluctuations;
(viii) We are subject to financial risks;
(ix) We face environmental issues and concerns;
(x) We are exposed to the risk of non-renewal and/or revocation of permits, approvals, business licences and the quality and safety accreditations for our operations;
(xi) We are subject to political, economic and regulation considerations; and
(xii) We are exposed to risk relating to insurance coverage on our Group's assets.

Risks relating to our Listing and investment in our Shares

(i) Potential delay or failure of our Listing;
(ii) No prior market for our Shares;
(iii) Volatility in our Share price and trading volume; and
(iv) Control by Promoters.

Refer to Section 5 of this Prospectus for further details on the above risk factors.

3.8 Shariah status

We have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the Shariah Advisory Council as part of the process of determining our Shariah status at IPO.

The Shariah Advisory Council of the SC has classified our securities as Shariah-compliant based on the audited financial statements of our Company for the FYE 2009 and the Shariah criteria adopted by the Shariah Advisory Council of the SC vide its letter dated 29 July 2010. However, the Shariah compliant status is granted subject to the SC's approval in respect of the Listing and is valid until the next Shariah compliance review which will be carried out by the Shariah Advisory Council of the SC based on the audited financial statements of our Group for the subsequent FYE.

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4. PARTICULARS OF OUR IPO

4.1 Opening and closing of applications

Applications will be accepted from 10.00 a.m. on 23 September 2010 and will be closed at 5.00 p.m. on 4 October 2010 or such later date or dates as our Directors, Sole Underwriter and the Offerors may in their absolute discretion mutually decide. **Late applications will not be accepted.**

4.2 Tentative timetable

The tentative timing of events leading up to our Listing is set out below:

Event	Tentative date
Opening of the application for our IPO	23 September 2010 at 10.00 a.m.
Closing of applications, acceptance and payment	4 October 2010 at 5.00 p.m.
Tentative date for balloting of applications for the Retail Offer	6 October 2010
Tentative date for allotment/transfer of our IPO Shares to successful applicants	13 October 2010
Tentative listing date	18 October 2010

This timetable is tentative and subject to change, which may be necessary to facilitate implementation procedures. The application for our IPO Shares will close on the time and date stated above or such later date or dates as our Directors, Sole Underwriter and the Offerors may in their absolute discretion mutually decide. Should the closing date for the application for our IPO Shares be extended, the dates for the balloting, allotment, transfer of our IPO Shares pursuant to our IPO and our Listing will be extended accordingly. We will announce any extension of time for the application for our IPO Shares by way of advertisements in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

4.3 Details of our IPO

Our IPO comprises an offering of 45,420,000 Offer Shares and 16,000,000 Issue Shares, representing approximately 26.03% of the enlarged issued and paid-up share capital of our Company. Our IPO Shares will be offered/issued at an offer/issue price of RM0.76 per Share payable in full upon application based on the terms and conditions as set out in this Prospectus.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance by the Offerors and the potential investors. Our IPO Shares will be allocated in the following manner:

4.3.1 Bumiputera Offer

23,600,000 Offer Shares, representing 10.00% of our enlarged issued and paid-up share capital, are made available for application at the IPO Price by way of private placement to Bumiputera investors approved by MITI.

4.3.2 Private Placement

17,820,000 Offer Shares, representing approximately 7.55% of our enlarged issued and paid-up share capital, are made available for application at the IPO Price to identified public investors by way of private placement.

4.3.3 Retail Offer

11,800,000 Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, are made available for application at the IPO Price by the Malaysian Public, of which 5,900,000 Offer Shares representing 50% of the Retail Offer will be set aside for retail Bumiputera investors.

All 11,800,000 Issue Shares under the Retail Offer are fully underwritten by the Sole Underwriter.

4.3.4 Pink Form Offer

8,200,000 IPO Shares comprising 4,200,000 Issue Shares and 4,000,000 Offer Shares, representing approximately 3.47% of our enlarged issued and paid-up share capital, are made available for application at the IPO Price by the eligible Directors and employees of our Group and/or persons who have contributed to the success of our Group as follows:

Allocation of Shares

A total of 316 persons are eligible for our IPO Shares pursuant to the Pink Form Offer, comprising the following:

Category	Number of person	Aggregate number of Shares allocated
Eligible Directors of our Group	4	1,600,000
Eligible employees of our Group*	312	6,600,000
Persons who have contributed to the success of our Group*	-*	-*
Total	**316**	**8,200,000**

Note:

* *The IPO Shares which are not taken up by the eligible employees under the Pink Form Offer will be allocated to persons who have contributed to the success of our Group and/or other eligible employees of our Group in the event that any of the eligible employees of our Group does not take up the Pink Form Offer.*

Criteria of allocation

Our IPO Shares pursuant to the Pink Form Offer are allocated to the eligible Directors and employees of our Group, based on, *inter-alia*, the following criteria as approved by our Board:

- at least 18 years old;
- category, position and seniority;
- length of service; and
- other factors deemed relevant by our Board.

The criteria of allocation for our Shares pursuant to the Pink Form Offer to be allocated to persons who have contributed to the success of our Group is based on the level of contribution rendered by these people to the success of our Group in terms of our Group's turnover and profitability growth, as approved by our Board. The persons who have contributed to the success of our Group include business contacts and suppliers, who have contributed to the business development and success of our Group.

Details of allocation to the eligible Directors of our Group

The allocation of our Shares pursuant to the Pink Form Offer to the eligible Directors of our Group is as follows:

Directors	Designation	No. of Shares
Tan Sri Datuk Dr Omar bin Abdul Rahman	Independent Non-Executive Director cum Chairman	400,000
Lim Kok Boon	Non-Independent Executive Director cum Chief Executive Officer	400,000
Dato' Chew Kong Seng @ Chew Kong Huat	Independent Non-Executive Director	400,000
Abang Ariffin bin Abang Bohan	Non-Independent Non-Executive Director	400,000
Total		**1,600,000**

Underwriting

All the aforesaid Directors have given their irrevocable written undertakings to subscribe for our Shares allocated to them under the Pink Form Offer as tabulated above.

The remaining 6,600,000 Shares under the Pink Form Offer are fully underwritten by the Sole Underwriter.

The 23,600,000 Offer Shares under the Bumiputera Offer and the 17,820,000 Offer Shares under the Private Placement are to be placed out by the Sole Placement Agent and are not underwritten.

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

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of our IPO Shares.

4.3.5 Reallocation

Any IPO Shares not subscribed for by the Bumiputera investors under the Bumiputera Offer shall be made available for application by the retail Bumiputera investors as part of our IPO balloting process. Thereafter, any IPO Shares that were reallocated to the retail Bumiputera investors (as part of our IPO balloting process) and not taken up by the retail Bumiputera investors shall be made available for application by the Malaysian Public and/or by way of private placement to selected public investors.

Any IPO Shares not taken up by the eligible employees of our Group shall be reallocated to our other eligible employees of our Group and/or persons who have contributed to the success of our Group. Any of the reallocated IPO Shares which are not taken up will be made available for application by the Malaysian Public and/or by way of private placement to selected public investors at the IPO Price in the event of an over-subscription under the Retail Offer and under-subscription under the Pink Form Offer.

Any IPO Shares reallocated to the Retail Offer not taken up by the Malaysian Public and/or by way of private placement to selected public investors shall then be underwritten by the Sole Underwriter.

4.4 Listing

In conjunction with our IPO, we have sought the admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital comprising 236,000,000 Shares on the Main Market of Bursa Securities, of which the approval was obtained on 25 August 2010.

4.5 Share capital

	No. of Shares	RM
Authorised share capital	600,000,000	300,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	220,000,000	110,000,000
To be issued pursuant to:		
- Public Issue	16,000,000	8,000,000
Enlarged issued and fully paid-up share capital upon listing on the Main Market of Bursa Securities	236,000,000	118,000,000
Existing Shares to be offered pursuant to the Offer for Sale	45,420,000	22,710,000

The IPO Price is payable in full on application, subject to the terms and conditions of this Prospectus and upon acceptance by the Offerors and the potential investors.

As at the date of this Prospectus, we have only 1 class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. Our Issue Shares, upon allotment and issuance, will rank *pari passu* in all respects with our existing Shares including voting rights and will be entitled to all dividends, rights and distributions that may be declared subsequent to the date of allotment and issuance of our Issue Shares.

Subject to any special rights attaching to any Shares which we may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus, in accordance with our Articles of Association.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a show of hands, each present shareholder either in person or proxy, by attorney or other duly authorised representative shall have 1 vote. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote for each Share held. A proxy may but need not be a member of our Company.

4.6 Market capitalisation

Based on the IPO Price and our enlarged issued and paid-up share capital of 236,000,000 Shares, our market capitalisation on the Main Market of Bursa Securities upon listing will be RM179,360,000.

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4.7 Purposes of our IPO

The purposes of our IPO are as follows:

(a) To achieve a listing status for our Company;

(b) To provide an opportunity for the Malaysian investing community, eligible Directors and employees of our Group and/or persons who have contributed to the success of our Group to participate in our continuing growth by way of equity participation;

(c) To enable us to have access to the capital market for cost effective capital raising for future expansion and the continuing growth of our Group; and

(d) To enable us to gain recognition and corporate stature through our listing status and further enhance our corporate reputation and assist us in expanding our customer base.

4.8 Basis of arriving at the IPO Price

Our Directors, together with the Joint Advisers and the Offerors have determined and agreed to the IPO price of RM0.76 per IPO Share, based on the following factors:

(a) our Group's historical net EPS of approximately 6.50 sen (computed based on our consolidated PAT for FYE 2009 and our enlarged issued and paid-up share capital) and the net PE multiple of approximately 11.7 times;

(b) our Group's annualised net EPS of approximately 7.34 sen (computed based on our consolidated PAT for the 3-month FPE 2010 and based on our enlarged issued and paid-up share capital) and the net PE multiple of approximately 10.4 times;

(c) our pro forma consolidated NA per Share as at 31 March 2010 of approximately RM0.74 and the adjusted NA of RM0.64 (based on our enlarged issued and paid-up share capital);

(d) our competitive strengths and advantages as outlined in Section 7.4 of this Prospectus;

(e) our future plans and strategies as outlined in Section 7.19 of this Prospectus; and

(f) the overview and prospects of the FPP industry as outlined in Section 8 of this Prospectus.

You should also take note that upon and subsequent to our Listing, the market price of our Shares is subject to the vagaries of market forces and other uncertainties, which may affect the pricing of our Shares being traded. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus before deciding to invest in our Shares.

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4.9 Dilution

Dilution is the amount by which the IPO Price paid by subscribers of our Shares in our IPO exceeds the NA per Share after our IPO. The NA per Share of our Group as at 31 March 2010, adjusted for the Acquisitions up to the date of this Prospectus, but before adjusting for the net proceeds from the Public Issue, was approximately RM0.75 based on the number of Shares in issue before the Public Issue.

Pursuant to the offering of 16,000,000 Issue Shares under the Public Issue at the IPO Price and after further adjusting for the estimated listing expenses, the adjusted NA per Share of our Group as at 31 March 2010 based on our enlarged issued and paid-up share capital of 236,000,000 Shares would have been approximately RM0.74 per Share. This represents an immediate decrease in NA per Share of RM0.01 to our existing shareholders and an immediate dilution in NA per Share of RM0.02 to our new shareholders.

The following table illustrates such dilution on a per Share basis:

	RM
IPO price	0.76
NA per Share as at 31 March 2010, after adjusting for the Acquisitions but before adjusting for the net proceeds from the Public Issue	0.75
NA per Share after our IPO	0.74
Decrease in NA per Share to the existing shareholders	0.01
Dilution in NA per Share to new shareholders	0.02
Dilution in NA per Share to new shareholders as a percentage to the IPO price	2.63%

The following table summarises the total number of GW Holdings Shares acquired by our Directors, key management and substantial shareholders from the date of our incorporation to the date of this Prospectus, the total consideration paid by us and the effective cash cost per Share to them and to the new shareholders pursuant to our IPO:

	No. of Shares received pursuant to the Acquisitions ('000)	**Total consideration (RM'000)**	**Average effective cash cost per Share (RM)**
Directors			
Lim Kok Boon	15,000	9,290	0.62
Yeoh Soo Ann	25,000	15,482	0.62
Abang Ariffin bin Abang Bohan	2,500	1,548	0.62
Tan Sri Datuk Dr Omar bin Abdul Rahman	750	465	0.62
Dato' Chew Kong Seng @ Chew Kong Huat	750	465	0.62
Key management personnel			
Lim Chun Yuan	1,125	697	0.62
Wong Poon Kheong	1,475	913	0.62
Ng Choong Keen	1,250	774	0.62
Chua Choon Kow	1,150	712	0.62
Substantial shareholders			
Keybumi	98,500	61,004	0.62
Megastart	72,501	44,902	0.62

	No. of Shares acquired ('000)	**Total consideration (RM'000)**	**Average effective cash cost per Share (RM)**
Other shareholders			
New shareholders from our IPO	16,000	12,160	0.76

4.10 Selling Shareholders

Our shareholders who are offering the Offer Shares and their shareholdings in our Company, their respective relationships with our Company since the date of our incorporation are as follows:

Selling Shareholders	Relationship with our Group	No. of Shares before adjusting for the Offer for Sale		No. of Shares offered	No. of Shares after adjusting for the Offer for Sale	
		('000)	(%)	('000)	('000)	(%)
Lim Kok Boon	• Promoter of GW Holdings • Director of GW Holdings, GW Plastic and GW Packaging • Substantial shareholder of GW Holdings	15,000	6.36	1,618	13,382	5.67
Yeoh Soo Ann	• Promoter of GW Holdings • Director of GW Holdings, GW Plastic and GW Packaging • Substantial shareholder of GW Holdings	25,000	10.59	5,670	19,330	8.19
Keybumi	• Promoter of GW Holdings • Substantial shareholder of GW Holdings	98,500	41.74	38,132	60,368	25.58

Note:

The addresses of the Selling Shareholders are as follows:

1. *Lim Kok Boon – No. 16, Lorong PJU 3/15B, Damansara Indah Resort Homes, 47410 Petaling Jaya, Selangor.*
2. *Yeoh Soo Ann – No. 53, Jalan PJU 3/12, Damansara Indah, 47410 Petaling Jaya, Selangor.*
3. *Keybumi – Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.*

4.11 Use of proceeds

The expected total gross proceeds from the Public Issue is approximately RM12.16 million. We intend to utilise the gross proceeds as follows:

	Note	Amount of total proceeds raised RM'000	Timeframe for utilisation of proceeds
Building of new factory block	1	9,000	Within 12 months
Working capital	2	960	Within 12 months
To defray listing expenses	3	2,200	Within 1 month
Total gross proceeds		12,160	

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Notes:

1. ***Building of new factory block***

A total of approximately RM9.0 million from our IPO proceeds will be set aside for the building of our new factory block with a built-up area of approximately 83,000 sq. ft. in our existing premises as part of our expansion plan and is expected to be completed by 2011. The total cost of building the new factory block is estimated at RM9.0 million. This new factory block will house the existing as well as new wicketing machines, cutting machines and other bag forming machines to streamline the flow of operations. The balance of the space will be utilised as a temporary warehouse as well as to cater for future expansion of our Group's operations.

2. ***Working capital***

A total of approximately RM0.96 million from our IPO proceeds will be set aside to finance our Group's day-to-day operations, which include, but not limited to payments to creditors, salaries and defrayment of operating expenses.

3. ***Estimated listing expenses***

Our Company will bear the entire listing expenses and fees incidental to our Listing of approximately RM2.2 million as follows:

	RM'000
Professional fees [(1)]	*1,145*
Underwriting commission and brokerage fees	*370*
Fees payable to authorities	*168*
Advertisement and printing expenses	*400*
Issuing House's fees	*100*
Contingencies	*17*
Total	***2,200***

Note:
(1) Include fees for, amongst others the Joint Advisers, Reporting Accountants, Due Diligence Solicitors and Independent Market Researcher.

If the actual cost of building of our new factory block is higher than budgeted, the deficit will be funded out of the portion allocated for the working capital. Conversely, if the actual cost of building of our new factory block is lower than budgeted, the excess will be used for the working capital. If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for the working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for the working capital.

Our Company will not receive any proceeds from the Offer for Sale. The Offer for Sale is expected to raise gross proceeds of RM34,519,200, which will accrue entirely to the Offerors. The Offerors shall bear all other expenses such as underwriting commission, brokerage, stamp duty, registration of share transfer fees relating to the Offer Shares estimated to amount to RM500,000. Hence, the utilisation of proceeds from the Offer for Sale will not have any financial impact to our Company.

4.12 Financial impact from utilisation of proceeds

The financial impact and benefits from the proceeds of the Public Issue include, *inter-alia*, the following:

(i) help enhance our value added processes and product differentiation, particularly in the F&B industry, which will in turn help us to expand our range of products customisation for the high-end FPP applications as well as help us in terms of market penetration overseas;

(ii) help expand our business in existing and new markets, particularly for the export markets, which in turn is expected to increase our Group's revenue and earnings; and

(iii) help strengthen our liquidity and cash flow position via the increase in our working capital.

4.13 Brokerage, underwriting commission and placement fee

(i) Brokerage

We will bear the brokerage fees relating to the Issue Shares, at the rate of 1.0% of the IPO Price in respect of successful applications, which bear the stamp of RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of Malaysian Investment Banking Association in Malaysia or the Issuing House. Brokerage with respect to the Offer Shares shall be borne by the Offerors.

(ii) Underwriting commission

We will pay the Sole Underwriter an underwriting commission of 2% of the IPO Price in respect of 14,400,000 Issue Shares.

The Offerors will pay the Sole Underwriter an underwriting commission of 2% of the IPO Price in respect of 4,000,000 Offer Shares.

(iii) Placement fee

The Offerors will pay the Sole Placement Agent a placement fee at the rate of 1% and 2% of the value of the Offer Shares to be placed out to placees identified by our Group and placees identified by the Sole Placement Agent respectively under the Bumiputera Offer and Private Placement.

4.14 Salient terms of the Underwriting Agreement

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

We, together with the Offerors have entered into an Underwriting Agreement with RHB Investment Bank, whereby the Sole Underwriter shall underwrite 18,400,000 IPO Shares. The salient terms extracted from the Underwriting Agreement, amongst others, are set out below:

"(i) Conditions precedent

4(1) Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under this Agreement shall be conditional upon the following:-

(a) this Agreement having been duly executed by all the parties hereto and duly stamped;

(b) the issue of the Issue Shares and/or the Offer for Sale of the Offer Shares (as the case may be) having been approved by the SC and or any other relevant authority and the shareholders of the Company in general meeting and the Offerors, where applicable and all conditions mentioned in the respective approvals having been fulfilled to the extent that they are required to be fulfilled on or prior to the Closing Date and such approvals are in full force and effect and are not withdrawn, revoked, suspended or terminated on or prior to the Closing Date;

(c) the listing and quotation of the entire issued and paid up share capital of the Company on the Stock Exchange having been approved by the Stock Exchange and subject only to conditions which are reasonably acceptable to the Underwriter and such approval is not withdrawn and that all conditions mentioned in the Stock Exchange's approval having been fulfilled to the extent that they are required to be fulfilled on or prior to the Closing Date;

(d) the Prospectus being in form and substance satisfactory to the Underwriter;

(e) the Prospectus having been registered with the SC and lodged with the CCM on or before the issue, circulation or distribution of the Prospectus;

(f) there shall not have occurred, on or prior to the Closing Date, any event rendering untrue, inaccurate or incorrect in any material respect any of the representations, warranties or undertakings contained in Clause 5(1) hereof;

(g) there shall not have occurred, on or prior to the Closing Date, any material breach of and/or failure to perform any of the undertakings contained in Clause 5(1) hereof;

(h) the Underwriter having been satisfied that arrangements have been made by the Company and/or the Offerors to ensure payment of the expenses referred to in Clause 19 hereof;

(i) the Offer for Sale and/or Public Issue (as the case may be) not being prohibited by any statute, order, rule, regulation or directive (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;

(j) there not being, in the reasonable opinion of the Underwriter, on or prior to the Closing Date, any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial, business, operations or otherwise) of the Company or any of its subsidiaries which is material in the context of the Listing Exercise;

(k) the Underwriter having been reasonably satisfied that the Company has complied with and that the Listing Exercise is in compliance with the policies, guidelines and requirements of the Stock Exchange and/or the SC and all revisions, amendments, and/or supplements thereto which are applicable to the Company;

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(l) the delivery of the following documents to the Underwriter on or before the Closing Date:

(i) such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and/or Offer for Sale (as the case may be) and the listing and quotation of the entire issued and paid-up share capital of the Company; and

(ii) a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(l)(i) above;

(m) the Underwriter receiving a copy duly certified by a director or secretary of:-

(i) the Company to be a true copy of a resolution of the Board of Directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Issue Shares and authorising a person or persons to sign this Agreement on behalf of the Company; and

(ii) the Offerors, where applicable, to be a true copy of a resolution of the Board of Directors of each of the Offerors approving the Prospectus and this Agreement and the offer of the Offer Shares and authorising a person or persons to sign this Agreement on behalf of the Offerors; and

(n) the Prospectus having been issued within one (1) month of the date hereof or within such extended period as may be consented to by the Underwriter.

(2) (a) If on or before the Closing Date any of the conditions described in Clause 4(1) (save and except for the conditions set out in Clauses 4(1)(f), 4(1)(g), 4(1)(h), 4(1)(l), 4(1)(m) and 4(1)(n) hereof) above is not fulfilled, satisfied and or waived, as the case may be, then the Underwriter shall be entitled to terminate this Agreement by notice in writing to the Company and the Offerors in which event the provisions of Clause 15(1) will apply.

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(b) If on or before the Closing Date any of the conditions described in Clauses 4(1)(f), 4(1)(g), 4(1)(h), 4(1)(l), 4(1)(m) or 4(1)(n) above is not fulfilled, satisfied and or waived, as the case may be, then the Underwriter shall be entitled to terminate this Agreement by notice in writing to the Company and the Offerors in which event the provisions of Clause 15(2) will apply.

(c) If the Underwriter does not terminate this Agreement pursuant to the preceding Clauses and if after the Closing Date but prior to the date of Listing any of the conditions described in Clauses 4(1)(a), 4(1)(b), 4(1)(c), 4(1)(d), 4(1)(e), 4(1)(f), 4(1)(g), 4(1)(h), 4(1)(i), 4(1)(j), 4(1)(k), 4(1)(l), 4(1)(m) or 4(1)(n) above is not fulfilled, satisfied and or waived, as the case may be, then the Underwriter shall be entitled to terminate this Agreement by notice in writing to the Company and the Offerors in which event the provisions of Clause 15(3) will apply.

(ii) Termination

14(1) Without prejudice to Clauses 4(2)(a), 4(2)(b) or 4(2)(c) above but notwithstanding any other provision herein contained, the Underwriter may by notice in writing to the Company given at any time on or prior to the Closing Date or after the Closing Date before the date of Listing (as the case may be), terminate and cancel and withdraw the commitment of the Underwriter to underwrite the Underwritten Shares if:-

(a) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within seven (7) Market Days from the date the Company is notified by the Underwriter of such breach; or

(b) there is failure on the part of the Company to perform in any material respect any of its obligations herein contained; or

(c) there is a withholding of information by the Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group, the success of the Public Issue and/or Offer for Sale, or the distribution or sale of the Issue and Offer Shares;

(d) the approval of the Stock Exchange for the listing and quotation of its entire issued and paid-up share capital on the Stock Exchange is withdrawn; or

(e) the FTSE Bursa Malaysia KLCI Index ("Index") falling below 1,100 points and remaining below 1,100 points for three (3) consecutive days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event.

(iii) Force Majeure

14A(1) Notwithstanding anything herein contained, the Underwriter may at any time on or prior to the Closing Date or after the Closing Date but before the date of Listing (as the case may be) by notice in writing delivered to the Company terminate its obligations under this Agreement and/or request for the Closing Date to be extended to such reasonable date as the Underwriter may decide, upon the occurrence of the following events:

(a) there shall have been such a 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 with regards 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 as would in the reasonable opinion of the Underwriter prejudice materially and adversely the success of the Offer for Sale and/or Public Issue and/or the Unsubscribed Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) (as the case may be) and the listing and quotation of the entire issued and paid-up share capital of the Company;

(b) in the reasonable opinion of the Underwriter concerned there shall have been a material change in law, regulation directive, policy or ruling in any jurisdiction which may seriously affect the business or prospects of the Group, Listing or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, national disorder, outbreak of war, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting, labour disputes, any unavailability of transportation or severe economic dislocation, outbreak of disease, acts of God, acts of terrorism, strikes, explosion, flooding, civil commotion, sabotage, acts of war or accidents or the declaration of a state of national emergency); or

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally by the Stock Exchange due to exceptional financial circumstances or otherwise which would in the reasonable opinion of the Underwriter, prejudice materially and adversely the success of the Offer for Sale and/or Public Issue and/or the Unsubscribed Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) (as the case may be) and the listing and quotation of the entire issued and paid-up share capital of the Company

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and thereupon the parties shall be released and discharged from their respective obligations hereunder whereupon this Agreement shall be of no further force or effect (save in respect of Clause 16 which shall survive the termination of this Agreement) subject to the following:-

(aa) in the event of the termination pursuant to Clauses 14A(1)(a), 14A(1)(b) or 14A(1)(c) hereof prior to the Closing Date:-

(i) the liability of the Company for the payment of costs and expenses as provided in Clause 19 hereof incurred prior to such termination shall remain;

(ii) the liability of the Company for the payment of the Broken Funding Cost as provided in Clauses 11(2) and 12(6) hereof shall remain; and

(iii) subject thereto, each party hereto shall return any moneys paid without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Underwriter

or

(bb) in the event of the termination pursuant to Clauses 14A(1)(a), 14A(1)(b) or 14A(1)(c) hereof after the Closing Date but before the Listing Date:-

(i) the liability of the Company for the payment of costs and expenses as provided in Clause 19 hereof incurred prior to such termination shall remain;

(ii) the liability of the Company for the payment of the Underwriting Commission as provided in Clauses 11(1) and 12(7) hereof shall remain; and

(iii) subject thereto, each party hereto shall return any moneys paid without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Underwriter.

(2) In the event of a delivery of a request for the Closing Date to be extended by the Underwriter to the Company, the Company shall consent to such request for the extension of the Closing Date.

(3) The delivery of a request under Clause 14A(2) above shall not preclude the Underwriter from giving a further request for the extension of the Closing Date or from giving a notice to terminate pursuant to Clause 14A(1).

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(4) In the event of the occurrence of any of the events pursuant to Clauses 14A(1)(a), 14A(1)(b) or 14A(1)(c) hereof after the Closing Date but before the date of Listing and notwithstanding Clauses 14A(2) and (3) above, the Underwriter or the Company may give notice to the other party to commence negotiations and the parties shall negotiate for a period not exceeding thirty (30) days after the date of such notice, with a view to agree as follows: –

(a) to extend the date of Listing which is acceptable to both parties;

(b) to amend the terms of this Agreement to the satisfaction of both parties;

(c) to enter into a new underwriting agreement on such terms which are acceptable to both parties; or

(d) a combination of any of Clauses 14A(4)(a) to 14A(4)(c) above.

(5) If the parties are not able to come to an agreement upon commencement of the negotiation pursuant to Clause 14A(4) above, the Underwriter may at any time from the date of this Agreement up to two (2) Market Days but prior to the date of Listing:-

(a) terminate by giving a notice to terminate pursuant to Clause 14A(1) hereof; or

(b) request that the date of Listing be extended to a date as the Underwriter may reasonably determine in its absolute discretion.

(6) Upon delivery of the notice under Clause 14A(5)(a) above, the respective parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect (save in respect of Clause 16 which shall survive the termination of this Agreement) subject to the following:-

(a) the liability of the Company for the payment of costs and expenses as provided in Clause 19 hereof incurred prior to such termination shall remain;

(b) the liability of the Company for the payment of the Underwriting Commission as provided in Clauses 11(1) and 12(7) hereof shall remain; and

(c) subject thereto, each party hereto shall return any moneys paid without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Underwriter.

(7) In the event of a delivery of a request for the date of Listing to be extended by the Underwriter to the Company, the Company shall consent to such request for the extension of the date of Listing.

(8) The delivery of a request under Clause 14A(7) shall not preclude the Underwriter from giving a further request for the extension of the date of Listing or from giving a notice to terminate pursuant to Clause 14A(5)(a) above."

5. RISK FACTORS

WE ARE EXPOSED TO A NUMBER OF POSSIBLE RISKS THAT MAY ARISE FROM ECONOMIC, BUSINESS, MARKET AND FINANCIAL FACTORS AND DEVELOPMENTS, WHICH MAY HAVE AN ADVERSE IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP AND/OR OUR SHARE PRICE.

5.1 Risks relating to our business and industry

(i) We are subject to the fluctuations in prices of plastic resins

Plastic resins are the biggest component of the raw materials used in our business and accounted for 88.3% of our Group's raw materials purchased in FYE 2009. For FPE 2010, 88.2% of our Group's raw materials purchased were plastic resins. Given that crude oil and natural gas are the main components of the feedstock used to produce plastic resins, fluctuations in the prices of crude oil and natural gas in the global market would have a material impact on the prices of plastic resins. Consequently, the prices of plastic resins have generally fluctuated in tandem with the prices of crude oil.

The industry experienced a situation of tight supplies of plastic resins caused by high demand, particularly from China, and the shortage of new petrochemical capacities during the period between mid 2004 to the third quarter of 2008. High prices of crude oil, hitting a peak of USD147.27 per barrel in July 2008, further worsened the supply of plastic resins and prices of plastic resins reached record heights during that period. As it was not always possible to pass on in full the unprecedented huge increase in the price of plastic resins, our operating margins were adversely affected during this period.

Due to the supply imbalance as explained above, there was a rush from 2004 onwards by many petrochemical companies to increase capacities. As a result, heavy investments in petrochemical plants were committed, particularly in the Middle East such as Saudi Arabia, Qatar, United Arab Emirates and Iran and Asia such as China, Thailand, and Singapore. The new capacities in the Middle East are expected to benefit from a much cheaper source of feedstock from ethane gas compared to other plants using naphtha, which is cracked from crude oil. These plants in the Middle East are also expected to benefit from better economies of scale since these capacities are much larger than the older plants in other parts of the world, particularly in Europe and the USA.

Given the anticipated increase in the supply of plastic resins from the new capacities, the prices of plastic resins are expected to moderate towards the fourth quarter of 2010. The supply and pricing scenario is expected to further improve in 2011 when additional new capacities, particularly those with cheaper feedstock, come on-stream *(Source: D&B Report)*.

Our Group neither hedges our exposure to the fluctuations in the prices of plastic resins nor enters into any long term raw material purchase contracts. Refer to Section 7.9 of this Prospectus for further details on rationale for not hedging the Group's exposure to the fluctuation in the prices of plastic resins.

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(ii) We operate in a competitive environment

We operate in a competitive environment. We face competition from existing competitors and potential new market entrants in the industry we operate in. Some of these existing competitors have fundamentally similar capabilities and compete with each other on key attributes which include manufacturing competency, reliability and quality products and services, pricing, time-to-market and available production capacity.

However, due to the high barriers to entry such as technical know-how, high capital investment, proven track record, ability to provide value added services and sufficient working capital, there are not that many major players that compete directly with us. In the cast film segment, where our product is mainly for industrial use, commoditised in nature and pricing is sensitive, our main competitors are Swanson Plastics (Malaysia) Sdn Bhd, Thong Guan Industries Bhd, BP Plastics Holding Berhad and Scientex Bhd *(Source: D&B Report)*.

For the blown film segment, which are used for the high-end flexible packaging segment such as F&B, pharmaceutical and petrochemical industries where films are usually customised for each type of application, our main competitors include Klang Hock Plastic Industries Sdn Bhd and Nordenia (Malaysia) Sdn Bhd *(Source: D&B Report)*.

Notwithstanding the competitive environment in our industry, we believe our competitive strengths and advantages will give us the edge to maintain our market position and market share. We differentiate ourselves from other mass FPP producers by operating at the higher end of the product range with better optical properties (such as haze, gloss and opacity), mechanical properties (such as tensile strength, tear strength, dart impact strength and puncture resistance), sealing properties (such as seal strength, sealing range and heat resistance), even thickness profile throughout the web of the FPP and through our production efficiency where we achieve higher throughput with consistent quality and minimal waste. We invest in state-of-the-art machines (i.e latest machines with the highest quality technology) and employ the latest flexographic and gravure printing technology to provide value added products for our discerning customers. Value added products include applying artwork design, print quality and graphics to the plastic films as per customer requirements. For further details of our competitive strengths and advantages, refer to Section 7.4 of this Prospectus.

