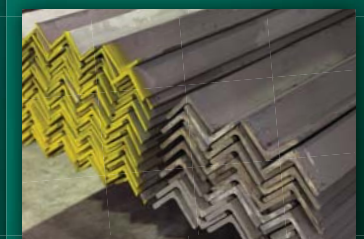
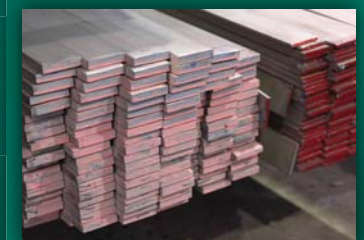
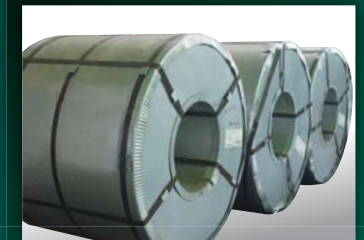
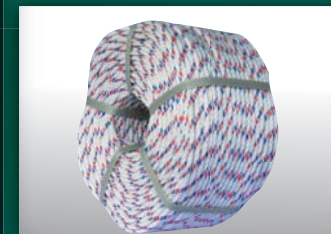


# PROSPECTUS

Lot 3707, Jalan 7/5,  
 Taman Industri Selesa Jaya,  
 43300 Balakong, Selangor, Malaysia.  
 Tel : 603-8961 5555 (Hunting Line)  
 Fax : 603-8962 6666 (Marketing)  
 603-8962 1111 (Accounts)  
 E-mail : sales@kssc.com.my



PUBLIC ISSUE OF 20,124,000 NEW ORDINARY SHARES OF RM0.50 EACH IN K. SENG SENG CORPORATION BERHAD AT AN ISSUE PRICE OF RM0.57 PER SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:-

- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 5,124,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 9,000,000 NEW ORDINARY SHARES OF RM0.50 EACH BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AND

OFFER FOR SALE OF 22,200,000 ORDINARY SHARES OF RM0.50 EACH IN K. SENG SENG CORPORATION BERHAD TO IDENTIFIED INVESTORS AT AN OFFER PRICE OF RM0.57 PER SHARE PAYABLE IN FULL UPON APPLICATION.

IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF K. SENG SENG CORPORATION BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

*Adviser, Underwriter and Placement Agent*



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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR "RISK FACTORS"

THIS PROSPECTUS IS DATED 30 DECEMBER 2010



## RESPONSIBILITY STATEMENTS

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

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

## IMPORTANT NOTICE

THE SECURITIES COMMISSION OF MALAYSIA ("SC") HAS APPROVED THE IPO AND THE OFFER FOR SALE. 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 IPO 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 AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE ORDINARY SHARES OF RM0.50 EACH IN OUR COMPANY ("SHARES") BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OUR SECURITIES.

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

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

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

THE ACCEPTANCES OF APPLICATION FOR OUR SHARES IS CONDITIONAL UPON THE PERMISSION BEING GRANTED BY BURSA SECURITIES TO DEAL IN AND FOR QUOTATION AND LISTING OF OUR ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN MARKET OF BURSA SECURITIES. ACCORDINGLY, MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED FROM THE IPO WILL BE RETURNED IN FULL WITHOUT INTEREST WITHIN FOURTEEN (14) DAYS IF THE AFORESAID PERMISSION FOR QUOTATION IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF ISSUE OF THIS PROSPECTUS, OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC, PROVIDED THAT WE ARE NOTIFIED BY OR ON BEHALF OF BURSA SECURITIES WITHIN THE AFORESAID TIMEFRAME. IF SUCH MONIES ARE NOT REPAID WITHIN THE SAID PERIOD, THE PROVISION OF SUB-SECTION 243(2) OF THE CMSA SHALL APPLY ACCORDINGLY.

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

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

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

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

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

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

#### **ELECTRONIC PROSPECTUS**

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com). THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITES OF AFFIN BANK BERHAD AT [www.affinOnline.com](http://www.affinOnline.com), RHB BANK BERHAD AT [www.rhbbank.com.my](http://www.rhbbank.com.my), MALAYAN BANKING BERHAD AT [www.maybank2u.com.my](http://www.maybank2u.com.my), CIMB INVESTMENT BANK BERHAD AT [www.eipocimb.com](http://www.eipocimb.com) AND CIMB BANK BERHAD AT [www.cimbclicks.com.my](http://www.cimbclicks.com.my) VIA HYPERLINKS TO BURSA SECURITIES' WEBSITE.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING THE DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES AND HACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, WHICH 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 FINANCIAL ADVISER 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. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER/PRINTED COPY.

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

- (I) WE AND OUR ADVISER 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 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
- (II) 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 FINANCIAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

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

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE 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 SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER 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 WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON AN APPLICANT'S PERSONAL COMPUTER.

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**INDICATIVE TIMETABLE**

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

<b>Event(s)</b>	<b>Tentative Date(s)</b>
Issuance of this Prospectus/ Opening of the application for the initial public offering ("IPO")	30 December 2010
Closing of the application for the IPO	6 January 2011
Balloting of the applications	10 January 2011
Allotment to successful applicants	13 January 2011
Listing date	18 January 2011

**Note:-**

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application period for the IPO will close at the date stated above or such later date as our Directors and OSK Investment Bank Berhad in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia newspaper prior to the original closing date of the application. Following this, we will extend the dates for the balloting of the applications for the issue shares, allotment of the issue shares and listing accordingly.

Further information on the indicative timetable is set out in **Section 3.2** of this Prospectus.

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**DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

<b>Act</b>	: Companies Act, 1965
<b>Acquisition of PTM</b>	: Acquisition of 588,000 ordinary shares of RM1.00 each, representing 24% equity interest in PTM for a purchase consideration of RM438,000 which was fully satisfied through the issuance of 876,000 KSSC Shares issued at par. The acquisition was completed on 1 October 2010.
<b>ADA(s)</b>	: Authorised Depository Agent(s)
<b>Application</b>	: The application for the Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
<b>Application Form(s)</b>	: The printed application form(s) for the application of the Issue Shares
<b>ASTM</b>	: American Society for Testing and Materials
<b>ATM</b>	: Automated Teller Machine
<b>Board</b>	: The Board of Directors of our Company
<b>Bonus Issue</b>	: Bonus issue of 22,500,000 new ordinary shares of RM1.00 each in our Company, credited and fully-paid up on the basis of three (3) new ordinary shares of RM1.00 each in our company for every two (2) ordinary shares of RM1.00 each held in our Company, which was completed on 4 March 2010
<b>BS EN</b>	: British Standard European Norm
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>CCM</b>	: Companies Commission of Malaysia
<b>CDS</b>	: Central Depository System
<b>CDS Account(s)</b>	: Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>CMSA</b>	: The Capital Markets and Services Act 2007
<b>Depositor</b>	: A holder of a CDS Account
<b>Director(s)</b>	: Director(s) of our Company and shall have the meaning given in Section 4 of the Act
<b>Dividend</b>	: Payment of cash dividend of RM3.0 million in respect of the FYE 31 December 2009, which was made on 31 March 2010
<b>EBITDA</b>	: Earnings before interest, tax, depreciation and amortisation
<b>ECU</b>	: Equity Compliance Unit of the SC

**DEFINITIONS (Cont'd)**

<b>EIE</b>	:	<b>EIE Asian Holding Sdn Bhd (Company No. 569526-P)</b>
<b>Electronic Prospectus</b>	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
<b>Electronic Application</b>	<b>Share</b> :	An application for the 6,000,000 Issue Shares for the Malaysian Public through Participating Financial Institutions' ATM
<b>EPS</b>	:	Earnings per share
<b>FPE</b>	:	Financial period ended/ending
<b>FRS</b>	:	Financial Reporting Standards
<b>FYE</b>	:	Financial year ended/ending, as the case may be
<b>KSSC Group or Group</b>	:	KSSC and our subsidiaries, namely KSSI, KSSM, TTH, PTM and SSG
<b>KSSC or Company</b>	:	K. Seng Seng Corporation Berhad (Company No. 133427-W)
<b>KSSC Share(s) or Share(s)</b>	:	Ordinary shares of RM0.50 each in KSSC
<b>KSSI</b>	:	K. Seng Seng Industries Sdn Bhd (Company No. 490138-K)
<b>KSSM</b>	:	K. Seng Seng Manufacturing Sdn Bhd (Company No. 791541-W)
<b>Internet Participating Financial Institution(s)</b>	:	Participating organisation(s) for the Internet Share Application, as listed in Section 15 of this Prospectus
<b>Internet Share Application</b>	:	Application for the 6,000,000 Issue Shares allocated to the Malaysian Public through an online share application service provided by the Internet Participating Financial Institution(s)
<b>IPO</b>	:	Initial public offering of the Issue Shares and Offer Shares in conjunction with our listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities
<b>IPO Price</b>	:	The Issue Price and Offer Price of RM0.57 for each IPO Share
<b>IPO Share(s)</b>	:	The Issue Shares and Offer Shares, collectively
<b>ISO</b>	:	International Organisation for Standardisation
<b>Issue Price</b>	:	The issue price of RM0.57 for each Issue Share
<b>Issue Share(s)</b>	:	20,124,000 KSSC Shares representing 20.97% of our enlarged issued and paid-up share capital of our Company to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
<b>Issuing House</b>	:	Malaysian Issuing House Sdn Bhd