(iii) We do not have long-term contracts with suppliers and customers

Our Group does not have long-term contracts with our suppliers and customers. As such, there can be no assurance that we will be able to continue to get sufficient supply of raw materials in a timely manner from our existing suppliers. A reduction in the supply of any main raw materials may lead to an increase in costs or result in disruptions to our manufacturing operations schedule.

However, we have not experienced any shortage in the supply of raw materials owing to the lack of long-term contracts with our suppliers.

As a major customer to the supplier of plastic resins, we can rely on our regular suppliers for our plastic resins requirements even during periods of tight supplies. For example, during the period of tight supplies of plastic resins as experienced from 2004 to 2008 due to the sudden surge in demand and shortage of petrochemical capacity, we were given sufficient allocation of plastic resins for our requirements by our regular suppliers and have not experienced any shortage in the supply of plastic resins for our business operations.

We have established long-standing relationships and good track record with our customers and have been able to maintain the order flow for our products despite not having long-term contracts with our customers. For more information on our major suppliers and customers, please refer to Sections 7.18 and 7.17 respectively of this Prospectus.

(iv) We are dependent on major suppliers

We have been relatively dependent on our top 4 suppliers for the supply of our plastic resins. Purchases from ExxonMobil Chemical Asia Pacific Pte Ltd, Titan Petchem (M) Sdn Bhd, Polyethylene (M) Sdn Bhd and Dow Chemical Pacific (S) PL accounted for more than 80% of our Group's total raw material purchases over the last 3 FYE 2007 to FYE 2009 and FPE 2010. These 4 suppliers are major producers of plastic resins and our focus on buying from them was to ensure reliability of supply given that there was a period of tight supply of plastic resins from 2004 to 2008, as well as to aggregate purchases from certain suppliers to benefit from bulk discounts. Our Group has been purchasing plastic resins from these suppliers for the past 10 to 16 years and has developed a long-standing relationship with them. For more information on our major suppliers, please refer to Section 7.18 of this Prospectus. In the unlikely event that we are unable to source our plastic resins from our regular suppliers, we will be able to purchase plastic resins from other suppliers, as plastic resins are expected to be readily available in the world market with the new capacities coming on-stream.

(v) We are dependent on the continued employment and performance of our Directors, key management and key technical personnel

We believe that our continuous success depends to a significant extent on the capabilities and continued efforts of our Directors, key management and key technical personnel. The loss of any of our Directors, key management and key technical personnel could materially affect our Group's operations. Our success will also depend on our ability to continue to attract, motivate and retain qualified and skilled technical personnel.

We recognise the importance of attracting and retaining our key personnel and have put in place competitive compensation packages and reward schemes. At the senior management level, we have introduced succession planning in our Group. To ensure smooth succession planning at the middle level, we train and groom younger members of our management team to gradually take on greater responsibilities.

Furthermore, we have documented all technical and standard operating procedures ("SOPs") for our operations. Our SOPs include all detailed work instructions, testing methods, codes of practice and other reference documents. With the documented SOPs and through our structured on-the-job training and grooming of the next generation of management, our Group will be less vulnerable to any disruption that may be caused by resignation of our key personnel.

(vi) We are dependent on foreign labour

Our Group is reliant on the supply of labour from foreign countries. As at LPD, approximately 30% of our employees are foreign workers. All these foreign workers have valid work permits. Inadequate supply of labour may disrupt our manufacturing process. However, this risk of dependency on labour is partly mitigated by the increasing usage of automated processes in our production flow. In addition, we work closely with our recruitment agencies for the recruitment and renewal of work permits for the foreign workers. To date, we have not experienced any shortage in the supply of labour for our operations nor were there any interruptions in our operations during the past 12 months due to the shortage of labour.

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(vii) We are exposed to exchange rate fluctuations

We are exposed to foreign exchange risks as a significant portion of our business transactions are carried out in foreign currencies. Our purchases of plastic resins and export sales which are transacted in USD and SGD, are affected by foreign exchange fluctuations.

To mitigate this risk, we maintain foreign currency accounts for business transacted in foreign currencies. These foreign currencies are later used to make payments in the respective foreign currencies incurred for our business, thus forming a natural hedge to minimise our foreign currency exchange risk exposure. In addition, we work closely with our bankers and adopt prudent foreign currency management policy by constantly monitoring our foreign exchange exposure and will hedge our foreign exchange risks whenever we consider necessary.

(viii) We are subject to financial risks

As at 31 March 2010, our total borrowings amounted to RM20.5 million while cash and bank balances amounted to RM8.6 million, giving rise to net borrowings of RM11.9 million, which translates to a net gearing of 0.065 times. Assuming that the Dividend Payment was declared and paid on that date, the net borrowings of the Group would have risen to RM31.9 million, which would have represented a pro forma net gearing of 0.173 times. Any additional borrowings and/or significant increase in interest rates will result in an increase in interest expense and affect the profitability of our Group. We have drawn down a loan for the Dividend Payment and we expect to draw down approximately RM19.4 million for FYE 2010 for the purchase of machineries. Notwithstanding these additional borrowings, we expect that we will generate a positive cash flow from our operations for FYE 2010 which will be utilised to reduce our borrowings.

Our credit facilities may also be subjected to periodic review by the banks and certain covenants may limit our financial flexibility. Any act or omission by us that breaches such covenants may give rise to the rights by the banks to terminate these credit facilities. This may in turn trigger a cross default of other credit facilities. Our Group will endeavour to monitor the compliance of such covenants. Our Group has not experienced any breaches of such nature in the past 10 years.

Our Group is also exposed to credit risk from our customers. We regularly monitor our trade receivables to ensure that the quantum arising from non-collectability is kept to a minimum. To minimise the risk of bad and doubtful debts, our Group performs credit evaluation on our customers' financial status before granting them any credit facilities. We also carry out other credit checks to review the credit standing and credit limit of our customers. For further details on the aging of the trade receivables, please refer to Section 13.2.5(xi) of this Prospectus.

(ix) We face environmental issues and concerns

There are pressure groups such as environmental activists who lobby for the reduction in usage of plastic based materials. There are currently no viable substitute packaging products for FPP products. FPP products will continue to be used as an essential packaging material in the F&B, logistics, pharmaceutical, construction, retail, agricultural, petrochemical, medical industries and household products. Contrary to public opinion, FPP packaging products are to a certain degree recycleable and a significant portion of the FPP materials can be reused and recycled. Rather than simply treating the FPP wastes as scraps, many manufacturers of FPP products are beginning to recognise the value of in-house recycling and are embarking on programs to recycle their FPP wastes.

FPP products are the cheaper and more versatile alternative compared with other packaging materials. As such, FPP products will continue to be used as a viable packaging material, particularly for the F&B industry given the versatility and high strength-to-weight ratio of these products.

We are mindful of the environmental concerns and have dedicated personnel monitoring the environmental issues affecting our Group's business operations. We place great emphasis on the environment and the health and safety of our employees at our workplace. In this regard, we have been awarded the certification for ISO 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management System.

(x) We are exposed to the risk of non-renewal and/or revocation of permits, approvals, business licences and the quality and safety accreditations for our operations

We have obtained certain permits and licences from various governmental authorities and quality and safety accreditations from internationally recognised bodies. Details of our major permits, approvals, business licences and quality and safety accreditations from internationally recognised bodies are set out in Sections 7.10 and 12.1 of this Prospectus. Some of these permits, approvals, business licences and accreditations are subject to periodic inspection as well as fulfillment of certain conditions imposed by the relevant authorities or bodies, and the standard of compliance required in relation thereto may be subject to changes from time to time.

Revocation of our permits, approvals and business licences and/or non-renewal of the accreditations by internationally recognised bodies may have an adverse effect on our operations, business and reputation as we may lose certain customers and our track record may be tarnished with the non-renewal of accreditations. This may result in substantial monetary losses, which would materially and adversely impact our Group's profitability. To date, our Group has not experienced any non-renewal and/or revocation of permits, approvals, business licences and quality and safety accreditations.

(xi) We are subject to political, economic and regulation considerations

Our business operations are subject to the jurisdiction of numerous governmental agencies or ministries. Any adverse development in the political, economic and regulatory environment in Malaysia as well as in countries where our Group sources our supplies or market our products could materially and adversely affect the financial and operational conditions as well as the overall profitability of our Group. Political and economic uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, fluctuations in foreign exchange rates and interest rates, political or social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

While we will continue to take precautionary measures such as prudent financial management and efficient operation procedures, there can be no assurance that any material change in political, economic and regulatory conditions will not materially affect our operations and financial performance.

(xii) We are exposed to risk relating to insurance coverage on our Group's assets

At present, our Group's factory, office premises, plant and machinery, inventory of raw materials and finished products are insured against unforeseen circumstances such as fire, flood, loss, damage, robbery and theft. We regularly review and ensure adequate insurance coverage for our assets.

Although we have taken all reasonable steps to ensure that all our key assets are adequately covered by insurance, no assurance can be given that the insurance coverage will be sufficient to compensate for the replacement cost of our assets or any consequential loss arising thereof.

Notwithstanding the above measures, steps and efforts undertaken by our Company to mitigate the abovementioned risks relating to our business and industry, there can be no assurance and guarantee that we can successfully manage all the risks including our ability to compete successfully in the future, ability to obtain sufficient supply of raw materials from our regular suppliers, no assurance that our customers will continue to place orders from us in the future and at the same levels as they had previously, ability to successfully manage our exposure to exchange rate fluctuations and financial risks and our ability to attract and to retain our key management and key technical personnel with similar level of experience and capabilities. Failure to do so could have a material and adverse impact on our business, financial condition and the results of our operations.

5.2 Risks relating to our Listing and investment in our Shares

(i) Potential delay or failure of our Listing

Our Listing may potentially be delayed or aborted in the event of the following:

(a) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its stated obligations;

(b) the placees identified under the Bumiputera Offer and Private Placement fails to pay for the subscription of our IPO Shares allocated to them, notwithstanding that they have furnished their irrevocable undertaking letters to subscribe for such IPO Shares; and

(c) we are unable to meet the public spread requirements of at least 25% of the enlarged issued and paid-up share capital of our Company being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing.

In such event, investors will not receive any of our IPO Shares and we together with the Offerors will return in full, without interest, all monies paid in respect of any application for our IPO Shares in compliance with the provisions of sub-section 243(2) of the CMSA.

(ii) No prior market for our Shares

There has been no prior market for our Shares. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares.

We, together with the Offerors and our Joint Advisers, have determined and agreed to the IPO Price, after taking into consideration several factors including, but not limited to, our Group's financial performance, our Group's future plans and prospects, the prospects of the industry in which our Group operates and the prevailing market conditions. The prices, at which our Shares will trade on Bursa Securities at any point in time after our Listing, may vary significantly from the IPO Price.

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(iii) Volatility in our Share price and trading volume

Shares of other companies listed on Bursa Securities have experienced considerable price volatility in the past. It is possible that our Shares will be subject to price volatility, which may have no direct correlation with our Company's NA value, financial results or performance. Price volatility may also affect the ability of our shareholders to sell and the price at which our Shares can be sold.

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations. The market price of our Shares is also susceptible to certain new developments within the plastic manufacturing industry, acquisition or strategic alliance by our competitors or us or gain or loss of our major customers.

On the other hand, the performance of our Shares on the Main Market of Bursa Securities could be affected by external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various economic sectors. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of our Shares, which could potentially result in substantial losses for investors in acquiring our Shares.

(iv) Control by Promoters

After our IPO, our Promoters and substantial shareholders as set out in Section 9.1 of this Prospectus will collectively control 71.56% of our enlarged issued and paid-up share capital. As such, it is likely that our Promoters and substantial shareholders will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities. The interests of our Promoters and substantial shareholders may collectively or individually differ from or conflict with the interests of other shareholders of our Company.

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6. INFORMATION ON OUR GROUP

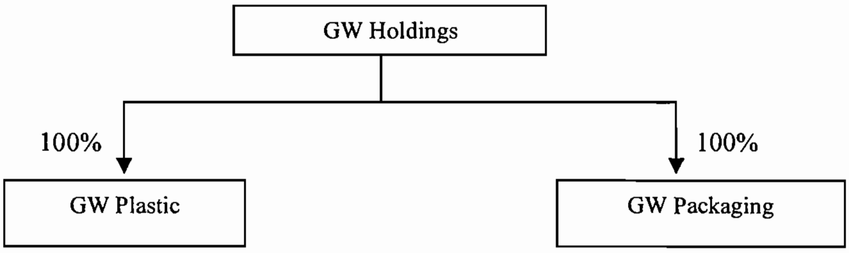
6.1 History and business

Overview of our Group and business

Our Company was incorporated as a public limited company in Malaysia under the name GW Plastics Holdings Berhad on 8 December 2009 under the Act as an investment holding company. Our Group is one of Malaysia's leading and well-established producers of FPP. Our products are sold domestically and overseas to various diversified industries. Our overseas markets include Japan, Australia, New Zealand, Europe, Mexico, South Korea, Hong Kong, Singapore and other South East Asia countries.

Our Group

Our Group structure and the principal activities of our subsidiaries are as follows:



Our subsidiaries	Principal activities
GW Plastic	Manufacturing and marketing of plastic film packaging products (1)
GW Packaging	Manufacturing and marketing of plastic film packaging products (2)

Notes:
(1) Focused in the manufacturing of blown plastic film packaging products.
(2) Focused in the manufacturing of cast plastic film packaging products mainly for the export market.

Our history

Our history can be traced back to 1971 when our subsidiary, GW Plastic was incorporated in Malaysia as a private limited company under the Act on 13 February 1971 under the name of Great Wall Plastic Industries Sendirian Berhad. GW Plastic commenced operations in 1971 and was initially involved in the manufacturing of plastic packaging products such as shopping bags and plastic sheets for general household and consumer use. Subsequently, GW Plastic expanded its range of products to include packaging bags for commercial and industrial use to broaden its customer base. Since early 1990s, GW Plastic has undertaken a programme to modernise and upgrade its production technology and started manufacturing high-tech and value added packaging products, such as stretch and shrink film and plain quality film for lamination use, to meet the growing demand of the industrial sector as the country became more developed. As a result, the improvements made include, *inter alia*, investments in extrusion machines with integrated thickness profile control systems for production of thin films as disclosed in Section 7.4(i) of this Prospectus; investments in flexographic and rotogravure printers with computerised production process controls and registration as disclosed in Section 7.7(ii) of this Prospectus; investments in fully automatic wicketing machines and gaining accreditations and certifications in food safety and environmental management systems as disclosed in Section 7.4(ix) of this Prospectus.

GW Plastic was converted into a public company on 17 November 1993 before being listed on the Kuala Lumpur Stock Exchange (now known as Bursa Securities) in 1995. In 1996, Sarawak Enterprise Corporation Berhad ("SECB") (now known as Sarawak Energy Berhad) acquired GW Plastic from the founding family shareholders. As Multi-Purpose Holdings Berhad ("MPHB") held approximately 23% of SECB then, it provided management services to GW Plastic upon completion of the said acquisition.

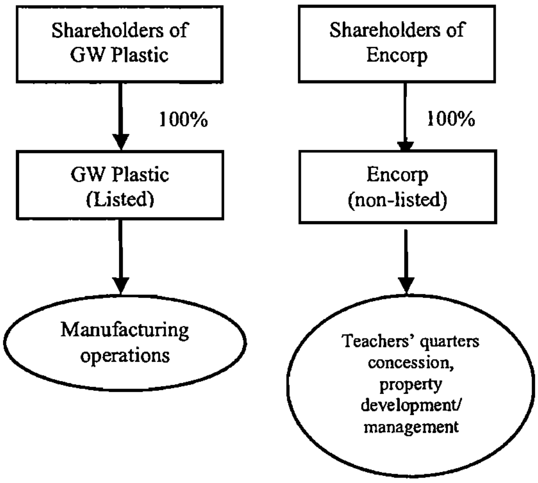
In 1998, our Group relocated our operations to our current factory complex in Rawang, Selangor. The relocation to a site of approximately 28.6 acres or 1,248,431 sq. ft. has enabled our manufacturing activities, which were previously undertaken in several locations in Kepong, Selangor, to be housed under one roof and with ample land for future expansion.

In 2002, our current Chief Executive Officer, Lim Kok Boon, who was from MPHB, was appointed as the Senior Executive Director of GW Plastic.

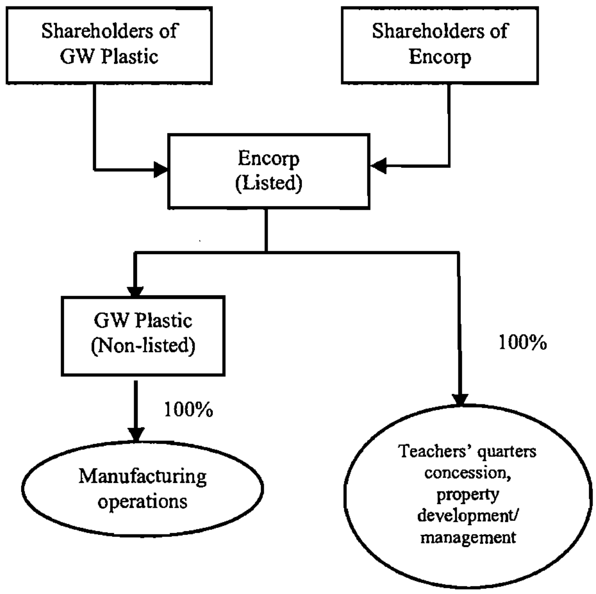
GW Plastic undertook a restructuring scheme in 2003 whereby shareholders of GW Plastic exchanged their shares on a 1:1 basis for new shares in Encorp Berhad ("Encorp"), resulting in GW Plastic becoming a wholly-owned subsidiary of Encorp and the shareholders of GW Plastic becoming shareholders of Encorp. Pursuant to this exercise, the listing status of GW Plastic was transferred to Encorp.

The corporate structures of the restructuring exercise are set out as follows:-

Before restructuring scheme



After restructuring scheme



The rationale for the restructuring scheme was to enable the then shareholders of GW Plastic, who became the shareholders of Encorp, to benefit from a stable stream of income and cashflows arising from the 30-year concession to design, construct and complete 10,000 units of apartments for the teachers' quarters and related facilities and was also expected to diversify and expand the earnings base of the enlarged Encorp group. Further, the restructuring scheme was to rationalise the group structure of the enlarged Encorp group, resulting in clear and distinct business units of manufacturing of plastic packaging products and property development and construction management.

Encorp had in 2004 decided to focus on its core business of property development and construction management. Arising there from, GW Plastic was offered for sale in 2004, in which the proceeds from the disposal were used by Encorp to finance the expansion of its property development projects and the expansion of its land bank.

Hence, a management buyout exercise was carried out in 2004 where GW Plastic ceased to be a subsidiary of Encorp with the disposal of 51% equity interest in GW Plastic to Megastart. The disposal consideration of RM45.0 million for the 51% equity interest in GW Plastic represented a net PE multiple of 16.60 times based on the audited PAT of GW Plastic for FYE 2003 and a price to net tangible assets ("NTA") multiple of 0.68 times based on the NTA of GW Plastic as at 31 December 2003 *(Source: Encorp's circular dated 1 September 2004)*. Thereafter, with the disposal of the balance

49% equity interest in GW Plastic to Keybumi, it ceased to be an associate of Encorp effective 22 January 2007. The balance 49% disposal consideration of RM40.0 million represented a net PE multiple of 8.17 times based on the audited PAT of GW Plastic for FYE 2005 and a price to NTA multiple of 0.58 times based on the NTA of GW Plastic as at 31 December 2005 *(Source: Encorp's circular dated 13 December 2006)*. The management team involved in the buyout exercise was led by Lim Kok Boon, which was the similar management team prior to the restructuring scheme in 2003.

Since 2004, GW Plastic has acquired higher end extruder machines, printing machines and converting machines to produce high quality films and more value added products, i.e. printed films, wicketing bags and specialty films, with the objective of expanding its export sales. This, coupled with the ISO 22000:2005 Food Safety Management System certification obtained in 2008 has contributed to the increase in export sales to Europe as well as other Asia Pacific markets. Export sales increased from 32% in 2004 to 52% in 2009.

Our wholly-owned subsidiary company, GW Packaging, which was incorporated on 21 November 2005 is also principally involved in the manufacturing and marketing of cast plastic film packaging products mainly for the export market.

Our key milestones and achievements are as follows:

Year	Key Milestones & Achievements
1998	- Relocation and expansion of factory from Kepong to Rawang, sited on a 28 acres of land - Received Preferred Supplier Status from Unilever (M) Holdings Sdn Bhd
2000	- Achieved ISO 9001:2000 – Quality Management System Standard Certificate for development and manufacture of plastic films, printing and converting flexible packaging products * - Recipient of the Winners Award for Excellence in Flexography pursuant to the flexographic printing competition from Cyrel – Asia Pacific
2002	- Received Certificate of Achievement as a Class A Supplier from Fraser & Neave Holdings Bhd
2004	- Received appreciation of support award from Cargill Palm Products Sdn Bhd
2005	- Received Asian Flexographic Excellence Awards (silver award winner) from Asian Flexographic Technical Association - Received appreciation of support award from Cargill Palm Products Sdn Bhd
2006	- Received appreciation of support award from Cargill Palm Products Sdn Bhd
2008	- Achieved ISO 22000:2005 – Food Safety Management System Certificate for manufacture of plastic film, printing and converting of FPP for food, sanitary and hygiene bags - Received Highest Appreciation 2008 award for being the top volume buyer (segment: film) from Polyethylene (M) Sdn Bhd - Received Award of Appreciation for outstanding supplier in the quality of raw material & services from President Bakery Public Company Limited, Thailand - Received Industry Excellence Award under the Export Excellence Award for Merchandise category from MITI
2009	- Received Top Appreciation award as strategic global business partner from W&H, Germany - Achieved ISO 9001:2008 – Quality Management System Standard Certificate for development and manufacture of plastic films, printing and converting flexible packaging products *
2010	- Achieved ISO 14001:2004 – Environmental Management System Certificate for manufacture of plastic film, printing and converting of flexible packaging products - Achieved OHSAS 18001:2007 – Occupational Health & Safety Management System Certificate for manufacture of plastic film, printing and converting of flexible packaging products - Received appreciation of support and friendship award from Hudson Sharp Machine Company

Note:

* *ISO 9001:2000 was superseded and we were issued with the updated ISO 9001:2008 in 2009.*

6.2 Share capital

Our authorised share capital is currently RM300,000,000 comprising 600,000,000 shares of RM0.50 each, of which RM110,000,000 comprising 220,000,000 Shares have been issued and fully paid-up. The changes in our issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Value per share (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
08.12.2009	2	1.00	Subscribers' shares	2
13.04.2010^	-	0.50	Share split 1:2	2
11.08.2010	219,999,996	0.50	Acquisition of GW Plastic	110,000,000

Note:

^ *On 13 April 2010, our Company had undertaken a share split whereby 2 ordinary shares of RM1.00 each were sub-divided into 4 ordinary shares of RM0.50 each.*

6.3 Restructuring exercise

We undertook a restructuring exercise in conjunction with, and as an integral part of our Listing of which involved the following:

(i) Acquisition of GW Plastic

We had on 6 May 2010 entered into a conditional sale and purchase agreement with the Vendors for the acquisition of the entire issued and paid-up share capital of GW Plastic comprising 88,004,400 GW Plastic Shares, for a purchase consideration of RM136,252,000, which was satisfied via the issuance of 219,999,996 new Shares at an issue price of approximately RM0.62 per Share.

The purchase consideration of RM136,252,000 was arrived at after taking into consideration the audited consolidated NA of GW Plastic as at 31 December 2009 after adjusting for the Rights Issue and Dividend Payment and the gross deferred tax assets of RM23,606,504. The computation of the adjusted consolidated NA of GW Plastic as at 31 December 2009 is as follows:

	RM
Audited consolidated NA of GW Plastic as at 31 December 2009	180,091,943
Add: Rights Issue	8,000
	180,099,943
Less: Gross deferred tax assets *	(23,606,504)
Adjusted audited consolidated NA of GW Plastic as at 31 December 2009	156,493,439
Less: Dividend Payment	(20,241,012)
Adjusted consolidated NA of GW Plastic	136,252,427

Note:

* *The gross deferred tax assets arose following the recognition of unutilised reinvestment tax allowances with the adoption of FRS 112 Income Taxes in respect of qualifying capital expenditure. Refer to Section 13.2.5 (iii) Reinvestment Allowance for further details.*

The Acquisition of GW Plastic was completed on 11 August 2010.

(ii) Acquisition of GW Packaging

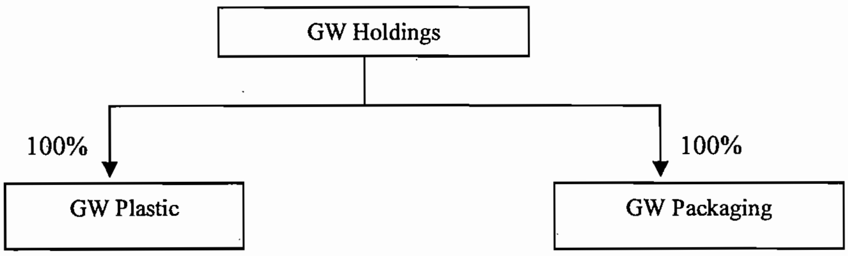
We had on 6 May 2010 entered into a conditional sale and purchase agreement with GW Plastic for the acquisition of the entire issued and paid-up share capital of GW Packaging comprising 6,000,002 GW Packaging Shares, for a cash consideration of RM10.0 million, which is reflected as an amount owing from our Company to GW Plastic.

The purchase consideration of RM10.0 million or approximately RM1.67 per GW Packaging Share was arrived at after taking into consideration the audited NA of GW Packaging of RM10.534 million or approximately RM1.76 per GW Packaging Share as at 31 December 2009, representing a discount of approximately RM0.09 per GW Packaging Share.

The Acquisition of GW Packaging was conditional upon the completion of Acquisition of GW Plastic. The Acquisition of GW Packaging was completed on 11 August 2010.

6.4 Information on our subsidiaries

The corporate structure of our Group is set out below:



Our Company is principally an investment holding company. The details of our subsidiaries are as follows:

Our subsidiary	Registration number	Principal activities
GW Plastic	10450-H	Manufacturing and marketing of plastic film packaging products (1)
GW Packaging	715472-P	Manufacturing and marketing of plastic film packaging products (2)

Notes:
(1) Focused in the manufacturing of blown plastic film packaging products.
(2) Focused in the manufacturing of cast plastic film packaging products mainly for the export market.

6.4.1 GW Plastic

(i) History and business

GW Plastic was incorporated in Malaysia as a private limited company under the Act on 13 February 1971 and commenced operations in 1971. GW Plastic was converted into a public limited company on 17 November 1993 before being listed on the Kuala Lumpur Stock Exchange (now known as Bursa Securities) in 1995. GW Plastic undertook a restructuring scheme involving the transfer of its listing status to Encorp Berhad in 2003, followed by a management buyout exercise in 2004. GW Plastic is principally involved in the manufacturing and marketing of blown plastic film packaging products.

(ii) Share capital

As at LPD, the authorised share capital of GW Plastic was RM300,000,000 comprising 300,000,000 shares of RM1.00 each in GW Plastic, of which RM88,004,400 comprising 88,004,400 GW Plastic Shares have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
13.02.1971	5	1.00	Subscribers' shares	5
23.09.1971	130,000	1.00	Cash	130,005
17.05.1972	90,000	1.00	Cash	220,005
01.10.1972	60,000	1.00	Cash	280,005
01.01.1973	10,000	1.00	Cash	290,005
12.04.1976	145,000	1.00	Cash	435,005
28.09.1976	140,512	1.00	Bonus issue 0.323:1	575,517
12.06.1977	124,483	1.00	Cash	700,000
02.02.1981	350,000	1.00	Bonus issue 1:2	1,050,000
15.11.1981	1,050,000	1.00	Bonus issue 1:1	2,100,000
17.05.1992	8,400,000	1.00	Bonus issue 4:1	10,500,000
25.07.1995	15,750,000	1.00	Bonus issue 3:2	26,250,000
31.07.1995	13,750,000	1.00	Rights issue 0.52381:1	40,000,000
04.07.2000	8,000,000	1.00	Bonus issue 1:5	48,000,000
04.08.2000	32,000,000	1.00	Rights issue 4:5	80,000,000
10.11.2000	4,000	1.00	Employees' share option scheme	80,004,000
23.04.2010	8,000,400	1.00	Rights issue 1:10	88,004,400

As at LPD, GW Plastic did not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholders

GW Plastic is our wholly-owned subsidiary. Yeoh Soon Ann, Lim Kok Boon, Abang Ariffin bin Abang Bohan, Megastart and Keybumi are the indirect substantial shareholders of GW Plastic by virtue of their interests in our Company.

(iv) Subsidiary and associated company

As at LPD, GW Plastic did not have any subsidiary or associated company.

6.4.2 GW Packaging

(i) History and business

GW Packaging was incorporated in Malaysia as a private limited company under the Act on 21 November 2005 and commenced operations on 1 January 2007. GW Packaging is principally involved in the manufacturing and marketing of cast plastic film packaging products mainly for the export market.

(ii) Share capital

As at LPD, the authorised share capital of GW Packaging was RM10,000,000 comprising 10,000,000 shares of RM1.00 each in GW Packaging, of which RM6,000,002 comprising 6,000,002 ordinary shares of RM1.00 each in GW Packaging have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
21.11.2005	2	1.00	Subscribers' shares	2
01.01.2007	6,000,000	1.00	Acquisition of fixed plant & machineries from GW Plastic	6,000,002

As at LPD, GW Packaging did not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholders

GW Packaging is our wholly-owned subsidiary. Yeoh Soon Ann, Lim Kok Boon, Abang Ariffin bin Abang Bohan, Megastart and Keybumi are the indirect substantial shareholders of GW Packaging by virtue of their interests in our Company.

(iv) Subsidiary and associated company

As at LPD, GW Packaging did not have any subsidiary or associated company.

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7. BUSINESS OVERVIEW

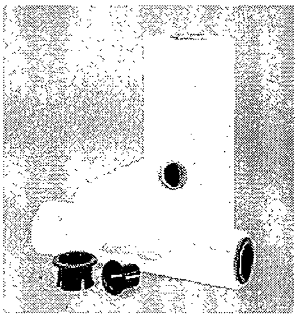
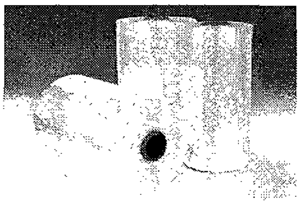
7.1 Principal activities and products

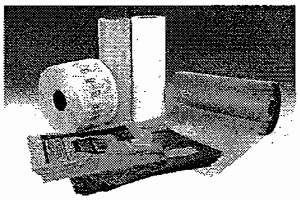
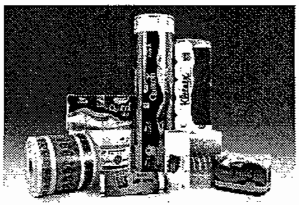
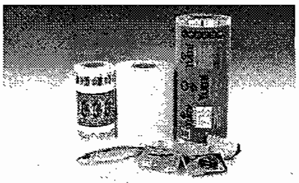
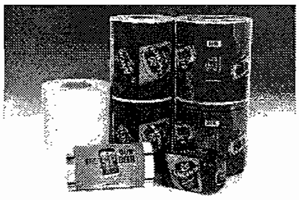
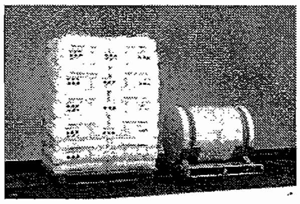
Our Group is principally involved in the manufacturing and marketing of FPP products. These FPP products can be divided into 2 types namely, cast film and blown film, based on the production process involved.

Our products are used in a wide range of industries such as F&B, logistics, industrial, household products, pharmaceutical, construction, retail, agriculture, petrochemical and medical.

Presently, GW Plastic has a manufacturing licence issued by the MITI and a printing licence issued by the Ministry of Home Affairs (now known as Ministry of Internal Security). Presently, GW Packaging has a manufacturing licence issued by the MITI and a LMW certificate issued by Royal Malaysia Customs Department.