**DEFINITIONS (Cont'd)**

<b>Listing</b>	:	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 of RM48,000,000 comprising 96,000,000 KSSC Shares on the Main Market of Bursa Securities
<b>Listing Scheme</b>	:	The Acquisition of PTM, Offer for Sale, Public Issue and Listing, collectively
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities, and all amendments thereto
<b>LPD</b>	:	15 November 2010, being the latest practicable date prior to the printing of this Prospectus
<b>Malaysian Public</b>	:	Citizen of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Day</b>	:	A day on which Bursa Securities is open for trading in securities
<b>MI</b>	:	Minority interest
<b>MITI</b>	:	Ministry of International Trade and Industry
<b>NA</b>	:	Net assets
<b>Offer for Sale</b>	:	Offer for sale of the Offer Shares at the Offer Price by the Selling Shareholders to identified public investors
<b>Offer Price</b>	:	The offer price of RM0.57 per Offer Share
<b>Offer Share(s)</b>	:	22,200,000 KSSC Shares, representing 23.13% of the enlarged issued and paid-up share capital of KSSC which are to be offered for sale to identified investors pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus
<b>Official List</b>	:	Official list of the Main Market of Bursa Securities
<b>OSK</b>	:	OSK Investment Bank Berhad (Company No. 14152-V)
<b>Participating Financial Institutions(s)</b>	:	Participating financial institution(s) for Electronic Share Application as listed in <b>Section 15</b> of this Prospectus
<b>PAT</b>	:	Profit after taxation
<b>PBT</b>	:	Profit before taxation
<b>PE Multiple</b>	:	Price earnings multiple
<b>Prescribed Security</b>	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Securities Industry (Central Depositories) Act 1991 and the Rules
<b>Promoters</b>	:	Koh Seng Kar @ Koh Hai Sew and Koh Seng Lee
<b>Prospectus</b>	:	This prospectus dated 30 December 2010 in relation to the IPO
<b>PTM</b>	:	PTM Steel Industry Sdn Bhd (Company No. 244942-P)

**DEFINITIONS (Cont'd)**

<b>Public Issue</b>	:	The public issue of 20,124,000 new KSSC Shares at the IPO Price, comprising:												
		(a) 6,000,000 new KSSC Shares available for application by the Malaysian Public;												
		(b) 5,124,000 new KSSC Shares available for application by our eligible directors, employees and persons who have contributed to the success of our Group; and												
		(c) 9,000,000 new KSSC Shares by way of private placement to identified Bumiputera investors approved by MITI												
<b>RM and Sen</b>	:	Ringgit Malaysia and sen, respectively												
<b>Rules</b>	:	Rules of the Bursa Depository												
<b>SC</b>	:	Securities Commission												
<b>SC Guidelines</b>	:	SC's Equity Guidelines, including any amendments made thereto from time to time												
<b>Selling Shareholders</b>	:	The Promoters, Koh Seng Kar @ Koh Hai Sew and Koh Seng Lee are the selling shareholders for the Offer for Sale and the number of Offer Shares is set out as follows:-												
		<table> <tr> <th>Promoter(s)</th><th>No. of Offer Shares</th><th>% of the enlarged share capital after Public Issue</th></tr> <tr> <td>Koh Seng Kar @ Koh Hai Sew</td><td>15,540,000</td><td>16.19</td></tr> <tr> <td>Koh Seng Lee</td><td>6,660,000</td><td>6.94</td></tr> <tr> <td><b>Total</b></td><td><b>22,200,000</b></td><td><b>23.13</b></td></tr> </table>	Promoter(s)	No. of Offer Shares	% of the enlarged share capital after Public Issue	Koh Seng Kar @ Koh Hai Sew	15,540,000	16.19	Koh Seng Lee	6,660,000	6.94	<b>Total</b>	<b>22,200,000</b>	<b>23.13</b>
Promoter(s)	No. of Offer Shares	% of the enlarged share capital after Public Issue												
Koh Seng Kar @ Koh Hai Sew	15,540,000	16.19												
Koh Seng Lee	6,660,000	6.94												
<b>Total</b>	<b>22,200,000</b>	<b>23.13</b>												
<b>Share Split</b>	:	Subdivision of every one (1) existing ordinary shares of RM1.00 each in our Company into two (2) KSSC Shares, which was completed on 5 March 2010												
<b>SSG</b>	:	SSG Industries Sdn Bhd (Company No. 722242-D)												
<b>Underwriter</b>	:	OSK												
<b>Underwriting Agreement</b>	:	The underwriting agreement dated 29 November 2010 between our Company and OSK												
<b>US</b>	:	United States of America												
<b>USD</b>	:	United States Dollar												
<b>TTH</b>	:	Three & Three Hardware Sdn Bhd (Company No. 352333-P)												