The FPP products manufactured by our Group and their descriptions, applications and application industries are set out below:

Category of products	Product type	Product description	Product application	Application industries
Stretch film 	Cast film	A stretch wrap to secure packed and palletised products It comes in the form of hand roll and machine roll films	Used to wrap around industrial or commercial products to unitise loads, and provide stability and protection to loose cartons or bags on pallets. This also lowers transportation costs and allows for easier inventory control	Consumer and industrial packaging, e.g. logistics, industrial and F&B
Lamination base film 	Blown film	High quality PE lamination base film	Used as a base film by customers to further process it into packaging of F&B items, toiletries, pharmaceutical products and electronics items	F&B, E&E and pharmaceutical
Wicketed bag 	Blown film	Side-welded bags with or without gussets	Used in the packing of sandwich bread and agricultural produce	F&B and agricultural produce

Category of products	Product type	Product description	Product application	Application industries
General bag/sheet/tube 	Blown film	Customised bags and film in sheets or tube-in-roll	Used for general purpose packing	F&B, construction, retail, agriculture and industrial
Printed film 	Blown film	Customised printing using gravure or flexographic technology	Used for automated packaging environment	F&B, toiletries and industrial
Specialty film 	Blown film	High end quality film for protective and gas/water vapour barrier purpose	To prolong shelf life of content	F&B and industrial
Shrink film 	Blown film	High end quality film for packaging by shrinkage	Used to bundle smaller individual items into larger units e.g. bundling of can drinks and PET bottles into packs	F&B and industrial
Shrink hood/stretch hood 	Blown film	To secure and protect palletised goods	Used in unitising and wrapping products on pallets e.g. in bundling bags of plastic resins	Petrochemical, industrial, manufacturing and construction

The differences between the cast and blown films are disclosed in Sections 7.6 and 8 of this Prospectus.

7. BUSINESS OVERVIEW *(Cont'd)*

Our Group produces 2 broad categories of FPP products, namely blown film and cast film. For FYE 2009 and FPE 2010, the contribution of our principal products to our Group's total revenue is as follows:

	FYE 2009		FPE 2010	
Principal products	**Contribution to our Group's revenue RM'000**	**Proportion of our Group's revenue %**	**Contribution to our Group's revenue RM'000**	**Proportion of our Group's revenue %**
Blown film (includes lamination base film, wicketed bags, general bag/sheet/tube, printed film, specialty film, shrink film, shrink hood and stretch hood)	170,249	66.6	50,015	64.7
Cast film (comprises mainly stretch film)	85,255	33.4	27,340	35.3
Total	**255,504**	**100.0**	**77,355**	**100.0**

There are presently no new products being developed by our Group. In terms of product enhancement, we are currently working on an improved high performance barrier film for flexible packaging – a co-extruded multilayer film with high barrier against gases (e.g. oxygen, nitrogen, carbon dioxide) and odour permeability. This multilayer barrier film is currently being used for the F&B industry, medical and chemical industries.

7.2 Principal markets

Our products are sold in the domestic market and exported to a wide range of customers overseas. Our overseas markets include Japan, Australia, New Zealand, Europe, Mexico, South Korea, Hong Kong, Singapore and other South East Asia countries.

For FYE 2009, exports contributed approximately 51.8% of our Group's total revenue. The remaining 48.2% were contributed by domestic sales. For FPE 2010, 57.2% of our Group's total revenue was generated from the export market, while the balance of 42.8% came from the domestic market. In the export market, Japan was the largest contributor to our Group's total revenue.

The proportion of our Group's export and domestic markets by revenue for FYE 2009 and FPE 2010 are as follows:

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	FYE 2009		FPE 2010	
Market	**Contribution to our Group's revenue RM'000**	**Proportion of our Group's revenue %**	**Contribution to our Group's revenue RM'000**	**Proportion of our Group's revenue %**
Export market:				
Japan	42,313	16.6	13,021	16.8
Singapore	26,603	10.4	7,281	9.4
South Korea	16,865	6.6	6,606	8.5
Australia & New Zealand	15,575	6.1	5,233	6.8
Denmark	7,821	3.1	3,574	4.6
Thailand	7,792	3.0	2,593	3.4
The Philippines	2,993	1.2	671	0.9
Hong Kong	2,644	1.0	331	0.4
Spain	1,873	0.7	498	0.6
Taiwan	1,514	0.6	940	1.2
Myanmar	1,443	0.6	1,200	1.6
Indonesia	1,345	0.5	697	0.9
Sri Lanka	1,289	0.5	580	0.7
China	1,167	0.5	244	0.3
Mexico	600	0.2	276	0.4
The Netherlands	140	0.1	330	0.4
Others	369	0.1	199	0.3
Total export market	**132,346**	**51.8**	**44,274**	**57.2**
Total domestic market	**123,158**	**48.2**	**33,081**	**42.8**
Total	**255,504**	**100.0**	**77,355**	**100.0**

7.3 Marketing and distribution

Our sales and marketing efforts are spearheaded by our General Manager of Marketing, Ng Choong Keen, who has 20 years of marketing experience in the plastic packaging industries. He is jointly responsible for formulating the appropriate strategies and action plans for our Group's sales and marketing division. He is aided by a team of 8 managers and executives with responsibilities in managing key domestic and international accounts as well as developing new markets and customers. Our Chief Executive Officer, Lim Kok Boon, is also actively involved in the formulating of strategic marketing plans and in sourcing for new markets and dealings with our key customers.

For the domestic market, we market our products directly to our customers. Our domestic customers are being served by 5 of our designated marketing personnel, all of whom have more than 10 years of experience in the trade. Our marketing personnel have in-depth knowledge of our products and their applications. They work closely with our production and logistic teams to better serve our customers.

For the export market, our cast film products are sold to trading houses, which are also our customers, which in turn market our products to the end users. This is the most optimal channel for marketing such products overseas given that these products are generic and fast moving in nature. Our overseas customers are established importers who have their own network of customers. Our blown film products, being usually customised for specific applications, are sold directly to the end users. Our overseas customers are being served by a team of 2 marketing managers, 1 assistant marketing manager and 7 supporting staffs.

We also establish new customer relationships through referrals. Our reputation as a supplier of good quality FPP products has enabled us to acquire new customer relationship through referrals.

We maintain a website and a display booth at the Malaysian Export Exhibition Centre located in the MATRADE office in Kuala Lumpur to provide information on our products to potential customers. As part of our marketing strategy, we also participate in international tradeshows, exhibitions, trade missions and conferences to network with equipment manufacturers and prospective customers.

Over the past 5 years, we have participated in exhibitions, trade missions and international conference in Germany, China, Japan, Brazil, Argentina, South Africa, India and Thailand.

7.4 Competitive strengths and advantages

We believe the following are our competitive advantages and we seek to maintain them in our efforts to improve our market share and strengthen our business:

(i) Advanced extrusion machines and employment of the latest printing technology

We seek to value add to our customers and distinguish ourselves from our competitors by operating at the higher end of the production value chain. Toward this end, we strive to keep abreast with the latest production technology and utilise the most efficient machinery in our bid to stay ahead of our competitors.

We currently have an extensive range of advanced machinery including some state-of-the-art machines as follows:

Types of machinery	Number of units
W&H blown film extruders (European)	12
Black Clawson cast stretch film extruders (American)	3
Advance flexographic and gravure printing machines (European)	5
Hudson Sharp wicketed bags making machines (European)	9

Our W&H extruders are used in the blown film process and are capable of producing up to 5 layers of co-extruded films as thin as 20 microns. These extruders are equipped with gravimetric dosing systems that are capable of blending different grades of plastic resins together with precise dosing ratios and to extrude out films with enhanced mechanical and optical properties. Our extrusion lines from W&H represent the latest in blown film technology and are developed using the latest German technology. We are of the view that W&H is one of the best in high quality state-of-the-art blown film extrusion.

We are W&H's largest customer with the highest number of W&H machines installed and successfully running in Asia (*Source: D&B Report*). With our wide range of die sizes to achieve different BURs, we are able to customise our blown film to the specified requirements of our customers. The universal range of application for blown film includes anything from mono-layer PE film to 5-layer barrier film. In addition, all the machines are equipped with automatic film gauge control system, film cooling system and modular die, which are capable of producing thin films of even thickness at high speed with minimum wastage. This is an important product differentiation for us as it is very difficult to produce thin PE films with consistent thickness throughout the web of the film.

Our cast stretch film machines are Black Clawson units and they have the capability to produce consistently high quality multi-layer stretch films of up to 7 layers with properties such as high clarity, good cling properties, even thickness profile and good mechanical properties.

In terms of printing technology, our Group has European flexographic machines which can print up to 8 colours using central impression drum technology, fitted with auto-printing ink viscosity control and web video 3-chip camera for print inspection.

We have the largest flexographic printing output of FPP films in Malaysia (*Source: D&B Report*). Our European rotogravure printer has been specially configured to print thin PE films which are usually not printed by others in the trade on such machines given the tendency of thin PE films suffering from elongation problems which can adversely affect the registration of the print. This capability has allowed us to differentiate ourselves from our competitors as we are able to offer our customers various printing solutions to meet their specific requirements, regardless of whether the films are stiff films or thin films with elongation tendencies.

Our wicketed bags making machines are equipped with pre-sealers, auto-correction system, automatic wicket stacker and accessories attachments to cater for various types of side welded bags.

Refer to Section 7.7 for details on the technology used for both the extrusion process and printing process.

(ii) Good location with clean and well organised production facilities

Our factory is situated on approximately 28.6 acres of land with a current built up area of more than 450,000 sq. ft. It is located close to the Rawang Interchange of the North South Expressway which is conveniently accessible by road. This enables us to transport our end-products to various points of delivery within Malaysia/Singapore by road or to ports and airports for exports with ease.

Our production facilities are organised in a systematic manner to achieve a smooth, integrated production flow. We also provide a clean and hygienic area with epoxy coating floor in an air-conditioned environment for the production of films for the F&B industry. The clean environment we maintain at our production facilities gives us the competitive edge in meeting the high standards set by our customers in the F&B industry on food safety and hygiene.

(iii) Established track record, stable customer base and ability to grow new customers' base

Our Group has been in the manufacturing of FPP products for 39 years. It has grown from a family run operation to a professionally managed entity. Our Group is very focused on our core business of manufacturing FPP film and we take pride in producing high quality products. We have a strong customer base and have been supplying our products to customers who are themselves leading producers in their own fields. Our customers come from diverse markets which include Japan, Australia, New Zealand, Europe, Mexico, South Korea, Hong Kong, Singapore and other South East Asia countries.

We have long-standing relationships with our customers. 5 of our top 10 customers have been dealing with our Group for 10 years or more. These long-standing customer relationships provide the stability to our customer base. Refer to Section 7.16 of this Prospectus on some of the awards and recognitions received from our customers.

3 of our top 10 customers are relatively new of between 2 and 3 years, and all of these are export customers, reflecting our ability to attract and grow major new customers recently in line with our expansion program of targeting major overseas customers.

(iv) Producer of high quality blown film, printed films and wicketed bags

We are currently one of the largest producers of high quality blown film in Malaysia. These films are also printed as a value added process using our European flexographic and gravure printers, and we have the largest output of flexographic printed FPP films in Malaysia.

We are the largest manufacturer of 5-layer barrier films in Malaysia. This high gas barrier film is used to extend the shelf life of food products and medical products. In addition, we have the largest installed capacity and are the largest manufacturer of wicketed FPP for sandwich bread in Asia.

(Source: D&B Report)

The high and consistent quality of our films, prints and bags has allowed our products to be differentiated from our competitors.

(v) Ability to offer wide range of products and customisation

With our large investments in a wide range of advanced machines, our Group offers a wide range of products in both cast and blown films as well as value added products. Our extrusion, printing and converting facilities can cater to the requirements of our customers from diverse industries. We also customise our products to meet the specifications required by our customers, either in plain film, printed film or converted bags. Our broad range of good quality products has enabled us to stay relevant and competitive in our business.

(vi) Market positioning and competitive pricing

We position ourselves in the higher end of the FPP industry in terms of production efficiency and product quality. At the same time, we offer competitive pricing to our customers as we are able to source and buy our raw materials at competitive prices with volume rebates and discounts as we are one of the largest producers of FPP products in Malaysia. We buy plastic resins in bulk at competitive prices due to our production capacity and availability of storage capacity in the form of silos. As W&H's largest customer in Asia, having the highest number of W&H machines installed and successfully running in Asia, having the largest flexographic printing output of FPP in Malaysia and being the largest manufacturer of wicketed FPP for sandwich bread in Asia *(Source: D&B Report)*, we enjoy good economies of scale in our business. We are therefore in a position to offer competitive pricing to enhance market share.

In addition, GW Packaging has a LMW status and this enables us to source imported raw materials at competitive prices without duty, which in turn allows us to export our manufactured products at competitive prices.

(vii) Experienced and capable management team

We have an experienced management team and 7 of our senior personnel have been with the industry for over 10 years. Our management team is headed by our Chief Executive Officer, Lim Kok Boon, who is also the President of the Malaysian Plastics Manufacturers Association. He is well regarded in the plastic industry by our customers and suppliers. Under the stewardship of Lim Kok Boon, our Group's PAT has increased by 62.6% and 73.0% in FYE 2008 and FYE 2009 respectively. The daily operation of our Group is run and managed professionally by our Chief Executive Officer together with our 4 General Managers who are assisted by their respective departmental managers. The write-up of our management team is set out in Section 9.3 of this Prospectus.

(viii) Skilled work force

One of our principal operating strategies is to actively increase the percentage of our sales turnover in value added products which require films, prints and bags of high quality specifications. We have an experienced skilled workforce and advanced machines to produce these value added products. These skills have been acquired through a steep learning curve which is considered a barrier to new entrants. We offer in-house training as well as external courses for our workforce to improve their productivity and performance.

As one of largest customers to several reputable international machines, plastic resins and printing inks suppliers, we are able to tap into their technical resources, which include specialised training and technical inputs, that are normally extended to only a few of their selected key customers. This has further raised the skill levels of our workforce.

(ix) Accreditations and certifications in food safety and environmental management systems

As set out in Section 7.10 of this Prospectus, we have received certifications in the Quality Management System (ISO 9001:2008), Food Safety Management System (ISO 22000:2005), Environmental Management System (ISO 14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007). Our extrusion, printing and converting facilities for F&B products are air-conditioned or equipped with evaporative cooling, with hand washing and air-shower facilities together with epoxy coated floors to meet with stringent hygiene requirements. The conducive operating environment, together with the accreditations and certifications, has enabled us to meet the stringent requirements on food safety of our customers in the F&B industry. In addition, we are also well placed to compete for new customers in the new markets where we seek to expand.

7.5 Principal place of business and location of principal assets

Our Group operates from the following premises:

Location	Facility	Approximate built-up area (sq. ft.)
Lot 1608, Rawang Integrated Industrial Park, Jalan Rawang Batang Berjuntai, 48000 Rawang, Selangor Darul Ehsan	Factory / office building / hostel / warehouse & storage	452,629
Unit F-3/5, 5th Floor, Block No. F, Phileo Damansara Lot 48017 Seksyen 39, Jalan Damansara, Bandar Petaling Jaya, Selangor Darul Ehsan	Management / sales office	2,167

Refer to Section 12.2 for further details on the properties listed above.

Our Group plans to construct a new factory block with a built-up area of approximately 83,000 sq. ft. in our existing premises as part of our expansion plan and is expected to commence operations by 2011. Refer to Section 7.19.2 (i) of this Prospectus for further details for the new factory block.

7.6 Process flow

Our FPP products or flexible plastic films are principally divided into 2 types:

(i) Cast film; and

(ii) Blown film,

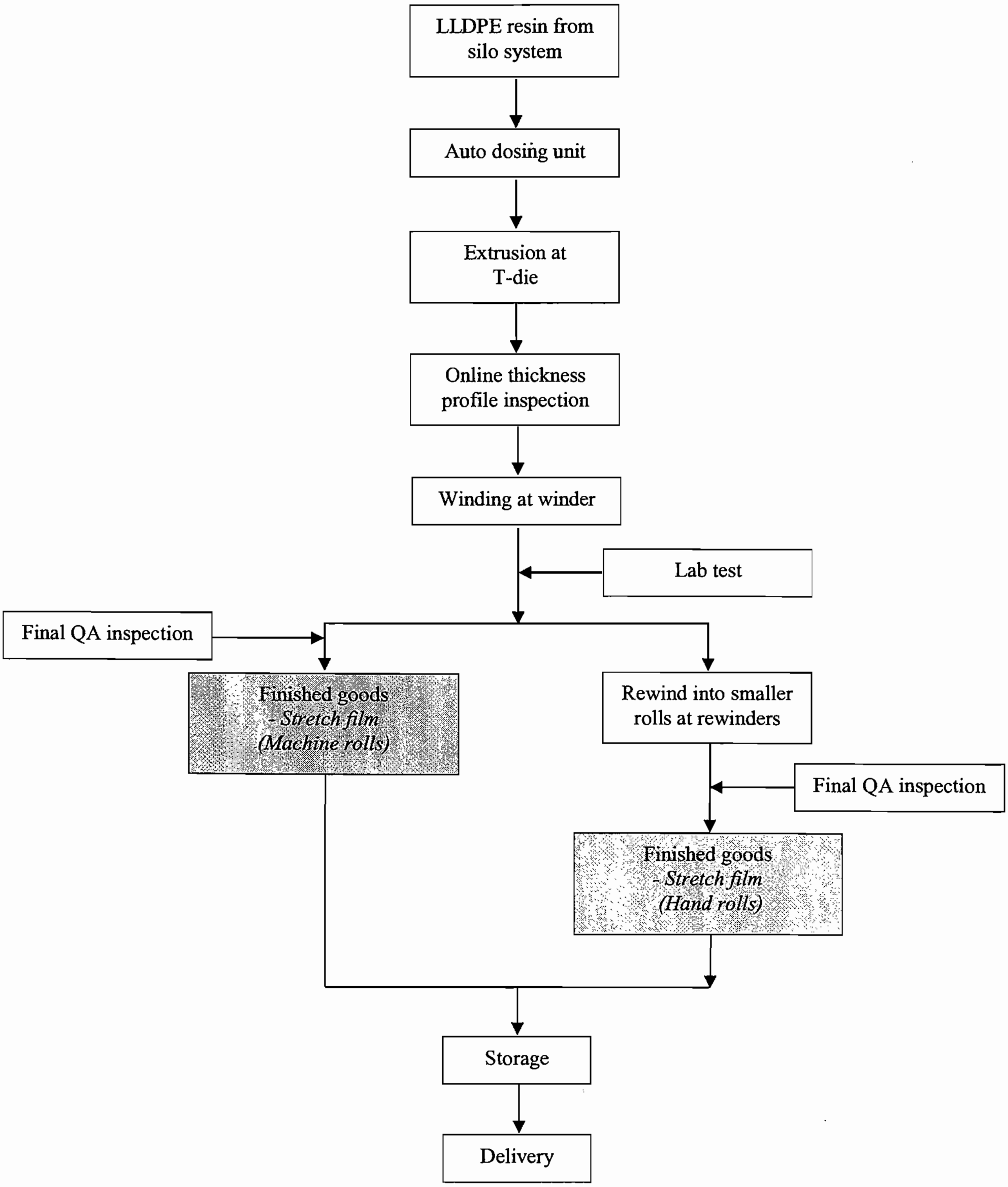
and different process flows apply for these 2 product segments.

(i) Cast film

Cast film is produced by a process in which a molten plastics material is extruded from a slot die or a T-die, then cooled and crystallised over a water-cooled roll. The cast film is then wound into machine rolls or rewound into hand rolls sizes.

The process flow for the production of cast/stretch film is diagrammatically depicted below:

Flowchart for cast/stretch film production



Process flow for cast/stretch film

(a) Incoming raw material

The raw materials used for the manufacturing process are PE resins of various grades, paper cores and packing cartons. All the materials that flow into the production system go through a thorough inspection to ensure compliance with the stated requirements. The materials are evaluated for their functionality and characteristics through laboratory tests, visual inspection and suppliers' certificate of analysis before they are conveyed to the blending process.

(b) Blending

After inspection, different grades of plastic resins are conveyed to the blending process through the auto-dosing units. The plastic resins from the storage silos are conveyed to these dosing units via pneumatic conveying system. These different grades of plastic resins then go through the gravimetric dosing system where plastic resins are batched, weighed and mixed in precise proportions according to formulation. The blended plastic resins are then dosed directly into the extruders. Blending is critical to the film characteristics and dosing units are calibrated according to the stipulated frequency to ensure the integrity of the blending process.

(c) Extrusion

Extrusion is a process where the materials are melted to a desired characteristic. Blended plastic resins are melted and conveyed by the extruder screw to the feedblock and then to the T-die. During this conveying process, the heating temperatures at various zones of the extruder, feedblock and the T-die are monitored and controlled to ensure the desired melt quality is achieved. The temperatures at the extruder are regulated through a series of heaters and air blowers. The melted materials from the various extruders are then channelled through the feedblock where they are combined and spread evenly into the T-die to form a thin film. This hot thin film is then cooled and crystallised by the chill rolls. The cooling temperatures of the chill rolls are monitored and controlled so that the required crystallisation of film giving rise to the intended characteristics of film can be achieved. The crystallised film is then conveyed to the next process through a series of rollers.

Co-extrusion of up to 7-layers allows the production of cast stretch films with different formulation configuration to optimise the different types/grades of plastic resins in each of the layers. Consequently, it is possible to optimise the cost of production by using specialty plastic resins in only certain layers, while non-critical layers may use lower cost generic plastic resins.

(d) Thickness control/online QC inspection

Thickness control is a critical process to achieve optimum production in terms of material usage and to meet the customer requirements. As the film is thin, an even distribution of the thickness of the film is continually monitored and corrected through an online film gauging and control system to ensure the correct thickness is achieved. All the process parameters are captured and stored in the computer for monitoring, measurement purposes and traceability.

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(e) **Rewinding**

The approved film from the gauge control system is then fed to the slitting station and wound to the desired roll sizes. At the slitting station, slitting knives are adjusted and positioned to slit the film to the intended film width. The paper cores for the film winder are then fed through the cores magazine and to the winding shaft. The parameters for the winding e.g. winding tension, width, length, speed are set and monitored through programmable logic control. As soon as the winding length has been achieved, the discharge of winded rolls will be activated. Sample of the winded film is collected at stipulated intervals for laboratory testing for physical and mechanical properties e.g. tensile strength and elongation, Elmendorf tear, dart drop impact, haze and clarity.

(f) **Finished products**

The extruded films are wound into jumbo film rolls as machine application rolls or for subsequent rewinding into smaller hand application rolls.

(g) **Machine Rolls**

All parameters and material requirement are set according to product categories at the beginning of the process. The winded film rolls upon approval from the laboratory tests are then packed into cartons and stacked onto pallet. The palletised cartons are then stretch wrapped and subject to a final inspection by the QA personnel prior to sending to the warehouse for storage and dispatch to customer.

(h) **Hand Rolls**

Upon approval from the laboratory tests the winded jumbo film rolls are sent to offline rewinder machines to rewind film into hand application rolls. The rewinded hand rolls are visually inspected by operators and then packed into cartons which are subsequently stacked onto pallet. The palletised cartons are then stretch wrapped before sending to the warehouse for storage. All finished products are then subject to a final inspection by the QA personnel prior to dispatch to customers.

(i) **Warehousing and delivery**

The finished products are transferred to our warehouse for storage. Once the product types, quantities and final destination are verified, the finished products are delivered to our customers by sea, road or air transport.

(ii) **Blown film**

Blown film is manufactured by a method of fabrication which involves extruding a continuous thick walled tube of plastic and inflating it immediately after it leaves the die, thus reducing the thickness of the film. The formed bubble is then converted into a thin film by collapsing the rolls. In addition, as value added activities such as printing are usually undertaken on blown films, the film may be subjected to a corona treatment process to oxidise the surface of the film for secondary processes such as printing and/or lamination. The blown film is then further processed into products such as lamination base film, printed film and shrink film.

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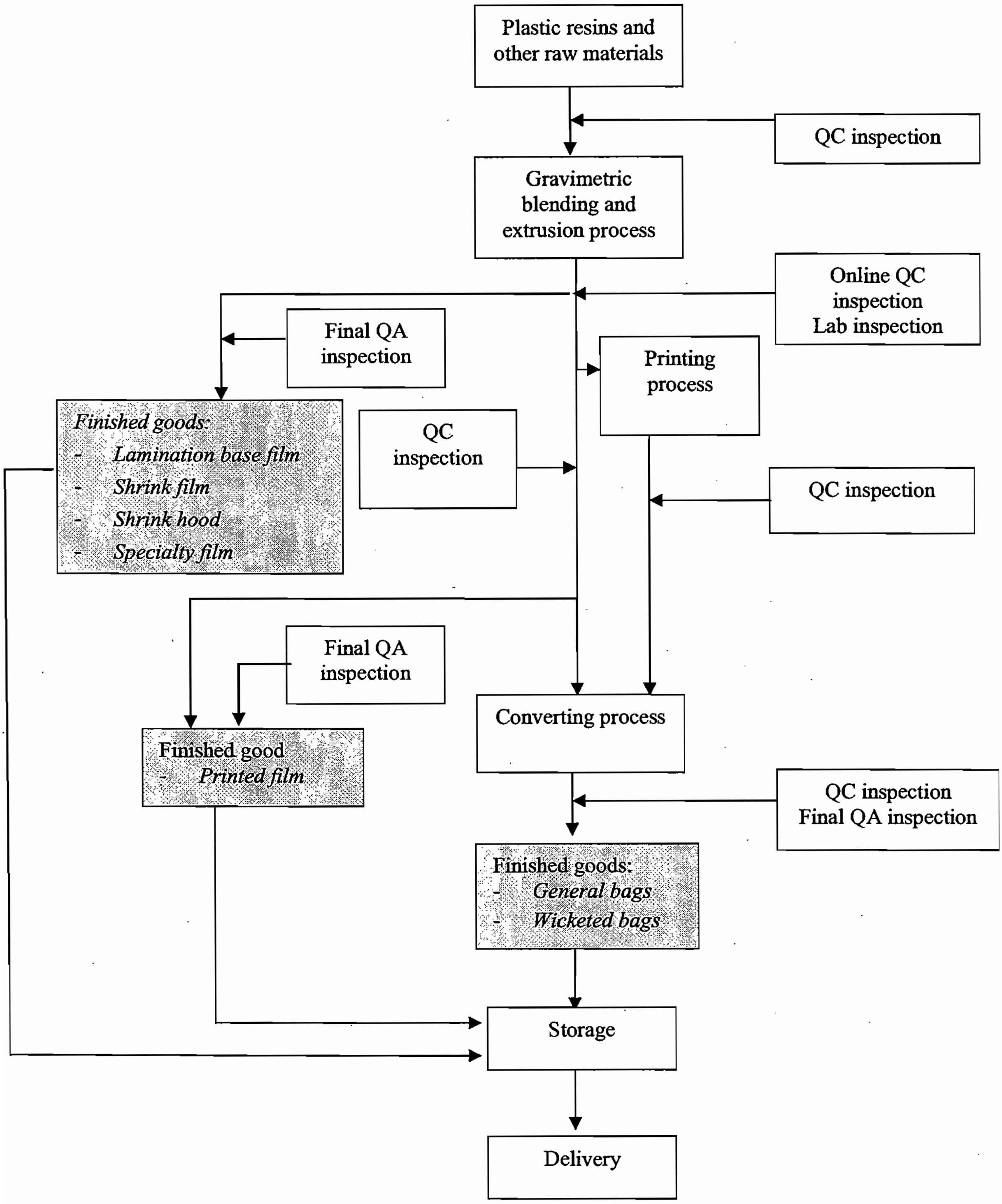
The process flow for the production of blown film is diagrammatically shown below:

Flowchart for blown film production



Process flow for blown film

(a) Incoming raw material

The raw materials used for the manufacturing process include PE resins of various grades, additives, masterbatches, printing inks and solvents. All the materials that have a direct contribution to the quality of the product go through a thorough inspection to ensure compliance with the stated requirements. The raw materials are evaluated for their functionality and characteristics to ensure that they comply with the customer requirements as well as the applicable statutory and regulatory requirements.

(b) Blending

Once the raw materials are inspected, materials are then transferred to the production area for the blending process. The blending process is crucial as it determines the characteristics of the extruded film. For such critical processes, our Company has installed gravimetric auto-dosing units to the extruders. The auto-dosing units will perform the function of blending the materials consistently throughout the extrusion process. The units are subjected to calibration activities at the stipulated intervals.

(c) Extrusion

Following from the blending process is the extrusion process where the materials are melted at the screws and barrels of the machines. The screws are divided into several heating zones to ensure sufficient amount of heat is applied to the material for a complete and even melting process while avoiding thermal degradation of the plastic resins. The screws are specially designed to ensure that the shearing of the plastic resins under heat and pressure is complete to produce a hot melt that is consistent and of high quality. Once the material is forced out from the screws, the material reaches the die where it is extruded as a tube. Chilled air from the internal bubble cooling unit will now blow the tube into a bubble that thins out, or "draws down" the tube into the specified thickness (gauge). The die of the machine is equipped with German technology that allows the extrusion of thin films with consistent layer-ratios. The ratio of the diameter of the blown bubble to the diameter of the die is also known as the BUR. The BUR of a particular film can be changed, depending on the characteristics of the plastic resins being extruded and the desired properties of the film for a particular use or application.

A key difference between blown films and cast films lies in the manner of the orientation process during extrusion. This is because during the orientation process, the long molecules of the plastics material, which was previously randomly placed, now line up in the direction where the film is stretched, thereby improving the film's strength in that direction.

In the blown film process, the extruded tube is stretched in two (2) directions: one in the direction of the hot melt as it exits the die and drawn up by a variable speed drive system or take-off speed (machine direction), and the other direction when the tube is blown sideways into a bubble (transverse direction). This results in a film with strength properties that are more uniform. Depending on the final application of the film, it is possible to balance the transverse direction or machine direction shrink of the blown film by adjusting the BUR and the take-off speed during the extrusion process.

As most blown films are customised for specific applications and functions, a manufacturer with a wide range of die sizes will have a competitive advantage given the range of BUR that it can produce. We have the largest number of W&H extruders in Asia (*Source: D&B Report*), and we therefore have a competitive edge over other manufacturers in meeting customers' requirements.

(d) Thickness control/online QC inspection

The thickness of the film is auto-corrected as it is continually inspected through the in-line thickness profile inspection camera. The processing parameters of all the W&H machines are captured by the ISP software (production information software) which records the processing parameters for traceability, monitoring and measurement purposes.

Once the film is ready for the next process, it will be inspected for its optical and mechanical properties. The tests are done at a dedicated lab by qualified QA inspectors. All the tests methods are traceable to either national or international standards. The tests conducted include the haze, gloss and clarity test, tensile strength and elongation, coefficient of friction, Elmendorf tear, shrinkage test, dart drop test and seal property test.

(e) Printing

For films which require printing, we offer 2 types of printing technology, flexographic and gravure printing. Our European flexographic printer can print up to 8 colours using, *inter alia*, the latest central impression drum technology for flexographic printing, and fitted with auto-printing ink viscosity control and web video 3-chip camera for print inspection. Our European 8 colours gravure printer has been specially configured to print thin PE films which are not usually printed by other manufacturers on such machines due to the elongation tendencies of these films which can adversely affect the registration of the print.

(f) Converting

The film is then further processed and slit, heat-sealed or cut into customised sizes where required. Where slitting is required, the rolls are cut into smaller rolls in accordance with customer specification. In the production of bags, the films are heat-sealed and cut to produce bags based on the required form and measurement. We have a combination of machines for these converting processes such as slitters, 3-side seal machines, bottom-seal machines, side-weld machines and perforated-bag-in-roll machines.

(g) Finished products and final inspection

All finished products are then subjected to a final inspection by the QA personnel, who ensures that the products have gone through the planned process and meet the customers' requirements prior to dispatch. Specifications such as country labelling and packaging requirements shall also be cleared at this stage. Finished products are then wrapped and packed in accordance with the applicable specifications.

(h) Warehousing and delivery

The finished products are transferred for storage in our warehouse. Once the product types, quantities and final destinations are verified, the end-products are delivered to our customers by sea, road or air transport.

Control of non-conforming product

If any of the products is found to be out of specification at any point of the production process, the non-conforming products shall be assessed and treated as follows:

(aa) Rejected for recycling; or

(bb) Reworked for its intended purpose; or

(cc) Accepted as it is (in the case of very minor or aesthetic defects).

7.7 Technology used

The use of the latest technology in our operations is our key competitive advantage. In the extrusion, printing and wicketing processes, we employ advanced machines and the latest technology to be competitive in our field and to stay ahead of the curve.

(i) Extrusion process

We have both cast and blown extrusion processes to produce the FPP films. The cast film extrusion process uses American machinery to produce co-extruded plastic film from 3 layers up to 7 layers whilst the fully integrated blown film extrusion process uses German state-of-the-art technology to produce co-extruded films from mono, 3-layer and up to 5-layer.

(ii) Printing technology

We utilise both flexographic and gravure printing processes in our production and the description of the technology applied is as follows:

(a) Flexographic printing technology

This form of printing process uses high quality photopolymer printing plates to transfer ink onto the flexible plastic films. It is used in the printing of very thin flexible films (down to 15 micron), ensuring consistent colour registration even at very high production speeds of up to 300 metres per minute. We apply this printing technology to printing designs which require good colour registration to enhance the final print outlook.

The barrier of entry for this process is high as a good European flexographic printer is expensive and highly specialised printing skills are required to operate such machines. These highly specialised printing skills require a minimum of 5 years of training to acquire. Training is provided by a combination of resources provided by the machine manufacturers as well as in-house and on-the-job training.

Our latest flexographic printer has the following key features:

Category	Features
Software	- Fully automatic setting of anilox rolls and plate cylinders for fast production start-up and reduced wastage - System for rapid, automatic register set-up of printing decks - Computerised production process controls
Hardware	- 8-colour central impression flexographic printing press with direct drive printing decks - Automatic wash-up of printing stations for fast job changeover - Auto-printing ink viscosity control - Print inspection with web-video 3-chip camera

We have the largest flexographic output of FPP films in Malaysia *(Source: D&B Report)*.

(b) Gravure printing technology

Gravure printing uses high quality chrome-plated engraved cylinders to print the image onto the FPP films. Gravure printing technology enables the final print to have sharp colour vibrancy as more volumes of ink can be transferred by the printing cylinders. We apply this printing technology for continuous printing designs.

Our latest gravure printer has the following key features:

Category	Features
Software	- Computerised production process controls
Hardware	- Specially configured to print thin LLDPE films - 8-colour individual direct drive rotogravure press - Automatic colour registration - Auto-printing ink viscosity control - Print inspection with web-video 3-chip camera

It is not easy to print thin LLDPE/LDPE films on a gravure printer due to the risk of film elongation which will adversely affect print registration. Our gravure printer has been specially configured to print such films, and we therefore have a niche capability that has enabled us to capture this segment of the market.

The barrier to entry in printing thin LLDPE/LDPE films on a gravure printer is high as the machine must be specially configured to manage thin films with elongation tendencies. In addition, such gravure printers are expensive and highly specialised skills are required to operate these machines.

7.8 Production capacity

(i) Extrusion capacity

Our Group has 2 major types of machinery involved in the production process and the effective annual production capacity, actual output and utilisation rate for our blown and cast stretch film extrusion machines for FYE 2009 are as follows:

Production facility	Effective annual production capacity ('000 kilograms)	Actual output ('000 kilograms)	Utilisation rate %
Black Clawson cast film	21,960	15,844	72.1
W & H blown film	24,240	18,668	77.0
TOTAL	**46,200**	**34,512**	**74.7**

Our production team operates 24 hours on 3 shifts of 8 hours each. This is to ensure that the production is running at all times to meet the delivery requirements of our customers. The machines are individually serviced on schedule without affecting the operations of the plant as we do not require a complete shutdown of the plant for maintenance.

Capacity utilisation, particularly for the cast stretch film machines, for the first half of 2009 was affected by the global economic recession which was characterised by lower demand. However, demand picked up strongly in the second half of 2009. As a result of the increase in demand for our products, we have achieved a higher level of capacity utilisation. At the same time, we have been expanding our domestic and export markets.

This expansion program has been successful and we have received strong orders for our blown films towards the end of 2009. As a result, our W&H and Black Clawson lines are running at full capacity as at LPD.

In view of the new demand, we have purchased a new blown film extruder and have committed to purchase a new cast stretch film extruder. The blown film is expected to be commissioned by the end of the third quarter of this year whilst the cast stretch film extruder is expected to be commissioned in 2011.

With the commissioning of the new extruders, our annual production capacity will increase from 46.2 million kilograms to approximately 62 million kilograms, comprising approximately 34 million kilograms for cast films and 28 million kilograms for blown films.

(ii) Printing capacity

Our marketing expansion plans to increase our value added products have also resulted in strong growth in our printing department. As at LPD, our printers are also operating at full capacity as a result of increase in orders from our customers.

We have acquired a new W&H 8-colour flexographic printer which is in the final stage of being commissioned. We are also currently evaluating the purchase of an additional gravure printer to cater for our additional printing requirements as at LPD.

(iii) Wicketing capacity

We have the largest installed capacity and are the largest manufacturer of wicketed FPP for sandwich bread in Asia (*Source: D&B Report*). Our nearest competitors in Asia are PT Super Exim Sari from Indonesia, TPN Flexpak Co. Ltd. and Prepack Thailand Co. Ltd. from Thailand. Our wicketing machines are fully equipped with the necessary accessories for value added processes. The effective annual production capacity, actual output and utilisation rate for our wicketing machines for FYE 2009 are as follows:

Production facility	Effective annual production capacity ('000 kilograms)	Actual output ('000 kilograms)	Utilisation rate %
Wicketing machines	2,964	2,367	79.9

Our expansion program to increase our value added products has seen a sharp increase in demand towards the end of 2009. As a result, all our wicketing machines are operating at full capacity as at LPD.

We have committed to purchase 2 additional new wicketed bags making machines. The first machine has been delivered, installed and commissioned in May 2010 while the second is expected to be delivered and operational by end 2010. With the commissioning of the 2 new wicketed bags making machines, our annual production capacity will increase from 2.96 million kilograms to approximately 4 million kilograms.

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7. BUSINESS OVERVIEW *(Cont'd)*

7.9 Raw materials

Our raw materials comprise mainly plastic resins, masterbatch, paper core, printing ink, solvents and packaging materials.

The breakdown of these raw materials in proportion to our Group's total purchases for FYE 2009 and FPE 2010 is as below:

Types of raw material	Proportion of our Group's purchases for FYE 2009 %	Proportion of our Group's purchases for FPE 2010 %
Plastic resins	88.3	88.2
Masterbatch	2.8	2.6
Paper cores	2.3	2.4
Printing ink	4.0	3.9
Solvents	1.4	1.5
Packaging materials	1.2	1.4
Total	**100.0**	**100.0**

As can be seen from the table above, the main raw material used by the Group is plastic resins. Plastic resins made up of 88.3% of our total purchases for the FYE 2009 and 88.2% for the FPE 2010. Other raw materials such as masterbatch, paper cores, printing ink, solvents and packaging materials collectively accounted for the balance of 11.7% of our Group's total purchases of raw materials for FYE 2009 and 11.8% for FPE 2010. We purchase our plastic resins from a combination of local as well as foreign suppliers. For FYE 2009, the detailed breakdown of the sources of our raw materials by types and geographical locations is set out below:

Types of raw material	Proportion of our Group's purchases			Countries of import
	Local %	Import %	Total %	
Plastic resins	35.1	53.2	88.3	Singapore, USA, Canada, Thailand and Saudi Arabia
Masterbatch	1.0	1.8	2.8	Indonesia and Thailand
Paper cores	2.3	-	2.3	
Printing ink	4.0	-	4.0	
Solvents	1.4	-	1.4	
Packaging materials	1.2	-	1.2	
Total	**45.0**	**55.0**	**100.0**	

The detailed breakdown of the sources of our raw materials by types and geographical locations for FPE 2010 is as follows:

Types of raw material	Proportion of our Group's purchases			Countries of import
	Local %	Import %	Total %	
Plastic resins	34.3	53.9	88.2	Singapore, USA, Canada, Thailand and Saudi Arabia
Masterbatch	0.9	1.7	2.6	Indonesia and Thailand
Paper cores	2.4	-	2.4	
Printing ink	3.9	-	3.9	
Solvents	1.5	-	1.5	
Packaging materials	1.4	-	1.4	
Total	**44.4**	**55.6**	**100.0**	

Approximately 45.0% of our Group's purchases of raw materials in FYE 2009 were sourced from local manufacturers and 55.0% of the raw materials were purchased from Singapore, USA, Canada, Thailand, Saudi Arabia and Indonesia. For FPE 2010, about 44.4% of our Group's purchases of raw materials were sourced from local manufacturers and 55.6% were purchased from Singapore, USA, Canada, Thailand, Saudi Arabia and Indonesia.

Plastic resins, our key raw material, are readily available in the market and we source our supplies from our regular suppliers such as Exxon Mobil Chemical Asia Pacific, Titan Petchem (M) Sdn Bhd, Polyethylene (M) Sdn Bhd and Dow Chemical Pacific (S) PL. Even during the periods of tight supplies as experienced from 2004 to 2008, we were given sufficient allocation of plastic resins for our requirements by our regular suppliers and have not experienced any shortage in the supply of plastic resins for our business operations.

As plastic resins are generally a by-product of crude oil, the prices of plastic resins have generally fluctuated in tandem with the prices of crude oil. However, as explained in Section 5.1(i) of this Prospectus, the prices of plastic resins are expected to moderate towards the fourth quarter of 2010 and prices are expected to fall further in 2011.

A brief description of each of the raw materials used is provided below:

(i) Plastic resins

Plastic resins are petrochemical based materials of a polymer composition. They are made available with different characteristics and properties according to the polymer composition. The characteristics and properties include, *inter alia*, toughness, clarity, tensile strength and melting point.

The plastic resins that we use are PE of various types such as LLDPE, LDPE, mLLDPE, and HDPE and other plastic resins such as EVOH and polyamide.

(ii) Masterbatch

Masterbatch is a concentrated mixture of pigments and additives. Through a heating process, it is encapsulated into a carrier resin which is then cooled and cut into a granular shape. Masterbatch allows the processor to colour raw plastic resins economically during the plastics manufacturing process by mixing with plastic resins in suggested ratios in accordance with the different process requirements for the plastic film.

(iii) Paper cores

Paper cores are hollow cylindrical tubes made of wound and multiple layers of paper. Finished plastic film products are wound around these paper cores to form rolls. The thickness of its walls will vary according to the type and amount of plastic product that will be wound on it.

(iv) Printing inks

Printing inks are liquids containing various pigments used in colouring the plastic film surface to produce an image, text, or design as desired by our customers.

(v) Solvents

Solvents are mixed with printing ink during the printing process to make the ink more soluble and printable.

(vi) Packaging materials

We use carton boxes to package our Group's end-products for shipping and delivery to our customers.

Our Group uses a computerized inventory system which tracks the stock movements of raw materials, including plastic resins. All raw materials, including plastic resins, are received at the designated receiving area, whereby they are inspected, counted or weighed using a weighbridge to ensure that the quantity and/or weight tallies with the delivery order and matches with the purchase order. The specifications and grades are checked to ensure that they meet our requirements. Goods received notes are raised to account for the materials that have been received. QC inspections are also carried out before the raw materials are sent to the respective storage areas. Materials required for production are issued from stocks only upon receipt of the material requisition form raised by the production department.

Our management team meets bi-monthly to plan our raw materials requirements, in particular for plastic resins. Orders are placed only after having considered and evaluated the stock balance, consumption, sales order, current price trend and competing pricing from the respective suppliers.

In order to keep abreast of the global plastic resins price trend movement, supply capacity and market demand, we subscribe to international market reports such as ICIS, which is published by Reed Business Information Limited, England and Chemorbis of Turkey.

Prices of plastic resins do fluctuate over a period of time, depending on the demand and supply of the different types and grades of the raw material.

Notwithstanding the price fluctuations of plastic resins, it is not our Group's practice (which is generally similar to other FPP players in the Malaysian plastics industry) to enter into a forward contract to hedge against potential price movements. Our products are customised and are manufactured only upon receipt of firm orders from our customers, and in this regard, it would not be prudent or practical for us to buy plastic resins ahead of orders being received as we would not be able to quantify the amount of each grade of plastic resins required. Moreover, hedging on a forward basis without a firm order in hand may lead to speculative gains or losses, given that prices may move either way.

7.10 QA

(i) International certification

QA is important for our Group. We have been ISO 9001:2008 certified since May 2000 for the development and manufacture of plastic film, printing and converting of FPP. Apart from the Quality Management System certification by Lloyd's Register Quality Assurance, our quality checks and inspection have also been guided by various international and national standards, namely the European Directives.

In addition, we embarked on the ISO 22000:2005 Food Safety Management System certification in 2008. This system involves the application of HACCP, a management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product. HACCP has become the universally recognised and accepted method for food safety assurance. Our adherence to the stringent requirements of HACCP application underscores our commitment to quality and food safety standard.

We are committed to caring for the environment and the safety of our employees, and we have in place operating procedures to ensure that our commitments are met. In 2010, we were awarded the certification for ISO 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management System.

Set out below are the details regarding the above said certifications:

Certificate	Issuing body	Validity period
ISO 9001:2008 Quality Management System	Lloyd's Register Quality Assurance Ltd	9 May 2012
ISO 22000:2005 Food Safety Management System	Lloyd's Register Quality Assurance Ltd	20 January 2011
ISO 14001:2004 Environmental Management System	Lloyd's Register Quality Assurance Ltd	24 January 2013
OHSAS 18001:2007 Occupational Health and Safety Management System	Lloyd's Register Quality Assurance Ltd	7 January 2013

(ii) Dedicated QA department

We have a dedicated QA department within our Group with staff strength of 20 personnel. This is to ensure that our products meet our quality standards. Our Group stringently implements our quality assurance procedures through inspections, checks and tests conducted at every stage of our production process. Our QA department is headed by Nor Azina Yahaya who has more than 10 years of experience in the area of quality assurance.

We also have a well-equipped QA laboratory where QA testing is undertaken. Documentation and record-keeping are strictly enforced and this is aided by our ISP system (production information system), an integrated software system for data recording and system monitoring in our W&H machines for the purpose of quality assurance in conformity with ISO. This system facilitates product quality traceability and the maintenance of consistency of our product quality. The ISP system is generally not common in the industry as its software system is usually integrated only in the state-of-the-art machines. We are therefore able to differentiate our products due to the capability of this system.

7.11 Product development

We believe that constant innovation and improvements in our products are vital in meeting the fast changing needs of the market and in maintaining our competitive advantage. In view of the nature of our business, our product development activities and policies are mainly focused on the following:

(i) To improve on our production processes, working procedures and formulations to ensure that the products manufactured fulfil or exceed customers' requirements, increase product quality, increase production efficiency and reduce production cost;

(ii) To conduct studies on raw materials/machine efficiency relationship and make recommendations for improvement of our processes;

(iii) To establish products and process specifications to fulfil customers' requirements;

(iv) To keep abreast of the latest developments in the domestic and international packaging markets and develop and expand our product range in response to customers' demands; and

(v) To work closely with our major machine and raw material suppliers for new products development, design and customisation of new machinery as well as product quality improvement to improve production process.

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We have a dedicated product development team headed by Yong Chee Ming and comprising 3 personnel. The team consists of qualified professionals in the field of plastic resins and chemistry with vast experience in plastic processes and technology. Our in-house product development procedures are in line with our ISO 9001:2008 Quality Management System, ISO 22000:2005 Food Safety Management System, Environment Management System and Occupational Health & Safety Management System which include products, machinery and processes. Our Group also has comprehensive test equipment and in-house laboratory facilities to carry testing on the enhanced/improved products' performance.

The amount spent on product development for each of the last 3 FYE 2007 to FYE 2009 and for FPE 2010 was as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Product development expenses (RM million)	0.513	0.561	0.764	0.114
Total revenue (RM million)	248	293	256	77
Product development expenses as a percentage of our Group's total revenue (%)	0.21	0.19	0.30	0.15

We are able to optimise on our product development expenditure as we can leverage on the expertise and resources of our key strategic partners/suppliers. Being one of the largest producers of FPP products in Malaysia, and having a good combination of high end machines have allowed us to tap into the technical resources of our machine and raw material suppliers, which are well established corporations. These suppliers would only make available such resources to their strategic customers.

Our product development team is currently working on enhancing the specialty film product to improve the high performance barrier film for flexible packaging. This is a co-extruded multilayer film with high barrier properties against gases (e.g. oxygen, nitrogen, carbon dioxide) and odour permeability. This multilayer high barrier film is currently being used in the F&B industry, medical and chemical industry.

7.12 Dependency on patents, licences, industrial, commercial or financial contracts or new manufacturing processes

(a) Dependency on registrations, patents and intellectual rights

Our Group is not dependent on any registrations, patents and intellectual rights for our business operations.

(b) Dependency on major licences

Save for the major licences disclosed in Section 12.1 of this Prospectus, our Group is not dependent on any other major licences.

(c) Dependency on industrial, commercial and financial contracts

There are no material agreements or contracts (including informal arrangements or understanding or understandings), as at LPD, which have been entered into by our Group and which our Group is highly dependent upon.

7.13 Brand names, patents, trademarks, licences, technical assistance agreements, franchises and other intellectual property rights

As at LPD, our Group did not have any brand names, patents, trademarks, licences, technical assistance agreement, franchises or any other intellectual property rights.

7.14 Interruptions to business

There has not been any interruption to our Group's business which may have had a significant effect on the operations of our Group in the past 12 months preceding the date of this Prospectus.

7.15 Seasonality

Our products are generally not seasonal in nature. Our FPP products do not experience any distinctive peak or off-peak seasons given that our customers operate in a variety of industries. However, we do enjoy slightly better sales for our products to the F&B industry in the second half of the year due to the festive seasons.

7.16 Awards, accreditations and recognition

As a testimony to the quality of our products, technical and management capabilities, we have received various awards, accreditations and recognitions, as set out in Section 6.1 of this Prospectus.

7.17 Major customers

As at LPD, our Group has over 350 customers from domestic and overseas markets. Our Group is not dependent on any major customer. We do not have any major customer which individually contributes 10% or more of our total revenue for each of the past 3 FYE 2007 to FYE 2009 and FPE 2010.

Some of our key customers have been with our Group for over 20 years. Our key customers include Nippon Kompo Shizai Co Ltd, Okong TS Co Ltd, Gardenia Bakeries (KL) Sdn Bhd, Malayan Sugar Manufacturing Co Bhd, Senawang Laminating Technologies Sdn Bhd, Nozoe Industry Inc, President Bakery Public Co Ltd, Malaysian Packaging Industry Bhd, Exxonmobil Chemical Asia Pacific and ABC Tissue Products Pte Ltd. Our key customers are brand leaders in their respective fields and we work closely with them to develop FPP products which meet their requirements.

7.18 Major suppliers

Our major suppliers which individually contribute 10% or more of our total purchases for each of the last 3 FYE 2007 to FYE 2009 and for FPE 2010 are set out below:

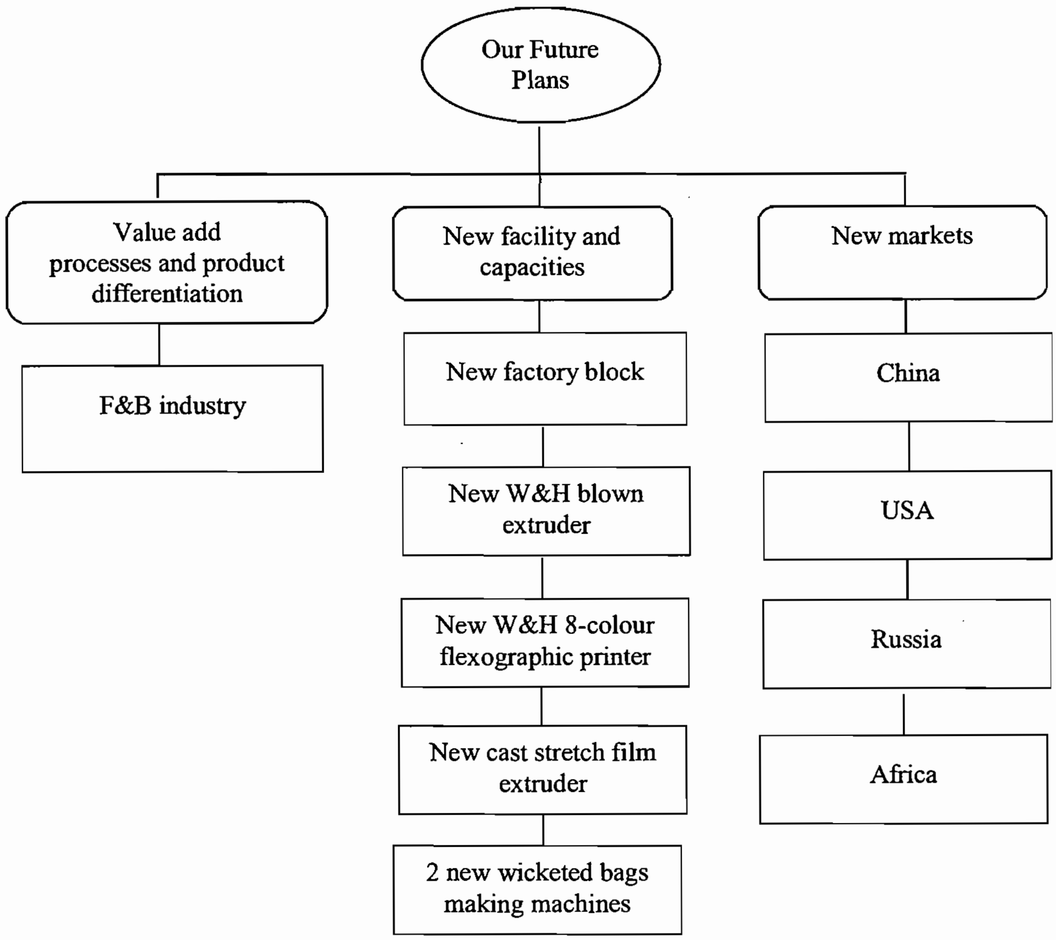
Suppliers	Country of origin	Products purchased	Proportion of our Group's purchases				Length of relationship
			FYE 2007 %	FYE 2008 %	FYE 2009 %	FPE 2010 %	years
ExxonMobil Chemical Asia Pacific	Singapore	Plastic resins	39.2	40.8	41.1	39.8	> 10 years
Titan Petchem (M) Sdn Bhd	Malaysia	Plastic resins	19.9	21.3	21.5	17.2	> 15 years
Polyethylene (M) Sdn Bhd	Malaysia	Plastic resins	12.6	13.0	12.6	15.6	> 15 years
Dow Chemical Pacific (S) PL	Singapore	Plastic resins	10.5	7.7	10.1	9.1	> 10 years
Total			**82.2**	**82.8**	**85.3**	**81.7**	

The top 4 suppliers account for more than 80% of our Group's total purchases over the last 3 FYE 2007 to FYE 2009 and FPE 2010. The products purchased were mainly plastic resins, the main raw material used in the production of FPP products. While these 4 suppliers have been our major suppliers, our Group is not overly dependent on any of them for the supply of plastic resins as most plastic resins are generic products which are readily available in the market. In addition, as set out under Section 5.1(i) of this Prospectus, there would be ample supply of plastic resins given that many new petrochemical plants with huge capacities are due to come on-stream in 2010/2011.

Our Group has been purchasing plastic resins from ExxonMobil Chemical Asia Pacific, Titan Petchem (M) Sdn Bhd, Polyethylene (M) Sdn Bhd and Dow Chemical Pacific (S) PL for over 10 years and has developed a long-standing relationship with these suppliers.

7.19 Future plans and strategies

Our future plans are focused on the following key areas:



7.19.1 Value add processes and product differentiation

One of our key competitive strengths is our ability to value add and customise our blown films for high-end FPP applications, particularly for the F&B industry. This requires a wide range of extrusion machines with different die sizes to cater for different BURs, machines with co-extrusion capabilities for multiple layered films with different layer ratios and high-end gravure and flexographic printing machines. In addition, high-end wicketed bags making machines are also required to further differentiate our value added products.

In view of the above, new entrants or other competitors will need large investments in machines and technical resources to have a wide enough range of high-end extrusion, printing and converting machines to meet key customers' requirements, particularly for the export market.

We will continue to build on this competitive advantage by focusing on value added processes such as printing and bags conversion and increasing our extrusion capacity and capability. To differentiate our products for our customers in the F&B sector, we will continue to invest in high-end printers and bag making machines.

Expansion in the F&B industry

With consumer habits worldwide changing arising from population and income growth coupled with rising urbanisation, the F&B industry will see more packaging requirements. The FPP requirements are expected to grow in tandem with the growth of the F&B industry. Our FPP products meet the stringent food safety and hygiene requirements, particularly for the export markets in developed countries as we have in place high-end extrusion, printing and converting machines together with reputable certifications such as ISO 9001:2008, ISO 22000:2005, ISO 14001:2004 and OHSAS 18001:2007. In addition, our facilities for the production of F&B packaging products are air-conditioned or with evaporative cooling, with hand washing and air shower facilities to meet hygiene requirements. We intend to leverage on our capacities and facilities to expand our business in the F&B industry, particularly for the export market in developed countries.

7.19.2 New facility and capacities

Our strategic plan to focus on high-end FPP products, particularly with value added processes for the F&B industry, is an ongoing program. Our ability to leverage on our investments in machines and technical resources has translated into an increase in orders from our existing and new customers. As mentioned under Section 7.8 of this Prospectus, our extrusion, printing and wicketing machines are currently running at full capacity. We have therefore committed to new production facility and capacities in line with our expansion program.

(i) New factory block

As part of our expansion program, we plan to build a new factory block with a built-up area of approximately 83,000 sq. ft. in our existing premises. This factory will house, amongst others, our new production facilities which are required to meet the increase in demand for our products. We have received the development order for this project. Construction shall commence upon receipt of approval for the building plans.

Upon completion of the new factory block, the existing as well as new wicketing machines, cutting machines and other bag forming machines will be relocated to the new factory block to streamline the flow of operations. The balance of the space will be utilised as a temporary warehouse given that the scale of operations will increase and arising therefrom, more storage space would be required for raw materials and finished goods. This additional space shall be for future expansion of our Group's operations. The new factory block is expected to be completed and operational by 2011 and will greatly facilitate our expansion program.

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(ii) New blown and cast stretch film extruders and 8-colour flexographic printer

We have purchased a new W&H blown extruder and a new W&H 8-colour flexographic printer and have contracted to purchase a new cast stretch film extruder. The additional extruders and printer will increase our production capacity to cater to the increase in orders from our customers. The blown extruder and printer have been delivered and are expected to be commissioned by the third quarter of 2010. The new cast stretch film extruder is expected to be commissioned in 2011.

With the commissioning of the new extruders, our annual production capacity will increase from 46.2 million kilograms to approximately 62 million kilograms.

(iii) New wicketed bags making machines

We have also contracted to purchase 2 new machines for making wicketed bags. These wicketed bags making machines are manufactured in Belgium and they are used for the production of our sandwich bread bags. The first machine has been delivered and commissioned in May 2010 and the second machine is expected to be delivered and operational by end 2010.

With the commissioning of the 2 new wicketed bags making machines, our annual production capacity will increase from 2.96 million kilograms to approximately 4 million kilograms.

The total cost of investment for the new factory block and the new machines, namely the W&H blown extruder, the W&H 8-colour flexographic printer, the cast stretch film extruder and the 2 wicketed bags making machines is estimated to be in the region of RM37.2 million. The construction of our new factory block will be financed by our IPO proceeds, while the purchase of the new machineries will be financed by internally generated funds and by external borrowings.

7.19.3 New markets

We continue to improve on our product quality and value add to our products to better serve our customers. In addition, we proactively identify and source for new markets and customers. Our strategy of leveraging on our competitive strengths and advantages as set out in Section 7.4 of this Prospectus has successfully enabled us to penetrate our existing markets in countries such as the European Union, Japan and Australia/New Zealand. In this regard, we will continue to adopt this strategy of leveraging on our competitive strengths and advantages to source for new customers within our present markets as well as venture into new markets such as China, USA, Russia and Africa either by directly approaching potential customers or by appointing agents such as trading houses.

Steps taken to expand into the China market include identifying direct buyers as well as working with potential agents/traders to represent our interest in China. We have successfully made direct sales to a multi-national company located in China.

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7.19.4 Future plan milestones

The following table indicates the timing for our expansion plans:

Future Plan	FYE 2010	FYE 2011
New Facility and capacities		
• New factory		√
• W&H blown extruder	√	
• W&H 8-colour flexographic printer	√	
• Cast stretch film extruder		√
• Wicketed bags making machines (2 units)	√√	
New Markets		
• China	√	
• USA		√
• Russia		√
• Africa		√

7.20 Prospects

We believe the prospects of our Group are favourable based on the following factors:

- Our FPP products are widely used;
- Our operating margins are expected to improve;
- Our competitive advantages; and
- Our expansion plans.

7.20.1 Our FPP products are widely used

With the rapid development in co-extrusion technology and plastic resins technology, FPP products are now very versatile with high strength-to-weight ratio. This means that far fewer materials are being used to make an FPP product as opposed to alternative packaging products. Down-gauging using multi-layer co-extrusion technology has resulted in lowering cost, reducing carbon footprints and improving packaging performance.

The lower cost-to-performance ratio, high versatility flexibility, adaptability and great functionality have resulted in FPP products being the material of choice in substituting traditional packaging materials such as metal, glass or paper.

Changes in lifestyle as a result of a combination of population and income growth as well as urbanisation have led to changes in consumer habits globally. Population and income growth have led to rapid increase in consumption. Urbanisation and resultant hectic lifestyle have led to a need to buy and consume food which has a longer shelf life given the extended time lag between the time when the food is produced and the time when it is actually consumed. Therefore, more processed food is being purchased, usually in smaller portions which would require relatively more packaging.

FPP products are excellent in extending the shelf life of F&B products. Coupled with functional features such as re-closable packaging, spouts, stand-up pouches and good print images, FPP products are now used extensively in the F&B industry. In fact, the FPP materials are slowly replacing some of the traditional packaging materials in the F&B industry such as tin cans due to the versatility and high strength-to-weight ratio of FPP products.

The cost of plastic resins is expected to be lower given the coming on-stream of additional capacities of new petrochemical plants. The use of cheaper feedstock by producers in the Middle East is also expected to put further downward pressure on the prices of plastic resins.

The lower prices of plastic resins will further increase the use of FPP products as a substitute for other materials.

As our FPP products are widely used, we see good prospects for our business.

7.20.2 Our operating margins are expected to improve

The sharp increase in the prices of plastic resins, which reached unprecedented levels in 2008, had adversely affected our operating margins in FYE 2008. However, as a result of lower plastic resins prices and a better mix of our value added products achieved in FYE 2009, we were able to enjoy a 148% increase in our PBT for FYE 2009 over FYE 2008.

As explained in Section 5.1(i) of this Prospectus, we expect to see further moderation in the prices of plastic resins in 2010 and 2011. At the same time, we expect to further increase our overall capacity as well as our value added products. Our operating margins are therefore expected to improve for at least the next 2 years in view of the anticipated moderation in plastic resins prices and the increase in our value added products. Such improvement in operating margins is expected to translate into better financial performance for our Group and this would be favourable for the future prospects of our Group.

7.20.3 Our competitive advantages

Whilst the FPP products market is a fairly competitive industry, we seek to leverage on our competitive advantages to differentiate ourselves in terms of consistent quality, value added services, track record, technical know-how, wide range of relevant and high-end machines and pricing through good economies of scale. In this regard, we have achieved the following:

(a) The largest installed capacity of high end blown film extrusion lines from W&H in Asia (*Source: D&B Report*) which have provided the company with a wide range of die sizes with good BUR capabilities to meet customers' requirements;

(b) Investments in the latest co-extrusion lines have allowed the company to selectively down gauge the extruded films to achieve better cost-to-performance ratio;

(c) The company has successfully achieved the following certifications;
    (i) ISO 9001:2008 - Quality Management;
    (ii) ISO 22000:2005 - Food Safety Management;
    (iii) ISO 14001:2004 - Environmental Management; and
    (iv) OHSAS 18001:2007 - Occupational Health and Safety Management System

    The above internationally recognised certifications give an assurance to our customers that there is a measurable and verifiable system in place to ensure quality in our products and that these products have been produced in an environmentally friendly and safe manner.

    The ISO and OHSAS certifications of our commitment to quality, food safety, and care for the environment and occupational safety will augur well for our focus on the F&B industry which has very stringent requirements. Our operating and production environment which is air-conditioned with hand washing and air shower facilities coupled with epoxy coated floor will give added assurance to our customers in the fast growing F&B industry;

(d) A gravure printing machine that is specially configured to print on thin LDPE/LLDPE films. This allows our Group to undertake gravure printing jobs that are typically difficult to print on such films.

We also have the largest flexographic printing output of FPP films in the country (*Source: D&B Report*). Both the gravure and flexographic printing capabilities are necessary for the value added processes;

(e) The highest installed capacity and largest producer of wicketed bags for sandwich bread in Asia (*Source: D&B Report*), utilising machines from Hudson Sharp Machine Company;

(f) The production of the cast film, together with the stretch hood and shrink hood films are undertaken by a wholly-owned subsidiary with LMW status. This status facilitates the duty free importation of plastic resins from non-AFTA countries; and

(g) Our existing capacity, together with committed new capacities, will offer us economies of scale that will allow us to leverage on pricing advantage.