All references to "our Company" and "KSSC" in this Prospectus are to K. Seng Seng Corporation 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.

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. Reference to persons shall include a corporation, unless otherwise specified.

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**DEFINITIONS (Cont'd)**

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Any discrepancies in the tables between the total sum of amounts listed and the total shown in this Prospectus are due to rounding.

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

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**GLOSSARY OF TECHNICAL TERMS**

In order to facilitate a better understanding of our business, the following glossary of technical terms 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.

<b>Terms</b>	<b>Explanations</b>
Angles	Angles refer to a length of metal with sections of equal or unequal widths bent at 90 degrees to each other.
Bars	Long steel products that are rolled from billets into various shapes including rounds, flats, angles, squares, T's and channels which are used by fabricators to manufacture a wide variety of products such as furniture, stair railings, and farm equipment. Other bars such as Rebars are used to strengthen concrete in highways, bridges, and buildings.
Bolts	A threaded fastener with a round, square or hexagonal head designed to be used with a wrench or spanner. It is normally used together with a Nut, usually a square or hexagonal part with a threaded hole. A combination of the pair is used to fasten parts together.
Coach screws	Coach screws are heavy duty screws with a square or hexagonal head and a thin and coarse-pitched thread or an externally threaded cylindrical shaft that tapers to a point, with a head at the other end. They are designed for metal to timber connections or to join heavy timber.
Coil	A Coil refers to a continuous length of metal sheet which has been wound into a roll.
Forming or roll forming	A process where metal sheet, usually strip or metal coils, are plastically deformed along a linear axis by passing through a series of roller dies that progressively form the sheet in a continuous bending operation into the required or desired contour, profile or shape.
Plates	Plates refer to Stainless Steel or Carbon Steel sheets cut to specified sizes. These include thicknesses of 3mm to 150mm, widths of 1m to 5m and lengths of 5m to 15m.
Processing	Processing refers to a production process whereby a raw material such as steel plates, coils or wire is subjected to some production process. The resulting product is normally subjected to further processing or manufacturing to produce usable finished goods. Slitting a stainless steel coil to produce slitted coils in narrower or other widths is an example of Processing.
Studs	A fastener of varying thickness and length that has been threaded at both ends. It has an unthreaded shank in between the ends.
Stainless Steel	Stainless steel is a ferrous or steel alloy mainly composed of chromium and/or nickel. The addition of chromium to carbon steel provides it with rust and stain-resistant properties and the addition of nickel and chromium enhances its mechanical properties. Stainless Steel is produced in various grades and is resistant to discolouration, oxidation and corrosion, exposure to water, air, acid and alkali.
Secondary Flat Products	Secondary flat products primarily refers to products made from flat Stainless Steel. These products are commonly made from cold-rolled or hot-rolled coils, sheets or plates, and used as feedstock in the manufacturing process.



**GLOSSARY OF TECHNICAL TERMS**

<b>Terms</b>	<b>Explanations</b>
Tubes and pipes	Tubes and Pipes can be used interchangeably and generally refers to a cross section hollow structures, most commonly cylindrical, but also as square and rectangular cross sections. It can be welded or manufactured seamless. The term tubes and pipes used in the reports refer to welded tubes and pipes.
Welding	Welding is a metal-joining process that uses generated heat to melt two metal surfaces so that they are integrally joined when cooled. The most common welding process used for the manufacturing of Tubes and Pipes is electric arc welding, which includes submerged arc welding and gas shielded arc welding.
Tungsten Inert Gas Welding (TIG)	In the TIG welding process, the arc burns between the non-melting tungsten electrode (non-consumable electrode) and the metal surfaces to be joined. Filler metal is fed to the joint without any direct current input. The shield gas flows from a gas nozzle and protects the electrode, filler metal and molten pool from contact with the air. The shield gas is inert and generally takes the form of argon or gas mixture, namely argon-hydrogen.

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Koh Seng Kar @ Koh Hai Sew	No. 53, Jalan Awan Cina Taman Yarl 58200 Kuala Lumpur	Chairman and Managing Director	Malaysian
Koh Seng Lee	No. 6, Jalan Dhanapakia Devi 2 Taman Taynton View Cheras 56000 Kuala Lumpur	Deputy Managing Director	Malaysian
Tsen Ket Shung @ Kon Shung	No.12, Jalan Damai Perdana 2/6A Bandar Damai Perdana 56100 Kuala Lumpur	Executive Director	Malaysian
Zainal Rashid Bin Haji Mohd Eusoff	25 Jalan TR9/7 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Independent Non- Executive Director	Malaysian
Yap Siok Teng	No.18, Jalan 33/70A Desa Sri Hartamas 50480 Kuala Lumpur	Independent Non- Executive Director	Malaysian
Lim Ho Kin	9, Lorong Hujan Emas 3 Off Jalan Hujan Emas 1 Taman Overseas Union 58200 Kuala Lumpur	Independent Non- Executive Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yap Siok Teng	Chairman	Independent Non-Executive Director
Lim Ho Kin	Member	Independent Non-Executive Director
Zainal Rashid Bin Haji Mohd Eusoff	Member	Independent Non-Executive Director

**RENUMERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Zainal Rashid Bin Haji Mohd Eusoff	Chairman	Independent Non-Executive Director
Yap Siok Teng	Member	Independent Non-Executive Director
Lim Ho Kin	Member	Independent Non-Executive Director
Koh Seng Kar @ Koh Hai Sew	Member	Chairman and Managing Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yap Siok Teng	Chairman	Independent Non-Executive Director
Lim Ho Kin	Member	Independent Non-Executive Director
Zainal Rashid Bin Haji Mohd Eusoff	Member	Independent Non-Executive Director



**1. CORPORATE DIRECTORY (Cont'd)**

<b>COMPANY SECRETARIES</b>	: Lim Seck Wah (MAICSA 0799845) 41, Jalan Taming Indah 2 Taman Taming Indah Bandar Sg Long 43000 Kajang Selangor Darul Ehsan  M. Chandrasegaran A/L S. Murugasu (MAICSA 0781031) No. 1, Jalan SS18/1 47500 Subang Jaya Petaling Jaya Selangor Darul Ehsan
<b>REGISTERED OFFICE</b>	: Level 15-2, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Telephone No. : 03-2692 4271 Facsimile No. : 03-2732 5388
<b>PRINCIPAL PLACE OF BUSINESS</b>	: Lot 3707, Jalan 7/5 Taman Industri Selesa Jaya 43300 Balakong Selangor Darul Ehsan Telephone No. : 03-8961 5555 Facsimile No. : 03-8962 1111 Website : <a href="http://www.kssc.com.my">www.kssc.com.my</a> E-mail address : <a href="mailto:sales@kssc.com.my">sales@kssc.com.my</a>
<b>PRINCIPAL BANKERS</b>	: EON Bank Berhad 26-32, Jalan Kapar 41400 Klang Selangor Darul Ehsan Telephone No. : 03-3343 1188 Facsimile No. : 03-3343 2988  : Malayan Banking Berhad 15 & 16, Seksyen 3 Pekan Baru 11 Cheras Jalan Balakong 43200 Cheras Selangor Darul Ehsan Telephone No. : 03-9075 4775 / 4773 Facsimile No. : 03-9075 4776
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	: Ernst & Young (AF: 0039) Chartered Accountants Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Telephone No. : 03-7495 8000 Facsimile No. : 03-2095 9076

**1. CORPORATE DIRECTORY (Cont'd)**

<b>LEGAL ADVISERS FOR THE LISTING EXERCISE</b>	:	Messrs Tay & Helen Wong Suite 703, Block F, Phileo Damansara 1 No. 9, Jalan 16/11 46350 Petaling Jaya Selangor Darul Ehsan Telephone No. : 03-7960 1863 Facsimile No. : 03-7960 1873
<b>ADVISER, UNDERWRITER AND PLACEMENT AGENT</b>	:	OSK Investment Bank Berhad 20 <sup>th</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone No. : 03-2333 8333 Facsimile No. : 03-2175 3217
<b>INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS</b>	:	Vital Factor Consulting Sdn Bhd 75C & 77C, Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan Telephone No. : 03-7728 0248 Facsimile No. : 03-7728 7248
<b>SHARE REGISTRAR</b>	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Telephone No. : 03-7841 8000 Facsimile No. : 03-7841 8151
<b>ISSUING HOUSE</b>	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Telephone No. : 03-7841 8000 Facsimile No. : 03-7841 8150
<b>LISTING SOUGHT</b>	:	Main Market of Bursa Securities

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## 2. INFORMATION SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted from the full text of this Prospectus. You should read and understand this section together with the whole Prospectus before you decide whether to invest in us.