Given our competitive advantages and our accreditations for quality and food safety management systems, we are well placed to serve our existing customers and compete for new customers in the new markets we seek to expand.

7.20.4 Our expansion plans

As explained in Section 7.19 of this Prospectus, we plan to increase our production capacity and capability and venture into new markets such as USA, China, Russia and Africa. This will provide our Group with significant growth opportunities as well as improved economies of scale.

Given the versatility of our FPP products and the envisaged growth of this market, the better supply situation for plastic resins, our competitive advantages, as well as our management's commitment and dedication to implement the expansion plans and strategies as set out in Section 7.19 of this Prospectus, our Directors believe that the prospects of our Group are favourable.

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D&B

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7 September 2010

Board of Directors
GW Plastics Holdings Berhad
Unit F603, Pusat Dagangan Phileo Damansara 1
No. 9 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ("EXECUTIVE SUMMARY") FOR GW PLASTICS HOLDINGS BERHAD ("GW HOLDINGS")

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 23 September 2010 pursuant to the listing of GW Holdings on the Main Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of The Flexible Plastic Packaging Industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd ("D&B Malaysia") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,
for and on behalf of
DUN & BRADSTREET (D&B) MALAYSIA SDN BHD

TAN SZE CHONG
Managing Director

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EXECUTIVE SUMMARY

1.1 THE GLOBAL ECONOMY

Recovery in the global economy, which commenced in the second half of 2009, is expected to remain gradual and uneven in 2010 as economies emerge from the worst post-World War II recession. The strength and pace of the recovery will vary considerably across the economies, depending on the extent of the region-specific structural problems in the aftermath of the global financial crisis. The advanced economies are expected to record modest growth in 2010 given the prevailing high unemployment, the ongoing deleveraging process and the weak financial systems that continue to restrain lending activity to the real sector. The Asian economies are, however, expected to continue to lead the global recovery as sources of growth become broad-based, supported by the further strengthening of both domestic demand and external demand, amid improved intra-regional trade, especially with China.

A distinct feature of the ongoing global recovery process, particularly in the advanced economies, is the pervasiveness of the policy support put in place since early last year. The sustainability of recovery in the advanced economies is still dependent on the stimulus and the restoration of financial intermediation in the credit market. However, some of the quantitative easing is expected to be withdrawn beginning early 2010. Given the likelihood of persistently high unemployment, weak private sector balance sheets and fragile financial systems, the prospect is for a very gradual recovery in private sector demand, which will in turn affect the pace of economic recovery.

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Notwithstanding the continued improving conditions in the international financial markets, credit conditions particularly in the advanced economies are likely to remain restrictive due to constraints faced by the financial institutions as they continue to grapple with weak balance sheets, tighter capital standards and regulatory changes from the ongoing reforms in the financial system. Hence, bank lending to the economy, in particular to households and small businesses, is likely to remain weak. On the international front, given the less promising prospects in advanced economies and improving investors' risk appetite for high-yielding assets, the magnitude and direction of capital flows to emerging economies with better prospects would result in more volatile capital flows to such economies.

Table 1: Global Real GDP Growth, 2001-2010[f]

Growth (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009e	2010f
World GDP	2.5	3.1	4.0	5.3	4.8	4.9	5.2	3.0	-0.8	3.9
US	0.8	1.6	2.5	3.9	3.1	2.9	2.0	0.4	-2.4	2.7
Japan	0.2	0.3	1.4	2.7	1.9	2.2	2.4	-1.2	-5.2	1.7
Euro area *	1.9	0.9	0.8	2.0	1.5	2.8	2.4	0.6	-4.1	1.0

Notes:

** = Indicates member countries of the Euro area (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)*
e = estimate
f = forecast

Source: Bank Negara Malaysia, Ministry of Finance

1.2 THE MALAYSIAN ECONOMY

The Malaysian economy is projected to grow by between 4.5% and 5.5% in 2010, underpinned by strengthening domestic demand and an improving external environment. While the public sector will remain supportive, growth is expected to be driven by greater private sector activity and robust external demand from the regional countries. The underlying strong macroeconomic fundamentals, the healthy private sector financial position and the strong financial system will provide support to a private sector-led recovery. A supportive monetary environment, including continued access to competitive financing will remain in place to foster recovery in the private sector activity.

The main contribution to growth in 2010 would come from the expected strengthening in domestic demand, driven mainly by the private sector. Favourable domestic conditions, including improvements in the labour market, rising disposable incomes and sustained consumer confidence, will support the further expansion in private consumption. In line with strengthening external demand and increasing domestic activity, private investment is expected to gradually recover in 2010. In addition, higher capital spending by the non-financial public enterprises and the accelerated implementation of the remaining projects under the second stimulus package, will further reinforce domestic demand. The recovery in the global economy will provide a further impetus to growth in 2010, particularly from the more robust expansion in the regional economies. Given the relatively large external sector in the economy, the strengthening of external demand will have positive spill-over effects on the broader economy, in terms of employment, production and overall sentiments, thus supporting greater private consumption and investment.

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The projected growth of the Malaysian economy in 2010 is based on the expectation of a gradual and uneven global economic recovery. It is recognised that the global economy is still facing several downside risks. These risks, mainly in the advanced economies, include the effects on recovery once fiscal spending begins to diminish, the still weak and fragile financial system, the continued de-leveraging process in the private sector and the fiscal stress in some large advanced economies, pose considerable uncertainties to the outlook for the global economy. Under these circumstances, domestic demand will be a key factor in driving growth in 2010. In this environment, policies will remain supportive of growth, in particular to ensure that private sector activities strengthen further and that the recovery is firmly established.

Table 2: Annual Change in Real GDP by Sector, 2001-2010^f (2000 prices)

Growth (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009p	2010f
GDP	0.5	5.4	5.8	6.8	5.0	5.8	6.2	4.6	-1.7	4.5-5.5
Agriculture	-0.2	2.9	6.0	4.7	2.6	5.4	1.4	4.0	0.4	3.1
Manufacturing	-4.3	4.1	9.2	9.6	5.3	7.1	3.1	1.3	-9.3	6.5
Mining	-1.7	4.4	6.1	4.1	-1.3	-2.7	2.0	-0.8	-3.8	2.5
Construction	3.3	2.3	1.8	-0.9	-1.8	-0.5	4.7	2.1	5.7	3.7
Services	4.1	5.8	4.2	6.4	6.7	7.3	9.6	7.2	2.6	4.9

Notes:

p = preliminary
f = forecast

Source: Bank Negara Malaysia, Ministry of Finance

1.3 THE MANUFACTURING SECTOR IN MALAYSIA

The manufacturing sector is poised for strong growth in 2010, based on the observed momentum of recovery since the end of 2009. It is expected to expand by 6.5% in 2010, up from -9.3% in the previous year. Broad-based expansion is expected across all clusters, reflecting improved external demand and strengthening domestic demand. The E&E cluster is projected to turn around with the pick-up in global demand for electronics, particularly with the return of corporate information technology spending, where upgrade and replacement of software and equipment were held back during the global downturn. The chemical industry is expected to improve in tandem with the E&E, automotive and household markets, while demand for hygiene and medical products will continue to support the rubber products industry. Meanwhile, the consumer-related cluster is expected to move in line with the strengthening of domestic demand, particularly private consumption. Also, the performance of the construction-related cluster will be influenced by anticipated higher domestic construction activity and infrastructure projects in the region.

1.4 OVERVIEW OF THE FPP INDUSTRY

The FPP industry had its origins in the rapid growth of the organic chemical industry in the late nineteenth century. In today's competitive marketplace, manufacturers are under increasing pressure to satisfy varied and often conflicting demands, such as lowering costs, improving performance and enhancing environmental attributes. Within this arena, the material that a manufacturer chooses to use in its products and packages can affect its ability to remain competitive. Packaging can be described as a wrapper which is used to hold a product or group of products. It is a technique of storing or wrapping the goods in the appropriate packaging material in order to send them as a consignment or for the purpose of selling them in the market. The transparent films used in FPP let the consumers to have a look at the products and this gives them an assurance in buying it. This also provides a sense of security in buying good and healthy products. FPP also offer innovative methods of promotion at a cheaper cost.

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Due to improvements in printing technology and new materials that are suitable for better printing, FPP offers high value for money spent by the customer for packaging. From the customers' point of view, FPP is a cheap way of making appealing and aesthetic-pleasing packages. In this context, FPP in many instances, has allowed manufacturers to meet varied marketplace demands by enabling them to do more with less. This gives rise to products that have a lower unit cost, are lighter and smaller, as well as a corresponding lower carbon footprint.

There are many material types used in FPP films, from single layer to multi-layer structures. Multi-layers permit custom adaptation of material properties varying from barrier to strength. Common FPP films are in the form of bags, wraps and pouches. A wrap consist of plastic film that has not been formed into a package shape. The film is simply wound around the product to be contained, and held in place in some fashion. In a pouch, some shaping of the plastic is done, either before or at the same time as the product is added. Most often, this shaping is done by heat-sealing the edges of the plastic together. In these packages, the plastic films may be used alone or in combination with paper or metal to serve the basic packaging functions of containment, protection, communication and utility in the delivery of quality products to the consumers.

1.5 PRODUCT DEFINITION

Flexible plastic films are defined as being planar forms of plastics, which may be thick enough to be self-supporting but thin enough to be flexed, folded and/or creased without cracking. They comprise a broad category of materials that can be relatively simple or complex, depending on the demands of a particular product or package. Although the terms are sometimes used interchangeably, plastics film is generally defined as a flexible material with a thickness not exceeding 0.25 millimetre/10 mil/1,000 gauge in thickness, whereas plastics sheet is thicker and is more rigid.

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1.6 PRODUCT SUBSTITUTES

FPP utilised for both consumer and industrial applications, is the preferred materials compared with alternative materials such as paper, metal and glass, in view of its superior properties such as excellent product performance, lower costs and lower carbon footprint. The FPP is also designed to have a high customer appeal. They come in various attractive shapes and sizes, coupled by their attractive printing and labelling. These make them very attractive and this helps the products distinguish themselves in the shelves. FPP also lessens the cost of transportation. The inherent lightweight properties of FPP and structural improvements have also enabled it to endure the rigours of transportation while protecting the products that they contain. With improvements in technology, plastics are increasingly used as a replacement for traditional packaging materials.

FPP is also able to replace rigid plastics packaging in many instances. With plastic resins costs being one of the major costs involved in the manufacture of any plastic packaging, the thickness and amount of materials used in packaging is an important criterion for deciding the packaging type. Hence, escalating plastic resins prices have resulted in more rigid plastic packaging being substituted by FPP. In addition, in terms of solid waste generation, FPP generate less than rigid plastics packaging. The major advantages of FPP are that they are light in weight, can be processed quickly, and flexible to be designed and printed. Furthermore, FPP also offer superior properties in terms of transparency and clarity and is a good barrier to gases, chemicals and water vapour.

With improvements in technology, stand-up pouches have replaced conventional packaging such as bottles, jars and cans. A stand up pouch is a laminated film bag that comes with or without a re-closable zipper seal or spout. By taking advantage of the bright colours and graphic opportunities on offer, they have great visual appeals on the shelves. The advantages are obvious and include low weight and clear product differentiation. Other improvements, such as easy-opening and re-closable pouches, are also contributing to the rapid ascent of stand-up pouches. Stand-up pouches are the most reliable packing for juices, dairy products, salad dressing, soups, spices, washing and hygienic detergents, etc.

1.7 DIFFERING SEGMENTS

There are two (2) principal types of production processes used to manufacture flexible plastic films. Both utilise the extrusion process which refers to the compacting and melting of plastic resins and which forces the hot melt through an orifice in a more or less continuous fashion. The two (2) processes are as follows:

- cast production process to produce cast films; and
- blown production process to produce blown films.

The two (2) processes produce films that may differ in their final uses and applications. The cast process produces a flat web of thin film; whereas the blown process produces a tubular film which can be wound into a flat tube, or slitter at either one (1) side or two (2) sides of the edge to open up the tube to form a flat film.

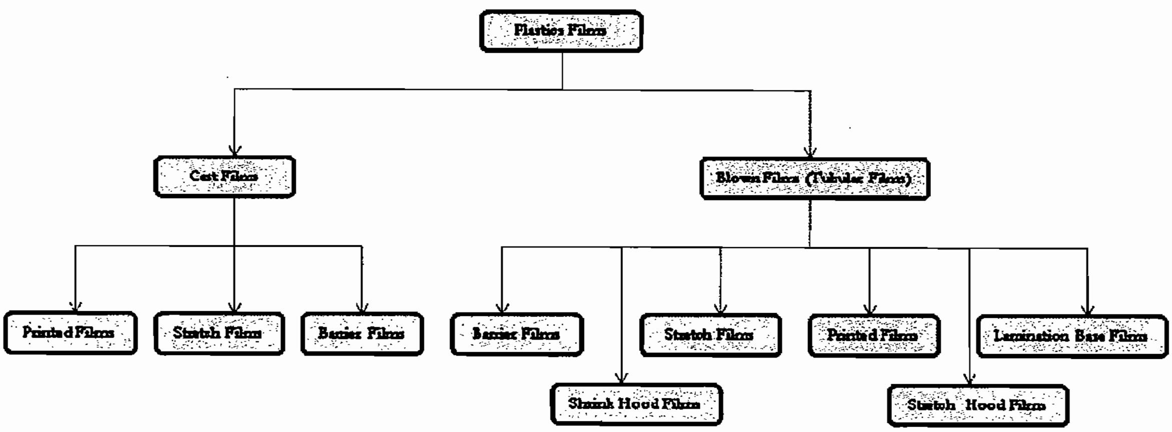
In the orientation stage of a blown film process, the hot melt that emerges from a circular die to form a tube is blown up into a bubble that thins out, or "draws down" the tube into the specified thickness (gauge). The ratio of the diameter of the blown bubble to the diameter of the die is also known as the BUR. The BUR of a particular film can be changed, depending on the characteristics of the plastic resins being extruded and the desired properties of the film for a particular use or application. On the other hand, in the orientation stage of a cast film process, the hot melt is forced through a slot die (or a slit die) to form a flat web.

A key difference between the two (2) types of films lies in the manner of the orientation process. This is because during the orientation process, the long molecules of the plastic resins, which was previously randomly placed, now line up in the direction where the film is stretched, thereby improving the film's strength in that direction.

In the blown film process, the extruded tube is stretched in two (2) directions: one in the direction of the hot melt as it exits the die and drawn up by a variable speed drive system or take-off speed (machine direction), and the other direction when the tube is blown sideways into a bubble (transverse direction). This results in a film with strength properties that are more uniform. Depending on the final application of the film, it is possible to balance the transverse direction or machine direction shrink of the blown film by adjusting the BUR and the take-off speed during the extrusion process.

In the case of a cast film, which is a flat web, both edges of the film are free since they are drawn only in the direction of the material as they exit the slot die (that is, in the machine direction). Consequently, this type of film will have good strength properties in the machine direction, and poor properties in the transverse direction.

Figure 1: Segmentation of Plastic Films In Malaysia



Source: D&B Malaysia

1.8 BARRIERS TO ENTRY

The main barriers to entry for the FPP industry are as follows:

- Technical knowhow

The flexibility of film conversion means that some plastic resins can be interchanged and yet similar or better characteristics can still be achieved on the final product, just by modifying the overall plastic resins composition. In this regard, a FPP manufacturer with a good knowledge of technical knowhow, and with the availability of the requisite equipment, is able to reduce costs by blending various types of plastics in different layers, and at the same time, meet or even surpass customers' requirements.

- High capital investment

While the output of the blown film extrusion lines in a FPP factory is a relatively inexpensive material, the lines themselves are expensive to purchase and operate. In the case of blown films, there is a need to have a good mix of machineries with different die sizes in order to be able to produce various products with different BUR to meet customers' requirements. For FPP companies that aspire to manufacture higher value added products, the cost of capital investment will also increase in tandem. This applies to the entire value chain of extrusion, printing and conversion (forming and cutting) processes.

- Proven track record

Established FPP manufacturers often have very long term relationships with their customers. New entrants will find it difficult to penetrate the market as these established FPP players enjoy a proven track record for prompt delivery and quality commitments as well as strong goodwill with their customers.

- Ability to provide value added services

Value added services include applying artwork design, print quality and graphics to the plastic films as per the requirements of customers. In return, this requires the establishment of a specialised division or department in the FPP manufacturing company, or long term tie-ups with a third party offering specialised services. Outsourcing of certain pre-press requirements can allow a manufacturer to get the best in the market, and at the same time, allows the manufacturer to offer a comprehensive service to the final customer. Savvy industry operators thus strive to offer a total packaging solution to customers.

- Sufficient working capital

A FPP manufacturer needs to have sufficient working capital to run a smooth operation. Heavy capital expenditures in sophisticated extrusion, printing and converting machines will tie up a substantial amount of a FPP manufacturer's paid-up capital. Given the heavy capital investments, most FPP manufacturers have to rely on a high turnover of goods in order to cover their high depreciation, amortisation and other fixed overheads and management expenses. In order to further differentiate itself from other players in the industry, a FPP manufacturer inevitably needs to have additional working capital. This is to enable it to hold a wider range of stocks and consumables to ensure reliability of supply to customers as and when needed.

1.9 CRITICAL SUCCESS FACTORS

The main critical success factors for the FPP industry are as follows:

- Economies of scale

The capital expenditure and fixed overheads of a well established FPP manufacturer equipped with good machines and staffed with well qualified personnel can be relatively high. Consequently, to ensure a profitable operation, a high volume business is essential in order to amortise the fixed cost to lower unit cost. FPP manufacturers, therefore rely on economies of scale to reduce their unit cost of production.

- Learning curve

There is an observed tendency for unit costs to decline as a FPP manufacturer gains more cumulative experience in producing a product. The costs decline because the workers improve their methods to become more efficient, layout improves, better performance is coaxed from the equipment, specialised equipment and processes are developed, product design changes make manufacturing more user-friendly, techniques for control of operations improve, among others.

- Product and service differentiation

A FPP manufacturer is able to gain a competitive edge if it is able to differentiate itself from other competitors in the market. To address this, the majority of research and development efforts in the FPP industry is currently devoted to innovations that help to differentiate the products, such as convenience packaging, improved barrier protection, better prints, excellent sealing windows, uniform and even thickness profile, packaging design initiatives, smart packaging and more environmentally-friendly alternatives.

- Ability to adapt promptly

The ability to appease ever-changing customer demands requires FPP manufacturers to remain flexible and quickly adapt to industry trends. Processing and technological advancements have become such an important facet of the FPP industry. The final markets at the end of the value chain drives demand for many FPP manufacturers. This includes an increasing number of brand names and products hitting the shelves in the market each year, and a heightened importance placed on brand distinction, as well as changes in consumer lifestyles demanding packaging improvements in safety, security and convenience.

- Stringent requirements

Typically, FPP must satisfy some fairly tight constraints and tolerances. The thickness of the film should be uniform so as to satisfy customers' technical specifications, given that a downstream process can be adversely affected, if the film has uneven thickness. The film must also possess optimal properties such as tensile strength, tear strength, impact resistance, stiffness, temperature resistance, moisture resistance and gas barrier. Others include elongation, elasticity, dimensional stability, film slip, grease and oil permeability, haze and gloss.

1.10 INDUSTRY CHALLENGES

The main industry challenges for the FPP industry are as follows:

- Fluctuating prices of plastic resins

Plastic resins account for up to as much as between 70% and 80% of the cost of inputs in FPP manufacturing, depending on the type of film produced. As currently a major proportion of plastic resins are made indirectly from crude oil, volatility in the prices of the latter has a direct and immediate impact on the former. Owing to the efficiency of the global market place, any increases in the prices of plastic resins would quickly affect the cost of FPP manufacturing.

- Rising costs of production

In an era of rising energy costs, FPP manufacturers are constantly involved in a balancing act between packaging requirements and package costs. They are always interested in minimising costs, but the product requirements must come first. If a product is not adequately protected due to poor or inadequate packaging, it may deteriorate or be damaged. In return, the cost of packaging materials is always a major concern for packagers, since these costs can be an important fraction of their total products costs.

- Time-to-market

The ability of FPP manufacturers to achieve a fast turnaround time from initial order to final shipment is crucial, as many end-user markets are mission-critical in nature. The globalisation of many industries has also translated into the need for ever faster deliveries of supplies of both raw materials and intermediates to the end-user industries, so as to meet the market window. Hence, an established FPP manufacturer needs to possess a sufficient inventory and capacity to meet a sudden upsurge in orders.

- Possession of ISO standards

An internationally recognised standard allows a company to provide an assurance to its customers that there is a system that is measurable and verifiable, and is backed by well established and standardised documents and processes. This gives great comfort to customers, particularly for clients based overseas. Consequently, for FPP manufacturers that wish to export their products, possession of an ISO standard would greatly assist to penetrate that market, as it imparts an enhanced image. It is considered as the hallmark of quality for products and services.

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- Environmental concerns

The usage of FPP is unavoidable in a modern civilisation. Although FPP does generate some amount of wastes once they go into circulation outside the factories, the infrastructure to collect them for recycling is still relatively undeveloped in the country. However, plastics are lighter than many alternative materials, which translate to a savings in energy use. They have consistently reduced the weight of truck payloads and allowed companies to ship more products in fewer trucks. Plastic films, in particular, can be packed densely to reduce freight costs.

1.11 INDUSTRY PLAYERS AND COMPETITION

1.11.1 Segmental Analysis

The principal and minor products manufactured by the major players in the FPP industry, classified under the segments of blown films, cast films and laminated films, are as follows:

Table 3: Principal Products of Major Players in the FPP Industry

Company	Blown Films	Cast Films	Laminated Films
GW Plastic Group	√√	√√	
Klang Hock Plastic Industries Sdn Bhd	√√		
Nordenia (Malaysia) Sdn Bhd	√√		
Swanson Plastics (Malaysia) Sdn Bhd		√√	
Thong Guan Industries Bhd	√	√√	
BP Plastics Holding Bhd	√	√√	
Scientex Bhd		√√	
Tomypak Holdings Bhd			√√
Daibochi Plastic and Packaging Industry Bhd	√		√√
Malaysia Packaging Industry Bhd			√√

Notes:

√√ : *denotes principal product*
√ : *denotes minor product*

Source: D&B Malaysia

The performance of the FPP industry in Malaysia can be categorised into three (3) main segments:

Cast Film

This product is mainly for industrial use and is commoditised in nature. It is therefore price sensitive to buyers as the product is homogeneous and, with little product differentiation, buyers will shop around for the best price (ie. price differentiated). The manufacturers of this product therefore depend on volume to drive down unit cost to be price competitive. The cost, and hence the selling price, of this product tend to correlate rather closely with the cost of the raw material (plastic resins). Consequently, high prices of raw materials will have less impact on the margins of a commoditised product such as cast film, compared to a non-commoditised product.

The major manufacturers of this product in Malaysia are GW Plastic Group, Swanson Plastics (Malaysia) Sdn Bhd, Thong Guan Industries Bhd, BP Plastics Holding Bhd and Scientex Bhd.

Blown Film

Blown films for the high-end FPP industry in Malaysia is largely manufactured by GW Plastic Group and Klang Hock Plastic Industries Sdn Bhd, and to a smaller extent, by Nordenia (Malaysia) Sdn Bhd. The films are usually customised for each type of application, and are very often used for secondary value added processes such as printing, laminating and/or conversions into some form of bags or pouches. A high proportion of these films are used in the F&B industry, which are basically consumer-driven items. Consequently, there are limitations on the amount of cost that can be passed on to consumers when the cost of production are pushed up, such as arising from a hike in the price of plastic resins, particularly during the period of mid-2004 till the third quarter of 2008. Manufacturers of such films had to therefore absorb a major portion of the increase in cost of plastic resins during this period, thereby causing a squeeze in margins.

However, following the drop in the price of plastic resins in 2009, the margins for such films have improved, particularly for items that can be differentiated through a combination of better quality (good thickness profile, better multi-layer co-extruded properties, good mechanical and optical properties) and higher value added processes (eg. printing, bags/pouches conversion).

Laminated Film

The two (2) major players in the laminated film segment are Daibochi Plastic and Packaging Industry Bhd and Tomypak Holdings Bhd; with Malaysia Packaging Industry Bhd being the smaller, third manufacturer. Similar to the blown film segment, the laminated film segment also focuses largely on F&B application. In addition, this segment also faces similar cost push factors when prices of plastic resins hit record highs during the years between 2004 and 2008, given that such products are largely meant for the consumer market, with operating margins being squeezed. In this segment, lamination base films are the intermediate raw materials used. Other intermediate raw materials used in the manufacturing of laminated films may include aluminium foils, PET films, biaxially oriented PP films, and paper.

As the lamination process involves an even higher level of value added processes such as printing and bags/pouches conversion, this segment has enjoyed a higher operating margin in 2009 following the drop in prices of plastic resins.

1.11.2 Financial Analysis

The financial performance of the various major players in the FPP industry experienced a major change in 2009 compared to 2008, owing largely to a fall in the average price of plastic resins. The FPP industry can be segmented into the cast film, blown film and laminated film segments. Each segment of the industry is impacted differently when prices of plastic resins fluctuates.

In general, companies involved in the F&B industry with a high level of value added processes, and which are able to product differentiate (as opposed to price differentiate) their FPP, are likely to see better improvements in operating margins when prices of plastic resins drop.

Both Daibochi Plastic and Packaging Industry Bhd and Tomypak Holdings Bhd, being involved in the laminated film segment, have a high level of value added processes, and are heavily involved in the supply of packaging materials for the F&B industry. Consequently, these two (2) companies recorded the highest jump in PBT improvements of 201.2% and 161.7% respectively.

GW Plastic Group is also involved in the supply of packaging materials for the F&B industry, and through the use of high-end extrusion, printing and bags conversion machines, it is able to product differentiate its packaging films to record improved margins that have translated into a 148.2% increase in PBT for 2009 over the PBT for 2008.

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Table 4: Financial Indicators of Major Players (RM '000)

Company	FYE	Revenue	PBT	PBT Margin (%)	FYE	Revenue	PBT	PBT Margin (%)	Increase in PBT 2009/2008 (%)
Daibochi	31/12/08	217,165.0	9,010.0	4.2	31/12/09	221,788.0	27,141.0	12.2	201.2
Tomypak	31/12/08	182,837.9	7,933.4	4.3	31/12/09	159,077.9	20,758.6	13.1	161.7
GW Plastic Group	31/12/08	292,839.2	7,576.1	2.6	31/12/09	255,503.8	18,804.8	7.4	148.2
BP Plastics	31/12/08	233,488.2	16,072.5	6.9	31/12/09	175,219.1	19,486.1	11.1	21.2
Thong Guan	31/12/08	564,557.8	3,814.9	0.7	31/12/09	408,778.2	18,540.8	4.5	386.0 *
MPI	31/12/08	74,757.7	-4,490.4	N. A.	31/12/09	61,595.2	570.6	0.9	N. A
SB (Note 1)	31/07/08	656,595.5	57,414.0	8.7	31/07/09	509,731.3	42,051.5	8.3	-26.8
Klang Hock	31/03/08	270,315.0	7,884.5	2.9	31/03/09	270,968.1	1,283.9	0.5	-83.7
Nordenia	31/12/08	138,231.3	-1,031.1	N. A.	31/12/09	141,915.3	1,303.9	0.9	N. A.
Swanson	31/12/08	135,932.3	-312.7	N. A.	31/12/09	112,562.1	4,229.9	3.8	N. A.

Remarks:

Daibochi	-	*Daibochi Plastic and Packaging Industry Bhd*
Tomypak	-	*Tomypak Holdings Bhd*
GW Plastic Group	-	*Great Wall Plastic Industries Bhd and GW Packaging Sdn Bhd*
BP Plastics	-	*BP Plastics Holding Bhd*
Thong Guan	-	*Thong Guan Industries Bhd*
MPI	-	*Malaysia Packaging Industry Bhd*
SB	-	*Scientex Bhd*
Klang Hock	-	*Klang Hock Plastic Industries Sdn Bhd*
Nordenia	-	*Nordenia (Malaysia) Sdn Bhd*
Swanson	-	*Swanson Plastics (Malaysia) Sdn Bhd*

Note 1 : Scientex Bhd has two (2) principal activities, namely manufacturing and property development. Manufacturing activities accounted for RM428.4 million (84.1%) while property development accounted for RM81.3 million (15.9%). The manufacturing activities encompass FPP (cast films), PP strapping bands, urethane prepolymer adhesives and automotive interior products. Hence, Scientex Bhd is not directly comparable to the other companies in the table, in terms of its financial performance.

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* - *Thong Guan Bhd is principally engaged in investment holding activities and in the trading of plastic and paper products. Its subsidiaries are involved in the manufacturing and trading of FPP, beverages, plastic and paper products; and trading of machinery, food and consumable products. The much lower PBT of Thong Guan in 2008 includes a large write down to net realisable value in inventories amounting to RM12.2 million. Excluding the write down, the PBT of Thong Guan in 2008 would have been RM16.0 million. Adjusting for this provision, the "increase" in PBT for Thong Guan in 2009 over 2008 is 15.6%.*

N. A. = Not Applicable

Source: Bursa Malaysia and management of GW Plastic Group

1.12 MARKET SHARE AND POSITIONING

With the industry recording revenues of RM5,025.5 million in 2009, GW Plastic Group, with its revenues of RM255.5 million, recorded a market share of 5.1% in the same year. As GW Plastic Group achieved exports amounting to RM132.4 million in 2009, its export market share was recorded at 8.3% in the same year.

Table 5: Market Share of GW Plastic Group

	Market Share in terms of sales (2009)	Export market share (2009)
GW Plastic Group	RM255.5 million	RM132.4 million
Industry	RM5,025.5 million	RM1,594.2 million
%	5.1	8.3

Source: D&B Malaysia and management of GW Plastic Group

To compete in the FPP industry, it is necessary for a FPP manufacturer to differentiate itself. In this context, GW Plastic Group has achieved the following features:

- having the largest installed capacity of blown film extrusion lines in Asia from Windmöller & Hölscher has provided the company with a wide range of die sizes with good BUR capabilities to meet customers' requirements;

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- GW Plastic Group has the highest installed capacity and is the largest manufacturer of wicketing bags for sandwich bread in Asia, utilising machines from Hudson-Sharp Machine Company;

- investments in the latest co-extrusion lines have allowed GW Plastic Group to selectively down gauge the extruded films to achieve better cost : performance ratio;

- GW Plastic Group has successfully achieved the following internationally recognised certifications that give an assurance to its customers that there is a measurable and verifiable system in place to ensure quality in its products and that have been produced in an environmentally-friendly and safe manner;

➢ ISO 9001:2008 - Quality Management System
➢ ISO 22000:2005 - Food Safety Management System
➢ ISO 14001:2004 - Environmental Management System
➢ OHSAS 18001:2007 - Occupational Health & Safety Management System

- GW Plastic Group has a gravure printing machine that is specially configured to print on thin LDPE/LLDPE films. This allows GW Plastic Group to undertake printing jobs that are typically difficult to print on such films;

- GW Plastic Group has the largest flexographic printing output of FPP films in the country. Both the gravure and flexographic printing capabilities, which are European-made, are necessary for the value added processes;

- GW Plastic Group is the largest manufacturer of 5-layer barrier films in Malaysia, which are used to extend the shelf life of food products and medical products; and

- the production of the cast stretch film, together with the stretch hood and shrink hood films, are undertaken by a wholly-owned subsidiary with LMW status. This status facilitates the duty free importation of plastic resins from the non-AFTA countries.

1.13 GOVERNMENT LEGISLATIONS, INCENTIVES AND POLICIES

1.13.1 Legislations

Application for a manufacturing licence under the Industrial Co-ordination Act, 1975, is required for companies with shareholders' funds of RM2.5 million or above, or engaging 75 or more full-time employees.

Companies involved in the FPP industry have to employ modern and efficient methods of processing and waste disposal which minimise the immediate and long term impacts on the environment. The companies must comply with the environmental standards and obligations detailed in the Environmental Quality Act 1974, and all other relevant laws.

Under the Factories and Machinery Act, 1967, any employees in the factory exposed to a wet or dusty process, to noise, heat or any poisonous, corrosive or other injurious substance which is likely to cause bodily injury to them, may be provided with suitable and adequate personal protective clothing and appliances. They include goggles, gloves, leggings, caps, foot wear and protective ointment or lotion. Both the foundations and floors of the factory shall be of sufficient strength to sustain the loads for which they are designed; and no foundation or floor shall be overloaded.