### 2.1 BACKGROUND AND PRINCIPAL ACTIVITIES

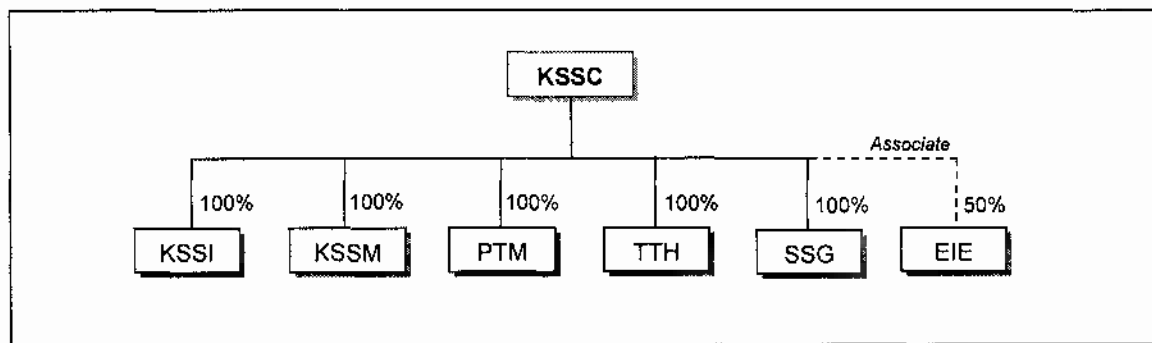
Our Company was incorporated in Malaysia under the Act on 15 January 1985 as a private limited company under the name of Vinyon Industries Sdn Bhd. On 20 June 1986, we changed our name to K. Seng Seng Sdn Bhd and on 16 June 1999, we changed our name to K. Seng Seng Corporation Sdn Bhd. We were subsequently converted into a public company on 15 July 2009.

We are an investment holding company. Our Group is principally involved in the manufacturing and processing of secondary stainless steel products, and trading of industrial hardware. The principal activities of our wholly-owned subsidiaries and our associate company are as follows:-

Company	Date / Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
<b><u>Subsidiaries:</u></b>				
KSSI	2 August 1999 / Malaysia	4,300,000	100	Processing of secondary stainless steel long products, sales and marketing of stainless steel industrial fasteners, rigging accessories and components, and trading of industrial hardware.
KSSM	10 October 2007 / Malaysia	500,000	100	Manufacture of stainless steel industrial fasteners, rigging accessories and components
PTM	20 July 1992 / Malaysia	2,450,004	100	Manufacture of stainless steel tubes and pipes, and processing of secondary stainless steel flat products.
TTH	22 July 1995 / Malaysia	1,500,002	100	Sales and marketing of secondary stainless steel products namely tubes, pipes and sheets, and trading of industrial hardware.
SSG	25 January 2006 / Malaysia	2	100	Currently dormant. SSG is expected to commence its business operations to manufacture surface treated stainless steel products by the middle of 2011.
<b><u>Associate:</u></b>				
EIE	22 January 2002 / Malaysia	1,640,000	50	Investment holding and leasing of toiletry dispensers.