FPP companies are also subjected to the Occupational Safety and Health Act, 1994. This Act is enforced by the Ministry of Human Resources under the Department of Occupational Safety and Health. Under this Act, the employer has a duty to protect the safety, health and welfare of all his employees. The Act requires the employer to:

- provide and maintain plant or equipment and systems of work that are safe and without risks to health;
- make arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant;
- provide information, instruction, training and supervision as is necessary to ensure the safety and health of the workers; and
- maintain his place of work to ensure it is safe and without risks to health.

The employer shall also ensure that no worker shall be employed at any machine or in any process, being a machine or any process liable to cause bodily injury, unless he has been fully instructed as to the dangers likely to arise in connection therewith and the precautions to be observed. The worker must receive sufficient instruction in work at the machine or process; or is under adequate supervision by a person who has knowledge and experience of the machine or process.

1.13.2 Incentives

Presently, there are no incentives given by MIDA for FPP manufacturers. However, promoted activities in specialised plastic films and sheets are eligible for pioneer status and investment tax allowance. This is based on certain priorities, including the level of value-added, technology used and industrial linkages.

Other than minimal customs formalities, FIZs enable export-oriented companies to enjoy duty free import of raw materials, component parts, machinery and equipment required directly in the manufacturing process, as well as minimal formalities in exporting their finished products. To enable companies to enjoy FIZ facilities in areas where it is neither practical nor desirable to establish FIZs, companies can establish LMWs. Facilities accorded to LMWs are similar to factories operating in the FIZs. Companies normally approved for LMWs are those whose entire production or not less than 80% are meant for export; and whose raw materials / components are mainly imported. The necessary legislation for the implementation of the LMW system was enacted in 1973 by amending the relevant provision in the Customs Act 1975. The amendment permitted a manufacturer to acquire LMW status for its manufacturing operation by having the factory bonded by the Royal Customs and Excise Department.

1.13.3 Policies

The FPP industry has extensive intra-linkages with upstream activities, such as the petrochemical industry. One of the strategies pertaining to the petrochemical industry under the IMP3 is the further development of the plastic products industry through shortening the supply chain, by the establishment of a plastics products industry park within the vicinity of the petrochemical zones. In this way, the development of the plastic products industry will be accelerated and made more efficient.

Malaysia recently launched its first fully integrated plastics park, the Kertih Plastic Park, a major project under the Eastern Corridor Economic Region. The park will further enhance the development of a hub to support plastics and plastics-related manufacturing activities as well as service providers on a 140-hectare site. The Kertih Plastic Park is aimed at promoting further downstream investments in the plastics products industry by tapping into the synergies from integration with the nearby Kertih Integrated Petrochemical Complex. There is also easy access to technical support from the world class PETRONAS Polymer Technology Centre. The Kertih Plastic Park is also the realisation of a strategic thrust under the IMP3 to enhance linkages between the upstream petrochemical industry and the downstream plastic products industry. This is also in line with efforts to intensify the development of technologies in material and product applications.

1.14 DEMAND AND SUPPLY CONDITIONS

Nearly all products are packaged at some point in their life cycles. Plastic films are widely used in packaging, and continue to expand in use as more and more applications switch from rigid to flexible packages. FPP generally take up less space than the rigid structures that they replace. They commonly require less material, as well. Therefore, switching from rigid to FPP can provide significant economic savings in warehouse space and transportation, as well as packaging costs. In other words, it is a highly cost effective medium for packaging.

Given the global concern over greenhouse gas warming, carbon footprints are increasingly being factored into the selection criteria for packaging materials. The good product to weight ratio of a light weight FPP material coupled with the lower energy required to manufacture the material translates to a lower carbon footprint compared to other alternative packaging materials. This factor is driving up the use of this material for packaging.

Ex-factory sales of bags and films amounted to RM5.0 billion in 2009, representing a decrease of 7.0% over the previous year. This was principally due to the rapid decline in the prices of plastic resins as a result of the global economic slowdown, which led to lower ex-factory prices of plastic bags and films. Hence, the industry recorded a lower aggregate sum total in revenues in that year.

Table 6: Basic Statistics on Plastic Bags and Films

Year	Sales (RM '000)	% Growth
2009	5,025,493	-7.0
2008	5,405,256	6.3
2007	5,086,626	-0.05
2006	5,089,237	8.4
2005	4,695,428	-

Source: Department of Statistics

1.15 INDUSTRY'S RELIANCE ON AND VULNERABILITY TO IMPORTS

The major raw materials used in the manufacturing of FPP materials are plastic resins. As the local petrochemical industry does not manufacture the entire spectrum of grades of plastic resins, inevitably some proportions of plastic resins utilised in the manufacturing of FPP need to be imported, particularly from Singapore and Thailand. A FPP manufacturer which wishes to import plastic resins which are produced locally, needs to obtain a no objection letter from the local manufacturers of plastic resins to be presented to MITI, in order to waive the import duty of approximately 25% from the non-ASEAN countries. The import duty on plastic resins from the ASEAN countries is zero. However, companies located in the FIZs or with a LMW status are not required to obtain a no objection letter for the importation of plastic resins grades that are produced locally.

There are many varieties of plastic resins used in manufacturing FPP, and the common ones are LDPE, LLDPE, HDPE, PP, PET, EVOH and polyamide. As plastic resins are mainly petroleum by-products, their prices are pegged to the prices of crude oil as well. Crude oil price rose from US$25/barrel in 2003 to US$55/barrel in 2004, a 120% increase. Before this period, crude oil prices were trading sideways between US$20 and US$30 for a long time. In 2005 and 2006, crude oil price reached US$70/barrel and US$78/barrel, respectively. Subsequently, crude oil price reached US$147/barrel in 2008. This was followed by the big crash and also a rebound in 2009.

Table 7: Average Prices of PE Resins

Year	RM per kg
2009	4.05
2008	5.39
2007	4.81
2006	4.62
2005	4.32
2004	3.54

Source: Management of GW Plastic Group

There are pricing differences between PE and PP, subjected to the normal market forces of demand and supply. GW Plastics uses mainly PE in its daily manufacturing operations. The two (2) main grades of PE that GW Plastics uses are LDPE and LLDPE. The global average prices of LDPE and LLDPE over the past three (3) years are as follow:

- May 2007: USD1.72 - USD1.76 per kg for LDPE and USD1.21 per kg for LLDPE;
- June 2008: USD1.67 - USD1.72 per kg for LDPE and USD1.51 per kg for LLDPE; and
- June 2009: USD1.06 - USD1.10 per kg for LDPE and USD1.14 - USD1.19 per kg for LLDPE.

The global petrochemical industry is expected to see huge new plastic resins capacities coming onstream in 2010 and 2011, with petrochemical companies establishing plants in South East Asia, targeting the Chinese market and many petrochemical plants coming into commission in the Middle East. However, China itself is also starting more capacity over the next five (5) years, as a way to cut its dependence on imports. The new facilities in China have a total capacity of three (3) million tons per year, representing a massive increase of 30% for the country's output. There are also reportedly some new additional capacity projects that are in the planning stage.

In 2009, the global production volumes of PE were reported to be around 90 million tons. This is projected to increase to 94.4 million tons and 99.9 million tons, in 2010 and 2011, respectively. In addition, older, undersized petrochemical facilities in places such as Japan, North America, and Western Europe are expected to be shuttered, with rationalisation already under way and likely to accelerate in the coming years. The net effect is that a wider choice of material supply of plastic resins, notwithstanding the global recovery, may present an opportunity in the form of more competitive prices, to the FPP manufacturers. This would assist to mitigate any sharp increases in the prices of plastic resins, as was experienced in mid-2004, which continued to rise until it peaked in the third quarter of 2008.

A FPP company that operates on a large scale has the bargaining power to purchase raw materials such as plastic resins during periods of tight supplies. This is due to the fact that they tend to purchase in bulk and certain grades of plastic resins are standardised products in the market. As plastic resins comprise a significant portion of the production cost of FPP companies, the purchasers are much more price-sensitive and tend to expend the resources necessary to shop for a favourable price and purchase selectively in the market. Large purchasers are also able to benefit from volume rebates offered by these suppliers. On the other hand, the smaller FPP companies may not possess such bargaining power in the market, relatively.

1.16 PROSPECTS AND OUTLOOK OF THE INDUSTRY

FPP helps reduce waste at the source and in trash containers and landfills. It assists to reduce costs during production, distribution and use. FPP also minimises product loss because of its unique properties and its ease of handling and storing. Its versatility allows manufacturers to design packages to perform in very specific and necessary ways. While the usage of FPP has grown in the past, it is expected to grow even more in the future.

Plastics are man-made products, chemically synthesised from oil, coal or natural gas. Despite the fact that crude oil prices have risen very sharply, at the same time also elevating the prices of oil-based raw materials which are used for the manufacture of plastics, this product still has unlimited possibilities for packaging applications in the future. Competing products such as glass and metals are also expected to show a rising price curve over the medium to long-term. Thus, FPP is not anticipated to lose any ground, relatively speaking, and it is to be expected that, on the contrary, they will be more widely used than they are at present, thanks to their versatility, flexibility, adaptability and ease of handling.

Plastic resins fall under a class of petroleum-based materials that can be cast, pressed and extruded to form a myriad of plastic items. PE and PP are among the most common plastic resins. PE is normally used in manufacturing FPP, toys, gas pipes, hoses, tubing, rigid plastic packaging and machine parts. On the other hand, PP is utilised in manufacturing upholstery for car seats and home furnishing, FPP, casings for speakers and digital versatile disc players and television covers.

The global demand for plastic resins is estimated at approximately 175 million tons in 2009. Out of this, the two (2) main plastic resins, PE accounted for 38% (66.5 million tons) while PP registered 25% (43.75 million tons). Global demand of PE was 69.0 million tons in 2007 and 66.7 million tons in 2008.

Over the short and medium-term, plastic resins prices are expected to move downwards due to the following reasons:

- huge new petrochemical capacities that are expected to come onstream during the period 2010/2011; and

- the huge new capacities from the Middle East which have a substantially lower feedstock cost advantage that can be used to increase market share in a market where supply is expected to exceed demand.

The above scenario will drive down the cost of FPP, which is expected to further increase the use of this material to replace other materials. The FPP industry is a very dynamic industry, with new products and applications regularly coming into the market, ranging from new packages for new products to new plastic resins and packaging structures. New flexible plastic materials and new combinations of existing materials, both synthetic and natural, in the form of copolymerisation products, laminated or co-extruded material combinations to suit any possible need, will certainly continue to be developed at a fast rate.

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Consumer habits are changing worldwide. Changes in lifestyle over the past years can be attributed to population and income growth as well as rising urbanisation. In return, these factors have generated changes in the food habits, food purchasing and consumption patterns. There is also the growing trend towards the consumption of convenient food products that are easy-to-cook and ready-to-eat, due to the hectic lifestyle. Consumers are buying an increasing amount of pre-processed food, which favours functional packaging. Not only are consumers buying more processed food, but they are also choosing to buy smaller portions, increasing the amount of packaging required. Re-closable packaging that can conveniently be stored once opened, is also increasing its presence in the market. Processed food tends to have high requirements when it comes to packaging, as resistance to spoilage of attributes such as ingredients, flavours, odours and appearance is of extreme importance. The increasing consumption of processed food will require not only more packaging, but more high value added packaging to lock in the desired attributes. As the F&B industry is more resilient to the effects of an economic downturn, the FPP companies which supply their products to this application market is more resistant to economic downturns as well.

GW Plastic Group's focus on the F&B industry will, therefore, augur well from the demand perspective. The focus on investing in state-of-the-art extrusion, printing and bags conversion machines will enable GW Plastic Group to benefit from consistent output quality, efficiency in output, and better value added capabilities. This will allow GW Plastic Group to differentiate its products. The envisaged drop in prices of plastic resins when new petrochemical capabilities are brought onstream during the period 2010/2011, will further improve operating margins.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

9.1 Promoters and substantial shareholders

9.1.1 Promoters

As at LPD, our Promoters and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Nationality/ Place of incorporation	Before our IPO				After our IPO			
			<------ Direct ------>		<------ Indirect ------>		<------ Direct ------>		<------ Indirect ------>	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yeoh Soo Ann	Non-Independent Non-Executive Director	Malaysian	25,000,000	11.36	72,500,996 (1)	32.95	19,330,000	8.19	72,500,996 (1)	30.72
Lim Kok Boon	Non-Independent Executive cum Chief Executive Officer	Malaysian	15,000,000	6.82	72,500,996 (1)	32.95	13,782,000 ^	5.84	72,500,996 (1)	30.72
Abang Ariffin bin Abang Bohan	Non-Independent Non-Executive Director	Malaysian	2,500,000	1.14	98,500,400 (2)	44.77	2,900,000 ^	1.23	60,368,400 (2)	25.58
Keybumi	-	Malaysia	98,500,400	44.77	-	-	60,368,400	25.58	-	-
Megastart	-	Malaysia	72,500,996	32.95	-	-	72,500,996	30.72	-	-

Notes:

^ *Includes the Shares allocated to them under the Pink Form Offer and assuming they subscribe for their entitlement in full.*

(1) Deemed interested by virtue of his interest in Megastart.

(2) Deemed interested by virtue of his interest in Keybumi.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

9.1.2 Substantial shareholders

As at LPD, our substantial shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality/ Place of incorporation	Before our IPO				After our IPO			
		<—— Direct ——>		<— Indirect --->		<----- Direct ----->		<-- Indirect --->	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Keybumi	Malaysia	98,500,400	44.77	-	-	60,368,400	25.58	-	-
Megastart	Malaysia	72,500,996	32.95	-	-	72,500,996	30.72	-	-
Yeoh Soo Ann	Malaysia	25,000,000	11.36	72,500,996 (1)	32.95	19,330,000	8.19	72,500,996 (1)	30.72
Lim Kok Boon	Malaysia	15,000,000	6.82	72,500,996 (1)	32.95	13,782,000 ^	5.84	72,500,996 (1)	30.72
Abang Ariffin bin Abang Bohan	Malaysia	2,500,000	1.14	98,500,400 (2)	44.77	2,900,000 ^	1.23	60,368,400 (2)	25.58

Notes:

^ *Includes the Shares allocated to them under the Pink Form Offer and assuming they subscribe for their entitlement in full.*

(1) Deemed interested by virtue of his interest in Megastart.

(2) Deemed interested by virtue of his interest in Keybumi.

Save as disclosed above, our Company is not aware of any other persons who directly or indirectly, jointly or severally, have control over our Company.

9.1.3 Background information on our Promoters

A brief background of our Promoters is set out below.

(i) Yeoh Soo Ann

Yeoh Soo Ann, a Malaysian aged 48, was appointed as our Non-Independent Non-Executive Director on 12 August 2010. He was appointed as an Executive Director of GW Plastic on 29 November 2002 and was redesignated as Non-Executive Director on 10 June 2010.

Yeoh Soo Ann has been a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants since 1988. He is also a member of the CPA Australia since 2008. He has worked in various public accountant firms in the UK and in Malaysia for more than 12 years before moving into the commercial sector.

He was formerly Executive Director of Finance of FACB Industries Incorporated Berhad and is currently the Group Chief Executive Officer of Encorp Berhad. Yeoh Soo Ann sits on the boards of Megastart, Incredible Wellness Sdn Bhd, Maxquest Resources Sdn Bhd, Encorp Builders Sdn Bhd, Valiantvest Sdn Bhd, Globemerge Resources Sdn Bhd, Suria Puri Sdn Bhd, Encorp Systembilt Sdn Bhd, Encorp Development Sdn Bhd, Premier Summary Sdn Bhd, Golden Acehub Sdn Bhd, I-Zen Residences Sdn Bhd and Must Ehsan Development Sdn Bhd. He was formerly on the boards of Encorp Must Sdn Bhd, Encorp L&M Precast Sdn Bhd and Encorp Construction & Infrastructure Sdn Bhd (formerly known as Enfari Properties Sdn Bhd) and several other companies.

(ii) Lim Kok Boon

Lim Kok Boon, a Malaysian aged 52, was appointed as our Non-Independent Executive Director cum Chief Executive Officer on 12 August 2010 and is currently also the Chief Executive Officer of GW Plastic. He was appointed as a Senior Executive Director on 18 March 2002 and was subsequently redesignated as Director cum Chief Executive Officer of GW Plastic on 14 April 2003.

Lim Kok Boon is a fellow member of the Chartered Institute of Management Accountants, UK since 30 January 1995 and a member of the Malaysian Institute of Accountants since 25 August 1995. He was with Multi-Purpose Holdings Berhad ("MPHB") from 1983 until May 2001 where he gained wide experience in corporate banking and corporate finance work including mergers and acquisitions, corporate restructuring, equity/debt financing and capital raising, flotation of companies and operational management. Prior to his departure from MPHB, he was heading the Chief Executive Officer's Department where his responsibilities included, *inter alia*, overseeing the business of GW Plastic during the period October 1996 to May 2001 when MPHB provided management services to GW Plastic as an indirect associate company of MPHB.

He was a Director of Eksons Corporation Berhad ("Eksons") from April 1997 to May 2004, with an executive role as Group Executive Director during the period May 2001 to March 2002. He played an instrumental role in the rescue and restructuring of Eksons, previously known as Chongai Corporation Berhad, which was then financially insolvent.

He has served as the Vice President of the Malaysian Plastics Manufacturers Association in years 2004 and 2005 and became the President of the Malaysian Plastics Manufacturers Association since 2006. He was formerly a Director of Pembangunan Sumber Manusia Berhad and is currently a Director of Megastart.

(iii) Abang Ariffin bin Abang Bohan

Abang Ariffin bin Abang Bohan, a Malaysian, aged 37, was appointed as our Non-Independent Non-Executive Director on 12 August 2010, as a nominee of Keybumi. He was appointed as a Non-Executive Director of GW Plastic on 6 March 2007.

He earned his Diploma in Public Administration at Institut Teknologi Mara and later pursued law and graduated from University of Malaya with LLB (Hons) in 1999. He embarked his legal career as a legal assistant at Messrs Ghazi & Lim until September 2002.

Prior to incorporating his firm, Messrs AriffinShahzad in 2004, he was a partner at Messrs Rafida Razak & Co until December 2003. Presently, he is the Managing Partner of Messrs AriffinShahzad, Advocates & Solicitors, Kuala Lumpur and also a Partner of Messrs AriffinShahzad Advocates, Kuching, Sarawak. Abang Ariffin bin Abang Bohan is also a practising Advocate and Solicitor of the High Court of Malaya and the High Court of Sabah and Sarawak.

Abang Ariffin bin Abang Bohan sits on the boards of Keybumi, Pegang Impian Holdings Sdn Bhd, Rumpun Harapan Sdn Bhd, THP Saribas Sdn Bhd, Commercial Pyramid Sdn Bhd and Microstream Technology Sdn Bhd and Vista Growth Sdn Bhd. He was formerly the Director of Kompakar Eintegration Sdn Bhd, Kompakar Sdn Bhd, DSI Services Sdn Bhd, and also the Secretary of Yayasan Pendidikan Tun Siti Hasmah.

(iv) Keybumi

Keybumi was incorporated as a private limited company in Malaysia under the Act on 21 June 2006. Keybumi is principally involved in general trading activities.

As at LPD, the authorised share capital of Keybumi is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100 comprising 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The directors and substantial shareholders of Keybumi and their respective shareholdings in Keybumi as at LPD are as follows:

	Direct		Indirect	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Abang Ariffin bin Abang Bohan	90	90.00	-	-
Taufiq Abdul Khalid	10	10.00	-	-

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(v) Megastart

Megastart was incorporated as a private limited company in Malaysia under the Act on 20 April 2000. Megastart is principally an investment holding company.

As at LPD, the present authorised share capital of Megastart is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100 comprising 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The directors and substantial shareholders of Megastart and their respective shareholdings in Megastart as at LPD are as follows:

	Direct		Indirect	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Yeoh Soo Ann *	70	70.00	-	-
Lim Kok Boon	30	30.00	-	-

Note:

* *Yeoh Soo Ann is currently the Group Chief Executive Officer of Encorp Berhad.*

9.1.4 Background information on our substantial shareholders

The background information on the following substantial shareholders is set out in Section 9.1.3 above:

(i) Yeoh Soon Ann;
(ii) Lim Kok Boon;
(iii) Abang Ariffin bin Abang Bohan;
(iv) Keybumi; and
(v) Megastart.

9.1.5 Changes in our Promoters' and substantial shareholders' shareholdings since 31 December 2009

Changes in our Promoters' and substantial shareholders' shareholdings since 31 December 2009 up to LPD are as follows:

	As at 31 December 2009				As at LPD			
	<——Direct——>		<---Indirect—>		<———Direct——>		<——Indirect——>	
Promoters / Substantial Shareholders	**No. of shares**	**%**	**No. of shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Yeoh Soo Ann	-	-	-	-	25,000,000	11.36	72,500,996 (1)	32.95
Lim Kok Boon	-	-	-	-	15,000,000	6.82	72,500,996 (1)	32.95
Abang Ariffin bin Abang Bohan	-	-	-	-	2,500,000	1.14	98,500,400 (2)	44.77
Keybumi	-	-	-	-	98,500,400	44.77	-	-
Megastart	-	-	-	-	72,500,996	32.95	-	-
Ng Heng Hooi (3)	1	50.00	-	-	2	*	-	-
Leong Poi San (3)	1	50.00	-	-	2	*	-	-

Notes:
* *Negligible.*
(1) Deemed interested by virtue of his interest in Megastart.
(2) Deemed interested by virtue of his interest in Keybumi.
(3) They have ceased to be substantial shareholders of GW Holdings on 11 August 2010.

9.2 Board of Directors

9.2.1 Profiles

The profiles of the following Directors of our Company are set out in Section 9.1.3 above:

(i) Lim Kok Boon;
(ii) Yeoh Soo Ann; and
(iii) Abang Ariffin bin Abang Bohan.

The profiles of the remaining Directors of our Company are as follows:

(i) Tan Sri Datuk Dr Omar bin Abdul Rahman

Tan Sri Datuk Dr Omar bin Abdul Rahman, a Malaysian aged 77, was appointed as our Independent Non-Executive Director and Chairman on 12 August 2010.

He is a graduate in Veterinary Science from the University of Sydney, Australia and a Doctorate in Philosophy from Cambridge University, UK. He began his professional career in 1960 in veterinary research. He was one of the founders of Universiti Pertanian Malaysia (UPM), serving as the Foundation Dean of Veterinary Medicine and Deputy Vice-Chancellor (Academic). In 1984, he was appointed as Science Adviser in the Prime Minister's Department and in that capacity he served on a number of national committees including the National Development Planning Committee, the National Council for Scientific Research and Development, the National Information Technology Council and the National Telecommunication Council among other notable positions in the areas of science, research and policy. He also served as President and a Trustee of the Malaysian University of Science and Technology (MUST).

On the international scene, Tan Sri Datuk Dr Omar bin Abdul Rahman served on the United Nation's Council for Science and Technology for Development (UNCSTD) and the OIC Standing Committee on Science and Technology Cooperation (COMSTECH). He is currently member of United Nations Educational, Scientific and Cultural Organization (UNESCO)'s World Commission on Ethics of Scientific Knowledge and Technology (COMEST) and President of the Federation of Asian Scientific Academics and Societies (FASAS) and is the founding and current Chairman of the Commonwealth Partnership for Technology Management (CPTM). He was the Founding President of the Academy of Science Malaysia and is now a Senior Fellow and the Founding Fellow of the Islamic World Academy of Sciences and as well as Fellow of the Academy of Sciences for the Developing World (TWAS).

He served as Chairman of Encorp Berhad from February 2005 until August 2009 and is currently the Chairman of the board of Kotra Industries Berhad and Green Packet Berhad. He is also a director of OSK Ventures International Berhad and BCT Technology Berhad. Tan Sri Datuk Dr Omar bin Abdul Rahman also sits on the boards of Perundingan Industri Malaysia Sdn Bhd, EXS Network Technologies Sdn Bhd, Museum Development Corporation Sdn Bhd, Manfield Development Sdn Bhd, Danamakmur Sdn Bhd, Ifatek Global (Malaysia) Sdn Bhd, Baktisuria Sdn Bhd, Northern Utility Resources Sdn Bhd, Aspire Assets Sdn Bhd, Advance Pro Media Technology Sdn Bhd and Bostonweb Academy Sdn Bhd. He was formerly the Chairman and Director of Nur Generation Sdn Bhd and served as Executive Chairman of Kumpulan Modal Perdana Sdn Bhd.

(ii) Dato' Chew Kong Seng @ Chew Kong Huat

Dato' Chew Kong Seng @ Chew Kong Huat, a Malaysian aged 72, was appointed as our Independent Non-Executive Director on 12 August 2010.

Dato' Chew Kong Seng @ Chew Kong Huat is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He worked in the UK from 1964 until 1970 and returned to Malaysia to join Messrs Turquand, Young & Co. (now known as Ernst & Young). He held various senior positions in Messrs Ernst & Young and was Managing Partner from 1990 to 1996. Dato' Chew Kong Seng @ Chew Kong Huat has over 30 years experience in the accounting profession covering a wide variety of industries including banking and financial institutions, timber, manufacturing, trading and foreign investment.

Currently he sits on the boards of Petronas Gas Berhad, Petronas Dagangan Berhad, AEON Co. (M) Bhd, GuocoLand (Malaysia) Berhad, PBA Holdings Berhad, Encorp Berhad, Bank of America Malaysia Berhad and LSA Holdings Sdn Bhd. He was formerly on the boards of Sarawak Energy Berhad and Industrial Concrete Products Bhd.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

9.2.2 Directors' shareholdings in our Company

As at LPD, our Board and their respective shareholdings in our Company before and after our IPO are as follows:

			Before our IPO				After our IPO			
			<------ Direct ------>		<--- Indirect --->		<----- Direct ----->		<-- Indirect --->	
Name	**Designation**	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Yeoh Soo Ann	Non-Independent Non-Executive Director	Malaysian	25,000,000	11.36	72,500,996 (1)	32.95	19,330,000	8.19	72,500,996 (1)	30.72
Lim Kok Boon	Non-Independent Executive cum Chief Executive Officer	Malaysian	15,000,000	6.82	72,500,996 (1)	32.95	13,782,000 ^	5.84	72,500,996 (1)	30.72
Abang Ariffin bin Abang Bohan	Non-Independent Non-Executive Director	Malaysian	2,500,000	1.14	98,500,400 (2)	44.77	2,900,000 ^	1.23	60,368,400 (2)	25.58
Tan Sri Datuk Dr Omar bin Abdul Rahman	Independent Non-Executive Director cum Chairman	Malaysian	750,000	0.34	-	-	1,150,000 ^	0.49	-	-
Dato' Chew Kong Seng @ Chew Kong Huat	Independent Non-Executive Director	Malaysian	750,000	0.34	-	-	1,150,000 ^	0.49	-	-

Notes:

^ *Includes the Shares allocated to them under the Pink Form Offer and assuming they subscribe for their entitlement in full.*

(1) Deemed interested by virtue of his interest in Megastart.

(2) Deemed interested by virtue of his interest in Keybumi.

9.2.3 Representative of corporate shareholders

Saved for Abang Ariffin bin Abang Bohan, being a substantial shareholder and Director of Keybumi, Yeoh Soo Ann and Lim Kok Boon being the substantial shareholders and the Directors of Megastart, none of our other Directors represent any corporate shareholders.

9.2.4 Principal business activities outside our Company and principal directorships

The following table sets out the principal directorships of our Directors as at LPD and that which was held within the past 5 years up to LPD, and the principal business activities performed outside our Company by our Director as at LPD.

Name	Directorships	Involvement in business activities other than as a Director
Tan Sri Datuk Dr Omar bin Abdul Rahman	*Present directorships:* • Kotra Industries Berhad • Green Packet Berhad • OSK Ventures International Berhad • BCT Technology Berhad • Perundingan Industri Malaysia Sdn Bhd • EXS Network Technologies Sdn Bhd • Museum Development Corporation Sdn Bhd • Manfield Development Sdn Bhd • Danamakmur Sdn Bhd • Ifatek Global (Malaysia) Sdn Bhd • Baktisuria Sdn Bhd • Northern Utility Resources Sdn Bhd • Aspire Assets Sdn Bhd • Advance Pro Media Technology Sdn Bhd • Bostonweb Academy Sdn Bhd *Past directorships:* • Encorp Berhad *(resigned in September 2009)* • Kumpulan Modal Perdana Sdn Bhd *(resigned in April 2007)* • Nur Generation Sdn Bhd *(resigned in January 2008)*	-
Lim Kok Boon	*Present directorship:* • Megastart *Past directorships:* • Pembangunan Sumber Manusia Berhad *(resigned in May 2009)*	-

Name	Directorships	Involvement in business activities other than as a Director
Yeoh Soo Ann	*Present directorships:* • Encorp Berhad • Megastart • Incredible Wellness Sdn Bhd • Maxquest Resources Sdn Bhd • Encorp Builders Sdn Bhd • Valiantvest Sdn Bhd • Globemerge Resources Sdn Bhd • Suria Puri Sdn Bhd • Encorp Systembilt Sdn Bhd • Encorp Development Sdn Bhd • Premier Summary Sdn Bhd • Golden Acehub Sdn Bhd • I-Zen Residences Sdn Bhd • Must Ehsan Development Sdn Bhd *Past directorships:* • Encorp L & M Precast Sdn Bhd *(resigned in September 2007)* • Encorp Construction & Infrastructure Sdn Bhd (formerly known as Enfari Properties Sdn Bhd) *(resigned in February 2009)* • Encorp Must Sdn Bhd *(resigned in April 2010)*	Group Chief Executive Officer of Encorp Berhad
Dato' Chew Kong Seng @ Chew Kong Huat	*Present directorships:* • Petronas Gas Berhad • Petronas Dagangan Berhad • AEON Co. (M) Bhd • GuocoLand (Malaysia) Berhad • PBA Holdings Berhad • Encorp Berhad • Bank of America Malaysia Berhad • LSA Holdings Sdn Bhd *Past directorships:* • Industrial Concrete Products Bhd *(resigned in March 2009)* • Sarawak Energy Berhad *(resigned in June 2005)*	-

Name	Directorships	Involvement in business activities other than as a Director
Abang Ariffin bin Abang Bohan	*Present directorships:* • Keybumi • Pegang Impian Holdings Sdn Bhd • Rumpun Harapan Sdn Bhd • THP Saribas Sdn Bhd • Commercial Pyramid Sdn Bhd • Microstream Technology Sdn Bhd • Vista Growth Sdn Bhd *Past directorships:* • Kompakar Eintegration Sdn Bhd *(resigned in January 2010)* • IT Intergrator (M) Sdn Bhd *(resigned in October 2008)* • K-Base Consulting Services Sdn Bhd *(resigned in October 2008)* • DSI Services Sdn Bhd *(resigned in August 2007)* • Kompakar eCRM Sdn Bhd *(resigned in October 2008)* • Kompakar eSolution Sdn Bhd *(resigned in October 2008)* • Kompakar eHealth ZG Sdn Bhd *(resigned in October 2008)* • Kompakar Sdn Bhd *(resigned in July 2008)*	Managing Partner of Messrs AriffinShahzad, Advocates & Solicitors, Kuala Lumpur and Partner of Messrs AriffinShahzad Advocates, Kuching, Sarawak.

Our Directors are of the view that their involvement in other business activities outside our Company do not affect their contributions to our Group and would not be expected to affect the operations of our Group.

The involvement in other business activities outside our Company held by our Directors may give rise to a conflict of interest situation with our businesses. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

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9.2.5 Directors' remuneration, fees and material benefits-in-kind

The remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid or payable to our Directors for their services to our Group are as follows:

	Remuneration, fees and material benefits-in-kind band (RM'000)	
Directors	**FYE 2009 (Actual)**	**FYE 2010 (Proposed)**
Tan Sri Datuk Dr Omar bin Abdul Rahman	0 – 50	0 – 50
Lim Kok Boon	550 – 600	550 – 600
Yeoh Soo Ann	0 – 50	0 – 50
Dato' Chew Kong Seng @ Chew Kong Huat	0 – 50	0 – 50
Abang Ariffin bin Abang Bohan	0 – 50	0 – 50

The remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Directors' fees, as set out in our Company's Articles of Association, must be approved by our shareholders pursuant to a resolution in a general meeting where notice of any proposed increase shall be given. Refer to Section 16.2(b) of this Prospectus for further details on our Articles of Association.