## 2. INFORMATION SUMMARY (Cont'd)

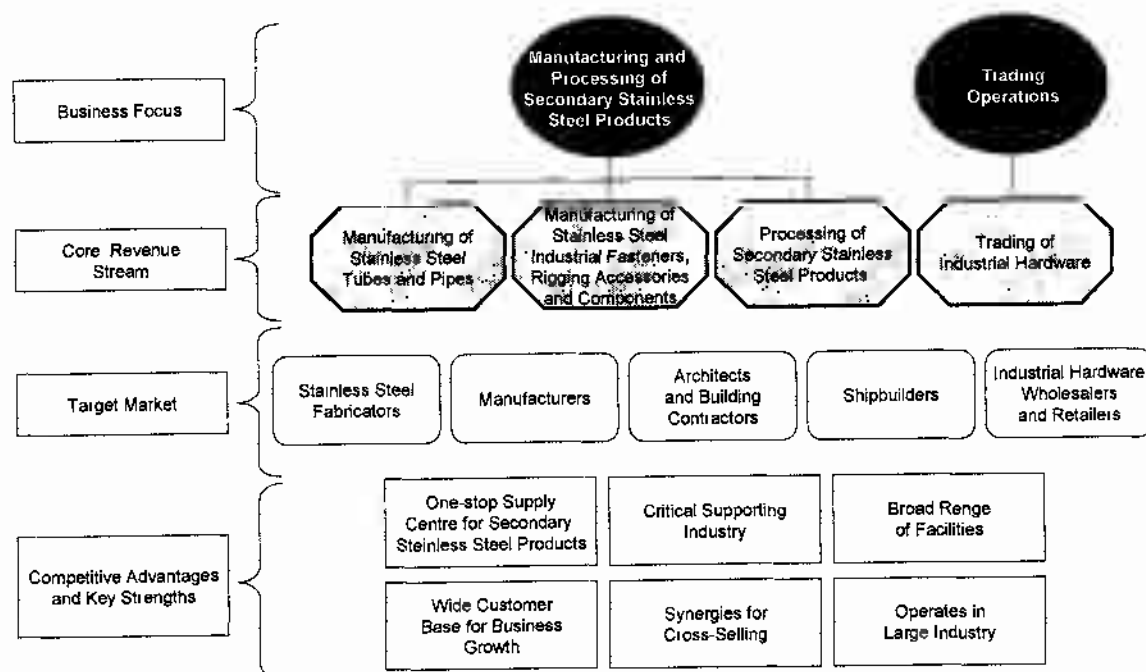
As at the date of this Prospectus, our Group's corporate structure is as follows:-



Further information on our history and business activities are set out in **Section 5** of this Prospectus.

### 2.2 BUSINESS OVERVIEW

Our Group is principally involved in the secondary stainless steel industry. Our Group's business model is summarised as below:-



Further details of our business overview are set out in **Section 5.7** of this Prospectus.



**2. INFORMATION SUMMARY (Cont'd)****2.3 PRINCIPAL STATISTICS RELATING TO THE IPO**

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

	<b>Number of Shares</b>	<b>Share Capital (RM)</b>
<b>Authorised share capital</b>	<b>100,000,000</b>	<b>50,000,000</b>
Issued and fully paid-up share capital as at the date of this Prospectus	75,876,000	37,938,000
New shares to be issued pursuant to the Public Issue	20,124,000	10,062,000
<b>Enlarged share capital upon Listing</b>	<b>96,000,000</b>	<b>48,000,000</b>
<b>Offer for Sale</b>	<b>22,200,000</b>	<b>11,100,000</b>
<b>IPO Price</b>		<b>RM0.57<sup>(1)</sup></b>
- <b>Proforma consolidated NA per Share</b> (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM1.9 million)		RM0.59
- <b>Market capitalisation</b> (based on the IPO Price and enlarged issued and paid-up share capital after Listing)		RM54,720,000

**Notes:-**

- (1) The IPO Price of RM0.57 per IPO Share is based on, amongst others, the factors disclosed in **Section 3.5** of this Prospectus, a net PE Multiple of 6.05 times computed based on the proforma consolidated PAT of our Group for the FYE 31 December 2009, and the number of Shares in issue prior to the Public Issue of 75,876,000 KSSC Shares.

The IPO Price of RM0.57 per Share is payable in full upon application, subject to the terms and conditions of this Prospectus.

Further information on our IPO is disclosed under **Section 3** of this Prospectus.

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**2. INFORMATION SUMMARY (Cont'd)****2.4 UTILISATION OF PROCEEDS**

We expect the total gross proceeds from the Public Issue to amount to approximately RM11.47 million based on the Issue Price of RM0.57. The proceeds shall come to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.

We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	Time frame for utilisation
Business expansion and capital expenditure	3,310	Within one (1) year after Listing
Working capital	6,260	Within one (1) year after Listing
Estimated listing expenses	1,900	Within one (1) month after Listing
<b>Total</b>	<b>11,470</b>	

Further details on the utilisation of proceeds are set out in **Section 3.9** of this Prospectus.

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

The Offer for Sale will raise total gross proceeds of approximately RM12.65 million. All the proceeds from the Offer for Sale will be credited to the Selling Shareholders and we will not receive any part of the proceeds. The Selling Shareholders shall bear all expenses including placement and miscellaneous fees relating to the Offer for Sale.