9.2.6 Board practices

(i) Directors' term in office

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Director	Date of appointment	Date of expiration of the current term of office	No. of years in office
Tan Sri Datuk Dr Omar bin Abdul Rahman	12 August 2010	*	< 1 year
Lim Kok Boon	12 August 2010	**	< 1 year
Yeoh Soo Ann	12 August 2010	**	< 1 year
Dato' Chew Kong Seng @ Chew Kong Huat	12 August 2010	*	< 1 year
Abang Ariffin bin Abang Bohan	12 August 2010	**	< 1 year

Notes:

* *Tan Sri Datuk Dr Omar bin Abdul Rahman and Dato' Chew Kong Seng @ Chew Kong Huat are directors who are over the age of 70 years and pursuant to Section 129(2) of the Act, shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.*

** *All our Directors were appointed on 12 August 2010. Pursuant to our Articles of Association, the Directors shall hold office until the next annual general meeting and shall then be eligible for the re-election.*

(ii) Audit Committee

Our Audit Committee, established on 12 August 2010, was appointed by our Board and comprises the following members:

Name	Designation
Dato' Chew Kong Seng @ Chew Kong Huat	Chairman
Tan Sri Datuk Dr Omar bin Abdul Rahman	Member
Abang Ariffin bin Abang Bohan	Member

Our Audit Committee is responsible for the recommendations to our Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by our Group's external auditors and reviews and evaluates our Group's internal audit and control functions. Our Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

(iii) Remuneration Committee

Our Remuneration Committee, established on 12 August 2010, was appointed by our Board and comprises the following members:

Name	Designation
Tan Sri Datuk Dr Omar bin Abdul Rahman	Chairman
Dato' Chew Kong Seng @ Chew Kong Huat	Member
Yeoh Soo Ann	Member
Abang Ariffin bin Abang Bohan	Member
Lim Kok Boon	Member

Our Remuneration Committee is primarily responsible for, amongst others, recommending to our Board the policy and framework for our Directors' remuneration including remuneration and terms of service of our Executive Directors in all its forms, drawing from external advice, if necessary.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration our Remuneration Committee's recommendations.

(iv) Nomination Committee

Our Nomination Committee, established on 12 August 2010, was appointed by our Board and comprises the following members:

Name	Designation
Tan Sri Datuk Dr Omar bin Abdul Rahman	Chairman
Dato' Chew Kong Seng @ Chew Kong Huat	Member
Abang Ariffin bin Abang Bohan	Member

Our Nomination Committee is primarily responsible for, amongst others, proposing new nominees for our Board as well as our Directors to fill the seats on board committees, and assessing our Directors on an ongoing basis.

In particular, our Board through our Nomination Committee would review on an annual basis the required mix of skills and experience and other core qualities, including core competencies, which our Non-Executive Directors should bring to our Board.

9.3 Key management and key technical personnel

The management of our Group is headed by our Chief Executive Officer, Lim Kok Boon, who is assisted by a team of key management and key technical personnel as set out in Section 9.3.1 below.

9.3.1 Profiles

The profiles of our Company's key management and key technical personnel are set out below:

(i) Lim Chun Yuan

Lim Chun Yuan, aged 51, is the General Manager for the Finance and Administration of our Group and is responsible for the overall operation of Finance, Administration and Corporate Development of our Group. He graduated with a Diploma in Commerce from Tunku Abdul Rahman College in 1982 and obtained his Association of Chartered Certified Accountants (ACCA) qualification in 1983. Lim Chun Yuan has been a member of the Malaysian Institute of Accountants since 1987. He has a breadth of experience in accounting, finance and corporate work in various industries over the past 26 years.

Prior to joining GW Plastic in July 1995, he was attached to Teo Guan Lee Corporation Bhd from 1992 to 1995 as the Finance and Administration Manager. From 1989 to 1992 he was the Finance Manager of Finewood Product Corporation Sdn Bhd (a member company of Berjaya Group). Lim Chun Yuan gained his corporate experience while he was the Group Management Accountant in Malaysian Resources Corporation Berhad for a period of 15 months from 1988 to 1989. He began his career as an audit trainee in 1983, garnered a wide audit exposure of different industries, before moving on to the commercial environment in 1988.

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(ii) Wong Poon Kheong

Wong Poon Kheong, aged 59, joined GW Plastic as a Factory Manager on 2 April 1998 and was promoted to General Manager for Manufacturing in November 1999. He graduated from Universiti Sains Malaysia in 1976 with a Bachelor of Applied Science (Hons) and has a degree majoring in Polymer Science and Technology. He has more than 32 years of manufacturing experiences in rubber and plastic industries including more than 22 years in senior management positions in well established plastics packaging companies. Presently he is responsible for the management of manufacturing operations pertaining to production, technical, quality assurance, material management, human resource, security and engineering.

(iii) Ng Choong Keen

Ng Choong Keen, aged 54, joined as the General Manager of Marketing of GW Plastic in January 2000. He graduated with a Bachelor of Economics from La Trobe University, Australia in 1980. He started working as a Sales Administrator in Thong Fook Plastics Industries Sdn Bhd from 1980 to 1981. He had worked for about 2 years, from 1982 to 1984 as a trading executive in Harrisons & Crosfield (Sabah) Sdn Bhd. In 1984, he rejoined the plastic packaging industries and has been in the industry for the last 25 years working in the areas of marketing and human resources. He has led the marketing team in GW Plastic for the past 10 years, developing new overseas market and launching new technical products into the market.

(iv) Chua Choon Kow

Chua Choon Kow, aged 54, joined GW Plastic in July 2006 as General Manager for Manufacturing. He graduated from Massey University, New Zealand in 1979 with a Bachelor of Technology in Industrial Engineering. Prior to joining our Group, he was with various public and private companies and has wide experience overseas and locally in the manufacturing industry. He has held senior management positions in the packaging industry in the last 23 years, of which 10 years is in packaging equipment and 13 years in plastic packaging supply manufacturing. Presently, he is responsible for the manufacture of flexible plastic film for industrial packaging in our Group.

(v) Yong Chee Ming

Yong Chee Ming, aged 46, joined GW Plastic as a Technical Manager in April 2002. He graduated from Universiti Sains Malaysia in 1989 with a Bachelor of Technology with Honours in the field of Polymer Science and Technology. He has about 20 years of manufacturing experience in rubber and plastics industries. Presently, he is responsible for the product development activities, process and product improvement in order to ensure the products manufactured fulfil customers' requirements.

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(vi) **Nor Azina Yahaya**

Nor Azina Yahaya, aged 39, joined GW Plastic as Assistant QA Manager on 3 August 1998. She was later promoted to QA Manager in 2000. She graduated with a Bachelor of Science from California State University Dominguez Hills in 1994 majoring in Microbiology and Chemistry. She has more than 14 years of working experience in the plastics industry with more than 11 years experience in QA field. She is currently a registered auditor for International Register for Certificated Auditor (IRCA). She is responsible for the operation of the QA Department in our Group that oversees the monitoring and measurement of production, Regulatory Affairs, Customer Feedback Management, Quality and Food Safety Management Systems, Environmental and Occupational Health and Safety Management Systems and management of supplier performance. She is also an active member in several Standards Writing Organisations (SWO) for standards development in Malaysia.

(vii) **Lee Ying Fong**

Lee Ying Fong, aged 54, joined GW Plastic in January 2006 as Company Secretary but has been providing corporate secretarial services to GW Plastic since 1 August 1998 when she was with Multi-Purpose Holdings Berhad. She was admitted as an Associate member of the Institute of Chartered Secretaries and Administrators, UK in 1990 and has more than 17 years experience as Company Secretary of various public companies listed on Bursa Securities.

Prior to joining GW Plastic, she was the Company Secretary of Sarawak Energy Berhad (formerly known as Dunlop Estates Berhad and then Sarawak Enterprise Corporation Berhad) and its group of companies from October 1989 to December 2005, Multi-Purpose Holdings Berhad and its group of companies from August 1988 to June 2001 and Bandar Raya Developments Berhad and its group companies from December 1987 to October 1990. She also served as a director of various public and private companies, which included foreign companies during her employment with Multi-Purpose Holdings Berhad.

(viii) **Chong Sin Fah**

Chong Sin Fah, aged 53, joined GW Plastic as Senior Production Manager in September 2002. He received his training in flexographic printing in Germany in 1990 to become one of the pioneer flexographic printers in the Malaysian plastic packaging industry and has over 19 years experience in flexographic printing and 17 years experience in gravure printing. Prior to joining our Group, he was with an American international branding and imaging solutions provider for 6 months as the Print Production Manager/Technical Manager responsible for approving new prints on the press for Proctor & Gamble in the South East Asian Region including India. Prior to that he was attached to Nordenia-Thong Fook Sdn Bhd for 25 years.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

9.3.2 Key management and key technical personnel's shareholdings in our Company

The shareholdings of our key management and key technical personnel in our Company before and after our IPO are as follows:

			Before our IPO				After our IPO			
			<------ Direct ------>		<--- Indirect --->		<----- Direct ----->		<-- Indirect --->	
Name	Designation	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Kok Boon	Non-Independent Executive Director cum Chief Executive Officer	Malaysian	15,000,000	6.82	72,500,996 (1)	32.95	13,782,000 ^	5.84	72,500,996 (1)	30.72
Chua Choon Kow	General Manager – Manufacturing	Malaysian	1,149,700	0.52	-	-	1,399,700 ^	0.59	-	-
Lim Chun Yuan	General Manager – Finance & Administration	Malaysian	1,124,700	0.51	-	-	1,374,700 ^	0.58	-	-
Wong Poon Kheong	General Manager – Manufacturing	Malaysian	1,474,600	0.67	-	-	1,724,600 ^	0.73	-	-
Ng Choong Keen	General Manager – Marketing	Malaysian	1,249,600	0.57	-	-	1,499,600 ^	0.64	-	-
Yong Chee Ming	Technical Manager	Malaysian	-	-	-	-	135,000 ^	0.06	-	-
Nor Azina binti Yahaya	QA Manager	Malaysian	-	-	-	-	80,000 ^	0.03	-	-
Lee Ying Fong	Company Secretary	Malaysian	-	-	-	-	135,000 ^	0.06	-	-
Chong Sin Fah	Senior Production Manager	Malaysian	-	-	-	-	135,000 ^	0.06	-	-

Notes:

^ *Includes the Shares allocated to them under the Pink Form Offer and assuming they subscribe for their entitlement in full.*

(1) *Deemed interested by virtue of his interest in Megastart.*

9.3.3 Involvement of key management and key technical personnel in other business and corporations

Save as disclosed in Section 9.2.4 above, our key management and key technical personnel are not involved in other principal business activities outside our Group. As at LPD, save as disclosed in Section 9.2.4 above, all of our Group's key management are full time employees of our Group and none of the key management is involved in the operations of other businesses and/or corporations.

9.3.4 Management succession planning

We recognise the need to ensure continuity in our management in order to maintain our competitive edge over our competitors. We believe that the continued success of our Group depends, among other factors, on the support and dedication of our management personnel. Our Group has put in place human resource strategies, which include competitive compensation packages, reward schemes and succession plan.

We are aware that the loss of any of our key personnel could materially and adversely affect our Group. In view thereof, our Group has made efforts to motivate and retain our staff through performance-based incentives, and to enhance their skills and competencies by providing training.

To this end, our employees undergo continuous training to enable them to acquire and enhance relevant skills and competencies in line with our business objectives and also as part of our employees' career advancement programme. On-the-job training is another significant approach of transferring knowledge from specialists to new or junior employees. Hence, the investment in human capital increases the competency of our existing employees. In addition, these development activities serve to groom the lower and middle management staff to progressively assume the responsibilities of senior management.

Further, our Group's middle management team is constantly exposed to various aspects of our Group's business activities in order to ensure that they have a full understanding of our Group's businesses to be adequately equipped with the knowledge necessary for them to assume the senior management position.

Notwithstanding the above, our Group has also documented all technical and standard operating procedures for our operations. These include all detailed work instructions, the testing methods, codes of practice and other reference documents, where it will serve as a reference guide for new recruits.

Please refer to Section 9.3.1 of this Prospectus on the profiles and working experience of our key management and key technical personnel.

9.4 Declarations from our Promoters, Directors, key management and key technical personnel

As at LPD, none of our Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

9.5 Family relationships and associations

Save as disclosed below, as at LPD, there are no family relationships and/or associations between/amongst our Promoters, substantial shareholders, Directors, key management and key technical personnel:

(i) Chua Choon Kow, being brother-in-law of Yeoh Soo Ann; and

(ii) Lim Kok Boon and Yeoh Soon Ann, being the substantial shareholders of Megastart;

(iii) Abang Ariffin bin Abang Bohan, being the substantial shareholder of Keybumi; and

(iv) Megastart and Keybumi, being the substantial shareholders of our Company.

9.6 Service agreements

Save as disclosed below, there are no existing or proposed service agreements between our Directors, key management and key technical personnel with our Group:

On 23 June 2010, GW Plastic entered into a contract of employment ("Service Agreement") with Wong Poon Kheong for a period of 1 year commencing from 1 July 2010 and expiring on 30 June 2011 ("contract period"), unless otherwise terminated by either party giving 1 month notice in writing or by payment of 1 month salary in lieu of such notice. Pursuant to the Service Agreement, Wong Poon Kheong is employed by GW Plastic as a General Manager – Manufacturing under Grade M3, senior managerial category on a contractual basis for a period of 1 year. However, the Service Agreement may be renewed upon expiry of the contract period and with the consent of both parties.

9.7 Other matters

No amount has been paid or benefits given within the 2 years preceding the date of this Prospectus, nor is it intended to be so paid or given, to our Promoters, Directors and substantial shareholders except for the following:

(i) remuneration, fees and material benefits-in-kind paid and payable to our Directors as set out in Section 9.2.5 of this Prospectus; and

(ii) historical dividend paid and the Dividend Payment by GW Plastic to our shareholders as set out in Section 14 of this Prospectus.

9.8 Employees

The number of employees of our Group for the past 3 FYE 2007 to FYE 2009 and FPE 2010 is as follows:

Category of employees	FYE 2007 Total employees	FYE 2008 Total employees	FYE 2009 Total employees	FPE 2010 Total employees
Managerial and professional	16	16	16	16
Technical and supervisory	70	68	68	68
Officers/executives	26	26	26	27
Sale supervisors and representatives	6	5	4	4
Clerical and related occupations	38	41	38	37
Factory workers:				
• Skilled	92	98	96	95
• Unskilled	152	153	168	166
General workers	39	36	33	33
Total	**439**	**443**	**449**	**446**

As at LPD, our Group has total of 487 employees. Out of the 487 employees, 160 employees are serving on contractual basis. The breakdown of our employees by category and years of service are set out below:

Category of employees	Total employees	Length of service (years)		
		Less than 1 year	1 year or more but less than 5 years	More than 5 years
Managerial and professional	17	1	3	13
Technical and supervisory	70	4	6	60
Officers/Executives	29	4	5	20
Sale supervisors and representatives	4	-	-	4
Clerical and Related Occupations	33	3	4	26
Factory workers:				
• Skilled	95	-	6	89
• Unskilled	206	108	76	22
General workers	33	4	4	25
Total	**487**	**124**	**104**	**259**

Our employees are presently not members of any labour union. There has been no industrial dispute between our employees and our Group over the past 5 years.

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Training

We believe in investing in our employees as they are one of our key resources in maintaining our competitive edge. Our employees at all levels are regularly sent for in-house training and external courses to improve their productivity and potential to contribute to our Group. Some of the training courses attended by our employees in 2009 and 2010 are as follows:

Programme	Organiser
• Chemical Handling Training	In-House
• ISO 9001:2008 Transition (New)	Public Course
• Electrical Energy Regulations 2008 & Carbon	Public Course
• Management and Financing	
• Complying With Environmental Laws on Industrial Effluents and Scheduled Wastes	Public Course
• ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health & Safety Management Systems-Awareness Training	In-House
• The 12th Conference & Exhibition On Occupational Safety And Health	Public Course
• 3rd Malaysian-German Conference On Plastics Technology 2009	Public Course
• ISO 22000 Training	In-House
• Fire Fighting Team Training	In-House
• Scheduled Waste Management Training	In-House
• Hand & Finger Safety - Awareness	In-House
• Chemical Safety Data Sheet Understanding	In-House
• Decoding & Applying the Malaysian Environmental Laws	Public Course
• ISO 14001 & ISO 18001 – Awareness Training	In-House

In addition to the above, we have dedicated on-site training and skills development by our strategic suppliers for plastic resins and machines. Such services by their experts are provided to only a few of their key customers.

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10. APPROVALS AND CONDITIONS

10.1 Approvals from the relevant authorities

The Flotation Exercise is subject to the approvals being received from the following:

(i) SC which was obtained vide its letter dated 29 July 2010, pursuant to Section 212(5) of the CMSA;

(ii) SC (Equity Compliance Unit) which was obtained vide its letter dated 29 July 2010 pursuant to the equity requirement for public companies;

(iii) MITI vide its letter dated 19 July 2010; and

(iv) Bursa Securities for the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities which was obtained vide its letter dated 25 August 2010.

10.2 Conditions to the approvals and compliance thereof

The approvals from the relevant authorities as referred to in Section 10.1 above were subject to, *inter-alia*, the following conditions and their status of compliance is as follows:

Authority	Conditions imposed	Status of compliance
SC / SC (Equity Compliance Unit), vide its letter dated 29 July 2010	• GW Holdings should fully repay bank borrowings drawn down for the purpose of dividend payments prior to the confirmation of the registration of the listing prospectus;	Met.
	• RHB Investment Bank / GW Holdings should disclose in its listing prospectus the following: (a) Procedures for managing inventory and raw materials costs, in particular plastic resins; and (b) Rationale for not hedging the Group's exposure to the fluctuation in the prices of plastic resins.	Met. Refer to Section 7.9 of this Prospectus.
	• RHB Investment Bank should confirm the appointment of the proposed directors of GW Holdings prior to the confirmation of the registration of the listing prospectus;	Met. RHB Investment Bank had vide its letter dated 3 September 2010 submitted the said confirmation to the SC.
	• RHB Investment Bank should confirm the appointment of members of GW Holdings' audit, remuneration and nomination committees prior to the confirmation of the registration of the listing prospectus;	Met. RHB Investment Bank had vide its letter dated 3 September 2010 submitted the said confirmation to the SC.

10. APPROVALS AND CONDITIONS *(Cont'd)*

Authority	Conditions imposed	Status of compliance
SC / SC (Equity Compliance Unit), vide its letter dated 29 July 2010 *(Cont'd)*	• GW Holdings should allocate 29,500,000 of the shares to the Bumiputera investors, including the shares offered under the balloted public offer portion, in which 50% are to be offered to the retail Bumiputera investors. In the event that GW Holdings/ MITI is unable to allocate the shares to the potential Bumiputera investors, the unsubscribed shares should be offered to the Bumiputera public investors via balloting; and	Met.
	• RHB Investment Bank / GW Holdings should comply with the relevant requirements pertaining to the implementation of the listing proposal as stipulated under the SC's Equity Guidelines and Prospectus Guidelines.	Noted.
MITI vide its letter dated 19 July 2010	• Listing of and quotation for GW Holdings' entire enlarged issued and paid-up share capital of RM118,000,000 on the Main Market of Bursa Securities, comprising 236,000,000 GW Holdings Shares which is worth the sum of RM118,000.00 is subject to SC's approval of the same;	Met. The SC had approved the Flotation Exercise vide SC's letter dated 29 July 2010 subject to certain conditions. Please refer to the above for the conditions imposed by the SC.
	• The 23,600,000 GW Holdings Shares are specific shares which are conditional upon MITI's approval and the allocation of the 23,600,000 GW Holdings Shares will be made after SC's approval of the Listing of and quotation for GW Holdings' entire enlarged issued and paid-up share capital of RM118,000,000 on the Main Market of Bursa Securities is obtained.	To be met.
Bursa Securities vide its letter dated 25 August 2010	• GW Holdings and RHB Investment Bank are required to make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Main Market Listing Requirements.	To be met.
	• GW Holdings and RHB Investment Bank are required to furnish the Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of GW Holdings on the first day of listing.	To be met.

The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the Flotation Exercise, as follows:

	Before our IPO (1) %	After our IPO %
Bumiputera	0.00	12.50 (2)
Non-Bumiputera	100.00	87.50
Foreigners	0.00	0.00
Total	**100.00**	**100.00**

Notes:

(1) After the Acquisitions, but before the Public Issue and Offer for Sale.

(2) Consisting 5,900,000 Public Issue Shares representing 2.50% of our enlarged issued capital will strictly be made available to retail Bumiputera investors and 23,600,000 Offer Shares, representing 10.00% of our enlarged issued capital, to be allocated to Bumiputera investors to be approved by MITI.

10.3 Moratorium on sale of our Shares

In accordance with Section 5.29(a) of the SC Guidelines, our Promoters are not allowed to sell, transfer or assign their entire shareholdings in our Company as at the date of our Listing for a period of 6 months from the date of admission of our Company to the Main Market of Bursa Securities.

The SC, in approving the Flotation Exercise, has imposed a moratorium on the disposal of all Shares held by our Promoters upon completion of our IPO. Accordingly, our Promoters as listed in the table below will not be allowed to sell, transfer or assign their shareholdings of 168,881,396 Shares, representing approximately 71.56% of the enlarged issued and paid-up share capital of our Company, within 6 months from the date of our Listing.

Details of our Promoters, who will be subjected to moratorium are set out below:

	Shareholdings after our IPO		Shareholdings under moratorium	
Shareholders	**No. of Shares**	**% of enlarged issued and paid-up share capital**	**No. of Shares**	**% of enlarged issued and paid-up share capital**
Keybumi	60,368,400	25.58	60,368,400	25.58
Megastart	72,500,996	30.72	72,500,996	30.72
Yeoh Soo Ann	19,330,000	8.19	19,330,000	8.19
Lim Kok Boon	13,782,000	5.84	13,782,000	5.84
Abang Ariffin bin Abang Bohan	2,900,000	1.23	2,900,000	1.23
Total	**168,881,396**	**71.56**	**168,881,396**	**71.56**

The moratorium, which has been fully accepted by the abovementioned shareholders, is specifically endorsed on the share certificates representing our shareholders' respective shareholdings which are under moratorium to ensure that our Company's share registrar does not register any transfer not in compliance with the restrictions imposed by the SC.

The endorsement which will be affixed on these share certificates are as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Securities during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

10. APPROVALS AND CONDITIONS *(Cont'd)*

In addition, the following persons have given their respective undertakings that they will not sell, transfer or assign any part of their interest in all and any shares they hold in the respective companies within 6 months from the date of our Listing:

(i) Abang Ariffin bin Abang Bohan and Taufiq Abdul Khalid (collectively shareholders of Keybumi); and

(ii) Yeoh Soo Ann and Lim Kok Boon (collectively shareholders of Megastart).

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11. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

11.1 Interests in similar business

As at LPD, none of our Directors or substantial shareholders has any interest, whether direct or indirect, in any businesses or corporations which are (i) carrying on a similar trade as our Group; and (ii) customers of and/or suppliers of our Group.

As at LPD, none of our Directors or substantial shareholders has any interest, whether direct or indirect, in any businesses or corporations that would give rise to a conflict of interest situation.

11.2 Material related party transactions

Our Group has not entered into and is not involved in any on-going or proposed related party transactions (including recurrent related party transactions) which is material to our Group that involves the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them (as defined in the Listing Requirements) for the past 3 FYE 2007 to FYE 2009 and we do not anticipate to enter into and/or to be involved in any material related party transactions for FYE 2010.

11.3 Monitoring and oversight of conflict of interests and related party transactions

Our Audit Committee will review any related party transactions and conflict of interests that may arise within our Group. Our Audit Committee will periodically review the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not detrimental of our Company's minority shareholders. All reviews of our Audit Committee will be reported to our Board for its further action.

We will, after our Listing, procure a mandate from our shareholders, if necessary, for all our recurrent related party transactions of revenue or trading in nature or those necessary for our day-to-day operations. Further, the interested persons shall abstain from voting on the resolution(s) pertaining to the respective transactions. Furthermore, we will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us conducted based on the nature of transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

11.4 Transactions that are unusual in nature or condition

Our Group has not entered into any transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or our subsidiary was a party in the past 3 FYE 2007 to FYE 2009, FPE 2010 and up to LPD.

11.5 Outstanding loans made to or for the benefit of related parties

There are no outstanding loans (including guarantees of any kind) made by us, or any of our parent or subsidiary to or for the benefit of related parties during the past 3 FYE 2007 to FYE 2009, FPE 2010 and immediately preceding the date of this Prospectus.

11. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS *(Cont'd)*

11.6 Promotion of material assets acquired/to be acquired

None of our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of, or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed or leased to or proposed to be leased to our Group within the past 3 FYE 2007 to FYE 2009, FPE 2010 and up to LPD.

11.7 Declaration by advisers

(i) RHB Investment Bank confirms that there is no conflict of interest in its role as the Joint Adviser, Sole Underwriter and Sole Placement Agent for the Flotation Exercise.

(ii) MainStreet Advisers confirms that there is no conflict of interest in its role as the Joint Adviser for the Flotation Exercise.

(iii) Messrs. Ernst & Young confirms that there is no conflict of interest in respect of its role as the Auditors and Reporting Accountants for the Flotation Exercise.

(iv) Messrs. Shook Lin & Bok confirms that there is no conflict of interest in respect of its role as the Due Diligence Solicitors for the Flotation Exercise.

(v) D&B confirms that there is no conflict of interest in respect of its role as the Independent Market Researcher for the Flotation Exercise.

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12. OTHER INFORMATION

12.1 Major licences, permits and registrations

Details of the major licences, permits and registrations held by our Group for the purposes of conducting our Group's business are listed below:

(a) **GW Plastic**

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
Licence No. A 011517 No. Siri A 017643	MITI	Manufacturing Licence – for manufacturing the following products: (a) Polyethylene bags and sheets; (b) Polypropylene bags and sheets; (c) Polyethylene stretch and shrink film; and (d) Paper core.	18.09.1998	with effect from 05.09.1998	Conditions are as per the approval letter from MIDA, reference number 080/35600/ 0215/0117/ACI.	-
Approval letter reference number: 080/35600/0215/0117/ACI	MIDA	Application from GW Plastic to update the conditons of the Manufacturing Licence	09.12.2009	-	The company is encouraged to ensure that the composition of the company's board of directors reflect the equity structure of the company as much as possible. The MITI has to be informed of any appointment of and any changes in the members of the company's board of directors.	Noted.
					In relation to domestic sales, the company should use the services provided by Malaysians as much as possible including appointment of Malaysian-owned distribution companies whereby at least 30% of the company's sale to the local market should be distributed by Bumiputera distributors.	Noted.

12. OTHER INFORMATION *(Cont'd)*

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
Approval letter reference number: 080/35600/0215/0117/ACI *(Cont'd)*					Manufacturing Licence conditions:	
					At least 70% of the company's shares are to be purchased and held by Malaysians including at least the 30% preferred shares.	To be met.*
					Approval of the MITI must be obtained for the sale of the company's shares.	Met.
W10-96000109/96	Royal Customs and Excise Malaysia	Licence under the Sales Tax Act – Manufacturer's Licence	20.03.1999	with effect from 22.03.1996	Nil	-
10001242	Royal Customs and Excise Malaysia	Application to import/ purchase materials and components free of sales tax for use in manufacture of goods	14.05.2009	1.06.2010 to 31.05.2011	Nil	-
042881	Ministry of Home Affairs	Printing machine	21.11.2009	15.11.2009 to 14.11.2010	The licence holder is fully responsible for all materials printed by him/her.	Noted.
					This licence should not, by any means, be transferred, assigned or otherwise be placed under the control of any persons other than the licence holder without prior consent from the Minister.	Noted.
					Where the licence holder is a company, none of the directors can be replaced without the prior consent from the Minister.	Noted.

Note:

* *MITI had vide its letter dated 1 September 2010 granted GW Plastic the grace period of 1 year to comply with the above equity condition from the date of approval of MITI (i.e.19 July 2010).*

12. OTHER INFORMATION *(Cont'd)*

(b) GW Packaging

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
Licence No. A 015498 No. Siri: A 023934	MITI	Manufacturing Licence – for manufacturing Plastic Film and Sheets	27.04.2006	-	Conditions are as per the approval letter from MIDA, reference number 080/35600/ 2319/0002ACI	-
Approval letter issued by MIDA reference no.: 080/35600/2319/0002ACI	MIDA	Manufacturing Licence – for manufacturing plastic film and sheets	27.04.2006	-	The company is encouraged to ensure that the composition of the company's Board of Directors should reflect the equity structure of your company as much as possible. The MITI has to be informed of any appointment of and any change in the members of the company's board of directors.	Noted.
					In relation to domestic sales, the company should use the services provided by Malaysians as much as possible including appointment of Malaysian-owned distribution companies whereby at least 30% of the company's sale to the local market should be distributed by Bumiputera distributors.	Noted.
					Manufacturing Licence condition: The MITI has to be informed of the sale of the company's shares.	Met.
Approved Application Form File No: KE.WB(90)650/05/ LMW08/2010	Royal Customs Department Malaysia	Application for exemption under Sales Tax (Exemption) Order 2008	16.08.2010	02.09. 2011	Nil	-

12. OTHER INFORMATION *(Cont'd)*

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
Licence W10-G6-00000086/09	Royal Customs Department Malaysia	Licensed Manufacturing Warehouse	27.07.2009	01.08.2009 to 31.07.2011	GW Packaging is required to export 80% of the sales.	Met.
					At least 80% of the finished products (according to value) is to be exported and the remaining 20% is to be sold in domestic markets as approved. Exemption for domestic markets is subject to any relevant duty/tax at the time.	Noted.
					Licensee is to notify the Senior Custom Officer Controlling Factories in writing within 14 days, amongst others, a change in board of directors of GW Packaging.	Noted.

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12. OTHER INFORMATION *(Cont'd)*

12.2 Properties

Our Group's properties

Table 1: Our Group's properties

Details of the properties owned by our Group are as follows:

Registered owner	Beneficial owner	Postal address/ title details	Description/ existing use	Tenure/ date of expiry of lease	Date of issuance of certificate of fitness for occupation	Land area and/ or built up area	Approximate age of building	NBV as at 31.03.2010 (RM)
GW Plastic (i)	GW Plastic	Lot 1608, Rawang Integrated Industrial Park, Jalan Rawang Batang Berjuntai, 48000 Rawang, Selangor Darul Ehsan/ GRN 38309, Lot 1608, Mukim Rawang, Daerah Gombak Selangor.	(a) 4 blocks of single storey building/ factories and warehouse (b) a block of 3 storey building/ office building (c) 2 blocks of 5 storey building/ hostel	Term in perpetuity	05.03.1999 (ii) 15.11.2002 (iii)	1,248,431 sq. ft./ 452,629 sq. ft. (v)	11 years	9,260,070 (land) 35,653,679 (building)
AAB Damansara Sdn Bhd	GW Plastic (iv)	Unit F-3/5, 5th Floor, Block No. F, Phileo Damansara Lot 48017 Seksyen 39, Jalan Damansara, Bandar Petaling Jaya, Selangor Darul Ehsan/ Master title Geran GM 571, Lot 48017, Seksyen 39, Tempat Jalan Damansara, Bandar Petaling Jaya, Daerah Petaling, Selangor.	Office space located on the 5th floor/ management and sales office	Term in perpetuity	18.07.2000 (vi)	Not applicable/ 2,167 sq. ft. (office space)	10 years	489,500 (office space)

Notes:

(i) The property is registered under the old name of GW Plastic, i.e. Great Wall Plastic Industries Sendirian Berhad.

(ii) Obtained Certificate of Fitness (MPS: B 00182) dated 05.03.1999 from Majlis Perbandaran Selayang. Date of approval is 26.02.1999.

12. OTHER INFORMATION *(Cont'd)*

(iii) *Obtained Certificate of Fitness (MPS: A 00324) dated 15.11.2002 from Majlis Perbandaran Selayang. Date of approval is 07.11.2002. The Certificate of Fitness is for construction of additional roofs at the factory.*

(iv) *Pursuant to a Deed of Assignment dated 1 September 2004 between Gong Wee Ning ("Assignor") and GW Plastic, the Assignor has assigned to GW Plastic one unit of Strata Office Lot known as Unit F-3/5, 5th Floor, Block No. F, Phileo Damansara (measuring approximately 2,167 sq. ft. in area) erected on the land held under master title as disclosed above.*

(v) *The details of built up area for building is as follows:*

Existing office, hostel & others	*126,603 sq. ft.*
Factory	*208,186 sq. ft.*
Warehouse & storage	*117,840 sq. ft.*
Total	***452,629 sq. ft.***

(vi) *Obtained Certificate of Fitness (No. 0486) dated 18.07.2000 from Majlis Perbandaran Petaling Jaya.*

There are no restrictions in interest for the above properties. In addition, there has not been any breach of land-use conditions or permissible land use and there has not been any material non-compliance with the current statutory requirements, land rules or building regulations.

Our Group plans to build a single storey new factory block with a built-up area of approximately 83,000 sq. ft. in our existing factory premises. This new factory block will house, amongst others, our new production facilities which are required to meet the increase in demand for our products. We have obtained approval for the development order from Majlis Perbandaran Selayang on 11 May 2010. Our Group had on 26 May 2010 submitted the building plan for approval to Majlis Perbandaran Selayang.

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12.3 Material equipment

Our Group has the following material equipment for our business operations:

Equipment and Machinery	Function	No. of units	Audited net book value as at 31 March 2010 (RM'000)
Extrusion machines	For the production of blown/cast films	14	58,233
Printing machines	For printing of text and images on thin flexible film	4	23,707
Converting machines	For the production of wicketed sandwich bread bags and rewinding of hand rolls stretch film.	26	8,801
Total		**44**	**90,741**

Refer to Section 7.8 of this Prospectus for information on our production capacity.

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13. FINANCIAL INFORMATION

13.1 Historical financial information

The table below sets out our pro forma consolidated statement of comprehensive income for FYE 2007 to 2009 which has been prepared based on the audited consolidated financial statements of GW Plastic. The pro forma consolidated statement of comprehensive income for the past 3 FYE 2007 to FYE 2009 and FPE 2010 are provided for illustrative purposes assuming that our Group's current structure has been in existence throughout the financial years under review.

Our pro forma financial information as illustrated below have been compiled based on the accounting principles and bases consistent with those adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Letter on Pro Forma Financial Information as set out in Section 13.8 of this Prospectus. The financial statements used in the preparation of our pro forma consolidated financial statements were prepared in accordance with approved Financial Reporting Standards in Malaysia. Any adjustments that were dealt with when preparing our pro forma consolidated financial statements have been highlighted and disclosed in Sections 13.8 and 14 of this Prospectus. There has been no audit qualification on our audited financial statements for the past 3 FYE 2007 to FYE 2009 and FPE 2010.

You should read the summary of our pro forma financial information which has been presented below together with the management's discussion and analysis of financial conditions and results of operations and the Reporting Accountants' Letter on Pro Forma Financial Information as set out in Sections 13.2 and 13.8 of this Prospectus respectively.

13.1.1 Pro forma consolidated statement of comprehensive income

	<--------	--------	Audited	-------->	Unaudited
	FYE 2007	**FYE 2008**	**FYE 2009**	**FPE 2010**	**FPE 2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	248,435	292,839	255,504	77,355	51,533
Gross profit ("GP")	21,875	24,513	36,643	8,925	10,419
Other items of income	1,019	122	46	223	14
EBITDA	17,040	18,394	30,426	8,084	8,447
Interest expense	655	1,122	726	143	249
Depreciation	8,239	9,696	10,900	2,791	2,706
	(8,894)	(10,818)	(11,626)	(2,934)	(2,955)
PBT	8,146	7,576	18,800	5,150	5,492
Tax expense	(2,693)	1,293	(3,457)	(817)	(1,432)
PAT	5,453	8,869	15,343	4,333	4,060
Attributable to:					
Equity holders of the Company	5,453	8,869	15,343	4,333	4,060
No. of Shares ('000) *	220,000	220,000	220,000	220,000	220,000
Gross EPS (sen) **	3.7	3.4	8.5	2.3	2.5
Net EPS (sen) ***	2.5	4.0	7.0	2.0	1.9
GP margin (%)	8.8	8.4	14.3	11.5	20.2
PBT margin (%)	3.3	2.6	7.4	6.7	10.7
PAT margin (%)	2.2	3.0	6.0	5.6	7.9

Notes:

* *Number of Shares in issue after Acquisitions but before the Public Issue.*

** *The gross EPS is computed based on the consolidated PBT divided by number of existing Shares in issue before the Public Issue.*

*** *The net EPS is computed based on the consolidated PAT divided by number of existing Shares in issue before the Public Issue.*

13.1.2 Pro forma consolidated statement of financial position

Our pro forma consolidated statement of financial position have been prepared for illustrative purpose only based on our audited consolidated statement of financial position as at 31 March 2010 and have been prepared on the assumption that the Flotation Exercise had been effected on 31 March 2010.

We advise you to read the pro forma consolidated statement of financial position presented below together with the notes included in the Reporting Accountants' Letter on Pro Forma Financial Information as set out in Section 13.8 of this Prospectus.

		Pro forma	
		(I)	(II)
	As at 31 March 2010	After Acquisitions	After (I), Public Issue and utilisation of proceeds
	RM'000	RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	-	149,832	158,832
Deferred tax assets	-	3,716	3,716
	-	153,548	162,548
Current Assets			
Inventories	-	37,001	37,001
Trade and other receivables	-	41,230	41,230
Tax recoverable	-	119	119
Deposits, cash and bank balances	(1)	8,340	9,300
	-	86,690	87,650
TOTAL ASSETS	-	**240,238**	**250,198**
EQUITY AND LIABILITIES			
Share capital	(2)	110,000	118,000
Share premium	-	33,489	35,449
Merger reserve	-	(48,247)	(48,247)
Revaluation reserves	-	2,558	2,558
(Accumulated loss)/Retained profits	(6)	66,387	66,387
TOTAL EQUITY	(6)	**164,187**	**174,147**
Non-Current Liabilities			
Bank borrowings	-	5,174	5,174
	-	5,174	5,174
Current Liabilities			
Trade and other payables	6	35,529	35,529
Bank borrowings	-	35,348	35,348
	6	70,877	70,877
TOTAL LIABILITIES	6	76,051	76,051
TOTAL EQUITY AND LIABILITIES	-	**240,238**	**250,198**
Number of shares in issue		220,000	236,000
NA/(net liabilities) per ordinary share (RM)		0.75	0.74
Adjusted NA/(net liabilities) per share (RM) (3)		0.64	0.64

Notes:

(1) Being cash proceeds from paid-up share capital of RM2.00 comprising 2 Shares of RM1.00 each.

(2) Being issued and paid-up share capital of RM2.00 comprising 2 Shares of RM1.00 each. Thereafter on 13 April 2010, a share split was undertaken whereby 2 ordinary shares of RM1.00 each were sub-divided into 4 ordinary shares of RM0.50 each.

(3) Adjusted (net liabilities) / NA is calculated by deducting RM23.15 million from the total (net liabilities) / NA. This amount of RM23.15 million refers to deferred tax assets recognised on unabsorbed reinvestment allowances included in the retained profits.

13.1.3 Pro forma consolidated statement of cash flow

Our pro forma consolidated statement of cash flow for FPE 2010 as set out below have been prepared for illustrative purposes only, based on our audited financial statement for FPE 2010, after incorporating such adjustments necessary for the elimination of all inter-company transactions and balances and on the assumption that our Group's current structure had been in existence since 1 January 2010.

	Pro forma for period ended 31 March 2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
PBT	5,150
Adjustments for:	
Depreciation of property, plant and equipment	2,791
Interest expense	143
Gain on disposal of property, plant and equipment	(132)
Net unrealised foreign exchange gains	(91)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,861
Inventories	2,448
Trade and other receivables	(5,034)
Trade and other payables	(17,003)
CASH USED IN OPERATIONS	(11,728)
Interest paid	(143)
Taxes paid	(392)
NET CASH USED IN OPERATING ACTIVITIES	**(12,263)**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(975)
Proceeds from disposal of property, plant and equipment	135
NET CASH USED IN INVESTING ACTIVITIES	**(840)**
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issuance of ordinary shares	(1)
Drawdown of revolving credit	6,000
Drawdown of foreign currency trade loan	1,155
Repayment of term loan	(2,145)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**5,010**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(8,093)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	16,295
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	**8,202**

Note:

(1) Being cash proceeds from paid-up share capital of RM2.00 comprising 4 Shares of RM0.50 each.

13.2 Management's discussion and analysis of financial condition and results of operations

Investors should read the following discussion and analysis of our financial condition and results of operations in conjunction with the pro forma financial information and the related notes thereon for the past 3 FYE 2007 to FYE 2009 and FPE 2010 as set out in Section 13.8 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 5 of this Prospectus.

13.2.1 Overview of operations

Our Group is principally involved in the manufacturing and marketing of FPP products. Please refer to Section 6 of this Prospectus for details of our Group.

Revenue

Our revenue is principally derived from the sale of a variety of FPP products such as stretch film, lamination base film, wicketed bag, general bag, printed film, specialty film, shrink film and shrink hood. These products are sold domestically and are also exported. Revenue represents the invoiced value of goods sold less returns and discounts allowed.

One of the main factors which may affect our revenue is the unit selling price of our products. Unit selling prices can be affected to a large extent by the prices of plastic resins, which largely comprises PE, the principal raw materials for our products. Since plastic resins are generally a by-product of crude oil and natural gas, fluctuating global crude oil and gas prices will, in turn, have a major impact on the prices of plastic resins. The supply and demand for plastic resins can also have a significant impact on its prices. For example, as mentioned in the D&B Report, supply was very tight during the period from 2004 to 2008. Consequently, prices of plastic resins were at record high levels and peaked in the third quarter of 2008. However, the prices of this raw material were lower in 2009 due to lower demand arising from the global recession as well as additional capacities from new petrochemical plants coming on-stream. Correspondingly, our selling prices, and hence our revenue, were also lower in 2009.

Our total revenue can also be affected by the percentage of value added products versus non-value added products. Our focus is on increasing our value added products which have a significantly higher selling price than non-value added products.

Our Group's ability to increase our sales volume can also affect our total revenue. Our Group recorded an increase in sales volume of approximately 4% in FYE 2008 which contributed to the higher total revenue in FYE 2008 compared to FYE 2007. Apart from the above, other factors which may affect our revenue are the timely increase of new production capacities and the fluctuation of the RM against the USD.

GW Plastic was the main contributor to our Group's revenue and contributed more than 65% of our Group's revenue for each of the past 3 financial years and the FPE 2010. The balance of our Group's revenue was contributed by another wholly-owned subsidiary, GW Packaging. The higher contribution of revenue from GW Plastic was due to value added products from its blown film output.

The products of GW Packaging which are principally cast films, do not have any additional value add process and hence, are sold at a lower price compared to the blown film products from GW Plastic.

The table below sets forth the average selling prices and production volumes for the blown and cast film products over the past 3 FYEs, FPE 2009 and FPE 2010.

	FYE 2007	FYE 2008	FYE 2009	FPE 2010	FPE 2009
Average selling price:					
Blown film (RM/kg)	7.38	8.51	7.68	8.40	7.56
Cast film (RM/kg)	5.93	6.79	5.28	5.91	4.85
Production volume:					
Blown film ('000 kg)	22,565	21,996	22,761	6,574	4,941
Cast film ('000 kg)	14,389	16,171	15,844	4,683	3,349

Our Group experienced a significant growth of 40.06% in our exports from RM109.184 million in FYE 2007 to RM152.920 million in FYE 2008. This was mainly attributed to higher unit selling prices due to the cost push effect of higher cost of plastic resins. Higher value added products and higher sales volume further contributed to the higher revenue. However, exports fell by 13.45% from RM152.920 million in FYE 2008 to RM132.346 million in FYE 2009 mainly due to lower unit selling price achieved arising mainly from lower plastic resins prices in FYE 2009 together with lower demand, particularly from Japan, due to the global recession. Revenue for the domestic market also fell by 11.98% from RM139.919 million in FYE 2008 to RM123.158 million in FYE 2009 mainly due to lower unit selling price achieved arising mainly from lower plastic resins prices in FYE 2009. The table below sets forth the average prices of plastic resins for the past 3 FYEs, FPE 2009 and FPE 2010.

	FYE 2007 RM/kg	FYE 2008 RM/kg	FYE 2009 RM/kg	FPE 2010 RM/kg	FPE 2009 RM/kg
Average plastic resins price	4.81	5.39	4.05	4.75	3.29

Our revenue is not significantly subject to any seasonal fluctuation, save for stronger sales during the months of July to November each year, in line with the festive periods and the year end holidays where the downstream sales of F&B products are higher. However, as explained above, the fluctuation in the price of plastic resins, being the largest component of raw materials used in our business, would have an impact on our total revenue and on our overall business. Whilst the unprecedented high prices of plastic resins during the period from 2004 to 2008 also resulted in high selling prices of our products, we were generally unable to pass on the increase in the cost of our raw materials in full. This was the situation even for the months of July to November during which our customers, who are largely in the F&B sector, had difficulty in increasing their final selling prices to the consumers due to social reasons. Consequently, our selling prices did not increase in tandem with our cost, resulting in a squeeze in operating margins.

However, as a result of lower prices of plastic resins in 2009, we were able to achieve an increase in margins. Please refer to Section 5.1(i) of this Prospectus for an explanation of this particular risk factor, and the potential of the prices of plastic resins moderating in 2010 and falling further in 2011 as well as Section 5.1 of this Prospectus for other factors which may affect our financial performance.

Our Group currently services more than 350 customers from the domestic and export markets. We do not have any major customer which contributes 10% or more of our total revenue for the past 3 FYE 2007 to FYE 2009 and FPE 2010.

Please also refer to Section 13.2.2 of this Prospectus for a segmental analysis of our Group's revenue for the past 3 FYE 2007 to FYE 2009 and FPE 2010.

Gross profit

Our Group's gross profit is derived from total Group revenue less cost of sales. Our Group's gross profit has been on an uptrend for the 3 FYE 2007 to FYE 2009. GW Plastic was the main contributor to our Group's gross profit and contributed more than 70% of our Group's gross profit for each of the past 3 financial years. The balance was contributed by our other wholly-owned subsidiary, GW Packaging. In tandem with our Group's revenue, the higher contribution of gross profit from GW Plastic was due to the value added products from its blown films output. The products of GW Packaging which are principally cast films, do not have any additional value add process and hence, are sold at a lower price with consequently a lower margin.

As set out under Sections 13.2.2 and 13.2.3 of this Prospectus, the revenue of GW Plastic amounted to 69.09% of total group revenue in FYE 2009, with GW Packaging accounting for the balance 30.91%. However, the gross profit contribution to our Group from GW Plastic was higher at 74.84% compared to 25.16% from GW Packaging. This was principally due to the value added products from GW Plastic's blown film output.

Cost of sales

Cost of sales consists of direct material costs, direct labour costs and factory overheads.

Factors that affect our cost of sales include:

(i) Direct material costs refer to purchase of raw materials such as plastic resins, printing inks and solvents. This forms the most significant part of our cost of sales. These material costs recorded are mainly dependant on its purchase price and optimum use of raw materials. Efficient production process will result in low wastage and optimum use of raw materials. With the latest co-extrusion machines, we are able to configure the layer formulation to achieve an optimum cost to performance output. Our high-technology printers and converting machines are equipped with the latest aids to achieve good yields and high quality output.

(ii) Direct labour costs mainly consist of salaries, wages, bonuses, statutory contribution to employees or factory workers that are directly involved in our production and manufacturing activities. These costs are mainly driven by the conditions in the labour market, government policies on foreign labour and labour-hours required. Our continuous upgrading of our machines towards using integrated machines with a higher level of automation, together with a scaling up of our activities, have reduced unit cost of direct labour; and

(iii) Factory overheads mainly consist of depreciation of factory building, plant and machinery, electricity charges and upkeep and maintenance costs of factory building, plant and machinery and factory tools and hardware. Generally, an increase in the scale of production will lead to an increase in total factory overhead (save for those which are fixed in nature such as depreciation of factory building, plant and machinery). Our scaling up of our activities coupled with efficiency gains, have reduced unit cost of these costs.

Cost of sales constituted approximately 91.19%, 91.63%, 85.66% and 88.46% of our Group's revenue for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 respectively. The drop in the cost of sales in FYE 2009 was largely due to the lower cost of plastic resins which have, as explained above, led to an increase in margins. Higher value added products have also contributed to a lower cost of sales to revenue ratio, thereby increasing margins.

Operating costs

Our operating costs comprise distribution costs, administrative expenses and other expenses. Distribution costs are mainly freight charges which may vary depending on export volume and currency exchange. Administrative charges are mainly fixed in nature and consist of items such as depreciation charges, directors' remuneration, staff costs such as salaries, bonuses, statutory contribution, allowances and overtime charges whilst other expenses are mainly bank charges and provision for doubtful debts.

Operating costs constituted approximately 5.67%, 5.44%, 6.72% and 4.98% of our Group's revenue for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 respectively. The higher operating cost in FYE 2008 was mainly due to an exchange loss. For FYE 2009, the higher operating cost was mainly due to employees' related expenses.

Finance cost and other income

Finance cost is mainly interest charged for bank borrowings which consist of term loans, revolving credit, trade loan, banker's acceptance and bank overdrafts utilised by our Group.

Other income is mainly interest income derived from fixed deposits and short term deposits with financial institutions. In addition, it includes gain on disposal of property, plant and machinery as well as any foreign exchange gains realised during the financial year.

Income tax expenses

Income tax expenses comprise the current year provision for taxation, under or overprovision of taxation in previous year and deferred taxation. For the past 3 FYE 2007 to FYE 2009, the statutory tax rate applicable to our Group was 27% for FYE 2007, 26% for FYE 2008 and 25% for FYE 2009.

Our effective tax rate, being tax expenses as a percentage of our PBT, was 33.06% for FYE 2007. This tax rate was higher than the statutory tax rate of 27%. This was mainly due to the recognition of deferred tax liabilities arising from the controlled transfer of assets within our Group during the year, after adjusting for changes in tax rates. For FYE 2008, our Group recorded a tax credit due to the recognition of deferred tax assets on reinvestment allowances and the overprovision of tax expense in prior years. Our effective tax rate for FYE 2009 was 18.39% which was lower than the statutory rate of 25%, mainly due to the utilisation of reinvestment allowances as allowed under the Income Tax Act, 1967.

13.2.2 Segmental analysis of revenue

(i) Revenue by companies

The table below sets forth the breakdown of our Group's revenue by companies for the respective FYEs, FPE 2009 (unaudited) and FPE 2010:

	FYE 2007		FYE 2008		FYE 2009		FPE 2010		FPE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue										
GW Plastic	177,429	*71.42*	191,962	*65.56*	176,517	*69.09*	51,164	*66.14*	37,539	*72.84*
GW Packaging	71,006	*28.58*	100,877	*34.44*	78,987	*30.91*	26,191	*33.86*	13,994	*27.16*
Total	**248,435**	***100.00***	**292,839**	***100.00***	**255,504**	***100.00***	**77,355**	***100.00***	**51,533**	***100.00***

(ii) **Revenue by products**

The table below sets forth the breakdown of our Group's revenue by products for the respective FYEs, FPE 2009 (unaudited) and FPE 2010:

	FYE 2007		FYE 2008		FYE 2009		FPE 2010		FPE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue										
Blown Film	166,457	*67.00*	183,052	*62.51*	170,249	*66.63*	50,015	*64.66*	36,267	*70.38*
Cast Film	81,978	*33.00*	109,787	*37.49*	85,255	*33.37*	27,340	*35.34*	15,266	*29.62*
Total	**248,435**	***100.00***	**292,839**	***100.00***	**255,504**	***100.00***	**77,355**	***100.00***	**51,533**	***100.00***

(iii) **Revenue by market**

The table below sets forth the breakdown of our Group's revenue by market for the respective FYEs, FPE 2009 (unaudited) and FPE 2010:

	FYE 2007		FYE 2008		FYE 2009		FPE 2010		FPE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue										
Domestic	139,251	*56.05*	139,919	*47.78*	123,158	*48.20*	33,081	*42.77*	27,258	*52.89*
Overseas	109,184	*43.95*	152,920	*52.22*	132,346	*51.80*	44,274	*57.23*	24,275	*47.11*
Total	**248,435**	***100.00***	**292,839**	***100.00***	**255,504**	***100.00***	**77,355**	***100.00***	**51,533**	***100.00***

13.2.3 Segmental analysis of gross profit and gross profit margin

(i) **Gross profit by companies**

The table below sets forth the breakdown of our Group's gross profit by companies for the respective FYEs, FPE 2009 (unaudited) and FPE 2010:

	FYE 2007		FYE 2008		FYE 2009		FPE 2010		FPE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gross profit										
GW Plastic	18,679	*85.39*	17,295	*70.55*	27,423	*74.84*	7,554	*84.64*	7,650	*73.42*
GW Packaging	3,196	*14.61*	7,218	*29.45*	9,220	*25.16*	1,371	*15.36*	2,769	*26.58*
Total	**21,875**	***100.00***	**24,513**	***100.00***	**36,643**	***100.00***	**8,925**	***100.00***	**10,419**	***100.00***
Gross profit margin										
GW Plastic	10.53%		9.01%		15.54%		14.76%		20.38%	
GW Packaging	4.50%		7.16%		11.67%		5.23%		19.79%	

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(ii) **Gross profit by products**

The table below sets forth the breakdown of our Group's gross profit by products for the respective FYEs, FPE 2009 (unaudited) and FPE 2010:

	FYE 2007		FYE 2008		FYE 2009		FPE 2010		FPE 2009	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Gross Profit										
Blown Film	18,185	*83.13*	16,697	*68.11*	26,751	*73.00*	7,622	*85.40*	7,403	*71.05*
Cast Film	3,690	*16.87*	7,816	*31.89*	9,892	*27.00*	1,303	*14.60*	3,016	*28.95*
Total	**21,875**	***100.00***	**24,513**	***100.00***	**36,643**	***100.00***	**8,925**	***100.00***	**10,419**	***100.00***
Gross profit margin										
Blown Film	10.92%		9.12%		15.71%		15.24%		20.41%	
Cast Film	4.50%		7.12%		11.60%		4.77%		19.76%	

Prices of plastic resins were substantially lower for the major part of FYE 2009. The fall in the prices of plastic resins resulted in an increase in the gross profit margins for blown film as well as cast stretch film products in 2009. The increase in the gross profit margins for blown film products was higher due to the value added component of these products. While the selling prices of cast stretch films would normally tend to trend the cost of plastic resins, which would in turn give rise to a steady gross profit margin, the substantial drop in the prices of plastic resins during the financial year 2009 had however resulted in a much wider increase in the gross profit margins for this product. The much wider margin in FPE 2009 is thus unprecedented, and was solely due to the much lower cost of plastic resins.

For FPE 2010, our Group's overall gross profit margin for the period decreased from 20.22% in FPE 2009 to 11.54% in FPE 2010. The much higher gross profit margin recorded in FPE 2009 was mainly due to the substantially lower cost of plastic resins during FPE 2009 as compared to FPE 2010. Plastic resins prices plunged during the last quarter of FYE 2008 due to the global recession. The effect of depressed plastic resins prices were being carried through into the first quarter of FPE 2009.

(iii) **Gross profit by market**

The analysis of gross profit by market were not prepared because the accounting records kept by our management for the financial years under review does not segregate gross profit by market.

13.2.4 Commentary on our Group's past operating results

FYE 2007 compared to FYE 2006

Revenue

Our Group's revenue increased by 18.03% or by approximately RM37.955 million from RM210.480 million in FYE 2006 to RM248.435 million in FYE 2007. This was mainly due to higher sales volume recorded and partly due to the higher unit selling price for our products. A new cast stretch film machine which was installed in FYE 2007 had contributed positively to the increase in sales volume.

Cost of sales

Our Group's cost of sales amounted to RM226.560 million or 91.19% of Group's revenue for FYE 2007. This was an increase of 21.95% or approximately RM40.784 million, compared to RM185.776 million recorded in FYE 2006. The increase in cost of sales was in line with the higher revenue recorded in FYE 2007 versus that of FYE 2006 and partly due to the higher price of plastic resins. The increase in the price of plastic resins was caused by higher crude oil prices arising from the tight supply of crude oil globally coupled with a shortage in the production capacity of petrochemical companies producing plastic resins.

Gross profit

Our Group's gross profit decreased by 11.45% or approximately RM2.829 million, from RM24.704 million in FYE 2006 to RM21.875 million in FYE 2007 despite the higher turnover. Consequently, our Group's gross profit margin declined from 11.74% in FYE 2006 to 8.81% in FYE 2007. This was mainly due to the higher cost of plastic resins and that the increase in the price of plastic resins was not fully passed on to our customers since these customers who are involved mainly in the F&B industry were, in turn, not able to pass on the additional cost to their own clients who are the consuming public. The revenue contributed by the F&B industry in 2007 was RM93.601 million, which was approximately 37.68% of the total revenue of RM248.435 million.

Operating costs

Our operating costs which consist of distribution costs, administrative and other expenses increased by 11.24% or approximately RM1.424 million from RM12.669 million in FYE 2006 to RM14.093 million in FYE 2007. This was mainly due to higher distribution cost of RM6.824 million in FYE 2007 compared to RM5.311 million in FYE 2006 as a result of the increase in export freight charges in line with higher export sales.

Other items of income

In FYE 2007, our Group recorded a slight decrease in other items of income to RM1.019 million as compared with RM1.045 million in FYE 2006. This was mainly attributed to an increase in realised gain on foreign exchange from RM0.390 million in FYE 2006 to RM0.761 million in FYE 2007, combined with the effects of a lower interest income received in FYE 2007 of RM0.170 million compared to RM0.342 million in FYE 2006 as well as a lower gain on disposal of property, plant and equipment amounting to RM0.088 million in FYE 2007 compared to RM0.245 million in FYE 2006.

Finance costs

Interest expenses increased by RM0.425 million, from RM0.229 million in FYE 2006 to RM0.654 million in FYE 2007 mainly due to higher interest expenses incurred from the drawdown of additional term loans to finance the purchase of machinery.

PBT

As a result of the foregoing factors, our Group's PBT declined by 36.61% or approximately RM4.705 million, i.e. from RM12.851 million in FYE 2006 to RM8.146 million in FYE 2007.

Taxation

In FYE 2007, our Group registered an increase in income tax expense by RM2.880 million, i.e. from a tax credit of RM0.187 million in FYE 2006 to a tax expense of RM2.693 million in FYE 2007. This was mainly attributed to the deferred tax liabilities arising from a controlled transfer of assets within our Group and partly due to lower utilisation of previously unutilised reinvestment allowances.

PAT

Based on the foregoing factors, our Group's PAT consequently decreased by 58.17% or approximately RM7.584 million, i.e. from RM13.037 million in FYE 2006 to RM5.453 million in FYE 2007.

FYE 2008 compared to FYE 2007

Revenue

Our Group's revenue increased by 17.87% or by approximately RM44.404 million from RM248.435 million in FYE 2007 to RM292.839 million in FYE 2008. This was mainly due to higher unit selling price for our products, arising from the cost push effect of higher cost of plastic resins. Higher sales volume, together with higher value added products further added to the increase in revenue.

The higher price of plastic resins was attributed to higher global crude oil prices coupled with a shortage in the processing capacity of petrochemical plants to meet rising demand for plastic resins, particularly from China.

Cost of sales

Our Group's cost of sales totalled RM268.326 million or 91.63% of Group's revenue for FYE 2008. Cost of sales increased by 18.43% in FYE 2008 compared to FYE 2007, or approximately RM41.766 million. This was in line with the higher revenue recorded in FYE 2008 versus that of FYE 2007 as a result of the higher cost of raw materials, in particular, plastic resins. The higher cost of plastic resins purchased was mainly due to higher crude oil prices and tight supplies of plastic resins during the financial year under review.

Gross profit

From FYE 2007 to FYE 2008, our Group's gross profit improved by 12.06% or approximately RM2.638 million, from RM21.875 million to RM24.513 million, on the back of higher turnover. However, our Group's gross profit margin declined slightly from 8.81% in FYE 2007 to 8.37% in FYE 2008. This was mainly due to the higher cost of raw materials which reached record levels in August 2008. The hike in the price of plastic resins was not fully passed on to our customers in GW Plastic since these customers who are involved mainly in the F&B industry were, in turn, not able to pass on the additional cost to their own clients who are the consuming public. The revenue contributed by the F&B industry in 2008 was RM110.470 million, which was approximately 37.72% of the total revenue of RM292.839 million.

Consequently, gross profit contribution to our Group from GW Plastic dropped from 85.39% in FYE 2007 to 70.55% in FYE 2008. GW Packaging's contribution to our Group increased from 14.61% to 29.45% as the cast films products are less adversely affected by an increase in the prices of plastic resins, coupled with the increase in capacity of GW Packaging following the commissioning of a new machine in May 2007.

Operating costs

Our operating costs which consist of distribution costs, administrative and other expenses increased by 13.08% or approximately RM1.842 million from RM14.094 million in FYE 2007 to RM15.936 million in FYE 2008. This was mainly due to realised trade foreign exchange losses amounting to RM2.061 million suffered in our Group's ordinary course of business activities and partly due to the increase in export freight charges from RM4.393 million in FYE 2007 to RM4.806 million as a result of higher export sales in FYE 2008 of RM152.920 million. In comparison, the export sales for FYE 2007 were RM109.184 million.

Other items of income

In FYE 2008, our Group recorded a lower other items of income of RM0.122 million under other items of income as compared with other items of income of RM1.019 million in FYE 2007. This was mainly due to the fact that, unlike the previous financial year, there were no gains from foreign exchange in FYE 2008. In comparison, gains from foreign exchange in FYE 2007 totalled RM0.761 million.

Finance costs

From FYE 2007 to FYE 2008, interest expenses increased by RM0.468 million, from RM0.654 million to RM1.122 million. The bulk of the increase was due to interest expenses incurred from the drawdown of more trade-related loans and term loans for the purchase of machinery and the construction of a 33-kilovolt Tenaga Nasional Berhad substation. The latter is to cater for our expansion where there is a need to provide for a higher power intake.

PBT

As a result of the foregoing factors, our Group's PBT declined by 7.0% or approximately RM0.570 million, i.e. from RM8.146 million in FYE 2007 to RM7.576 million in FYE 2008.

Taxation

For FYE 2008, our Group registered an income tax credit amounting to RM1.293 million compared to the tax expense of RM2.693 million in the previous corresponding period. This was mainly attributed to the change in accounting policy relating to FRS 112 on the recognition of unutilised reinvestment allowances in FYE 2007 and also partly due to an overprovision of income tax expense in prior years.

PAT

Based on the foregoing factors, our Group's PAT consequently increased by 62.64% or approximately RM3.416 million, i.e. from RM5.453 million in FYE 2007 to RM8.869 million in FYE 2008.

FYE 2009 compared to FYE 2008

Revenue

Our Group's revenue for 2009 decreased by 12.75% or approximately RM37.335 million, from RM292.839 million in FYE 2008 to RM255.504 million in FYE 2009 despite a marginal increase in sales volume.

The lower revenue was due to lower unit selling price recorded in FYE 2009 arising from the lower cost of raw materials, particularly plastic resins. This was as a result of lower demand for this raw material due to the global recession, which was further compounded by new capacities of plastic resins coming on-stream. In contrast, the cost of plastic resins in 2008 was at record high levels and the higher revenue in FYE 2008 was therefore cost-pushed due to unprecedented high input costs.

Sales volume in FYE 2009 was marginally higher than FYE 2008 despite the slowdown in the market due to the global recession. This reflected the resilience of our products, particularly the products for the F&B industry, even in a difficult market.

Cost of sales

Our Group's cost of sales totalled RM218.861 million or 85.66% of our Group's revenue for FYE 2009 which was lower as compared to 91.63% in FYE 2008. Unlike the previous financial year, cost of sales decreased by 18.43% in FYE 2009 compared to FYE 2008, or approximately RM49.466 million, reflecting an improvement in margins. This was mainly attributed to the overall lower cost of raw materials as a result of cheaper plastic resins, the major component of cost.

Gross profit

Despite the lower revenue, our Group's gross profit improved significantly by 49.48% or approximately RM12.130 million, from RM24.513 million in FYE 2008 to RM36.643 million for FYE 2009. Gross profit margin improved significantly from 8.37% in FYE 2008 to 14.34% in FYE 2009. This was achieved as a result of the lower cost of raw materials consumed and a better production and sales mix of value added products.

In terms of gross profit contribution by companies, GW Plastic was the main contributor and contributed 70.55% and 74.84% of our Group's gross profit for FYE 2008 and FYE 2009 respectively. The higher contribution particularly for FYE 2009, was due to an increase in value added products. The balance was contributed by GW Packaging.

Operating costs

Our Group's operating costs which consist of distribution costs, administrative and other expenses, increased by 7.67% or approximately RM1.222 million from RM15.936 million in FYE 2008 to RM17.158 million in FYE 2009. This was mainly due to the higher scale of activity, higher employees' related expenses and higher depreciation charges due to additional capital expenditures for new machines to cater for our expansion.

Other items of income

In FYE 2009, our Group recorded a lower total of RM0.046 million (FYE 2008: RM0.122 million) in other items of income. This was due to a lower gain on disposal of plant and machinery, and a lower interest income.

Finance costs

From FYE 2008 to FYE 2009, interest expenses decreased by about 35.31% from RM1.122 million to RM0.726 million. This was mainly due to the reduction in interest expense for term loan and trade loan as our Group reduced its total outstanding bank borrowings during the financial year.