The effects of the utilisation of proceeds on our proforma consolidated balance sheets as at 31 August 2010 is reflected in **Section 10.2** of this Prospectus.

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**2. INFORMATION SUMMARY (Cont'd)****2.5 PROFORMA CONSOLIDATED INCOME STATEMENTS OF OUR GROUP**

The following table sets forth a summary of our proforma consolidated income statements for the past three (3) FYE up to 31 December 2009, and for the eight (8) months FPE 31 August 2010 based on the assumption that we have been in existence throughout the years and periods under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set forth in **Section 10.2** of this Prospectus and our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects that are presented in **Section 10.3** of this Prospectus:-

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 August 2009*	FPE 31 August 2010
	2007 RM'000	2008 RM'000	2009 RM'000	RM'000	RM'000
<b>Revenue</b>	<b>76,707</b>	<b>78,998</b>	<b>80,081</b>	<b>50,777</b>	<b>48,178</b>
Cost of sales	(61,254)	(66,146)	(66,075)	(42,399)	(39,459)
<b>Gross profit</b>	<b>15,453</b>	<b>12,852</b>	<b>14,006</b>	<b>8,378</b>	<b>8,720</b>
Other income	265	3,359	473	248	121
Selling and distribution costs	(1,053)	(1,137)	(1,029)	(655)	(765)
Administrative expenses	(2,036)	(2,112)	(2,045)	(1,381)	(1,281)
Other expenses	(1,383)	(946)	(1,087)	(491)	(1,111)
<b>Operating profit</b>	<b>11,246</b>	<b>12,016</b>	<b>10,318</b>	<b>6,099</b>	<b>5,684</b>
Finance costs	(1,285)	(1,208)	(1,042)	(859)	(672)
Share of results from associate	175	297	66	(20)	236
<b>PBT</b>	<b>10,136</b>	<b>11,105</b>	<b>9,342</b>	<b>5,220</b>	<b>5,248</b>
Income tax expense	(2,633)	(2,216)	(2,193)	(1,496)	(1,488)
<b>PAT</b>	<b>7,503</b>	<b>8,889</b>	<b>7,149</b>	<b>3,724</b>	<b>3,760</b>
No. of Shares in issue ('000) <sup>(1)</sup>	75,876	75,876	75,876	75,876	75,876
<b>EBITDA (RM'000)</b>	<b>12,419</b>	<b>13,272</b>	<b>11,342</b>	<b>6,698</b>	<b>6,721</b>
Gross EPS (sen) <sup>(1)</sup>	13.36	14.64	12.31	6.88	6.92
Net EPS (sen) <sup>(2)</sup>	9.89	11.72	9.42	4.91	4.96
Gross profit margin (%)	20.15	16.27	17.49	16.50	18.10
PBT margin (%)	13.21	14.06	11.67	10.28	10.89
PAT margin (%)	9.78	11.25	8.93	7.33	7.80

**Notes:-**

\* Unaudited and stated for illustrative purposes only as a comparative.

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

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

**2. INFORMATION SUMMARY (Cont'd)****2.6 PROFORMA CONSOLIDATED BALANCE SHEETS OF OUR GROUP**

We have prepared our proforma consolidated balance sheets below for illustrative purposes to show the effects on the audited consolidated balance sheet of our Group as at 31 August 2010, had the IPO been effected on that date. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set out in **Section 10.2** of this Prospectus.

	As at 31 August 2010 RM'000	Proforma I After Acquisition of PTM RM'000	Proforma II After Proforma I and Public Issue RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17,260	17,260	17,260
Investment in an associate	2,223	2,223	2,223
Goodwill on consolidation	141	217	217
	19,624	19,700	19,700
<b>Current assets</b>			
Inventories	20,467	20,467	20,467
Trade and other receivables	27,693	27,693	27,452
Tax recoverable	138	138	138
Cash and bank balances	8,724	8,724	18,963
	57,022	57,022	67,020
<b>TOTAL ASSETS</b>	<b>76,646</b>	<b>76,722</b>	<b>86,720</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the company</b>			
Share capital	37,500	37,938	48,000
Share premium	-	-	1,010
Retained profits	9,070	9,070	7,996
	46,570	47,008	57,006
MI	362	-	-
<b>Total Equity</b>	<b>46,932</b>	<b>47,008</b>	<b>57,006</b>



**2. INFORMATION SUMMARY (Cont'd)**

	As at 31 August 2010 RM'000	Proforma I After Acquisition of PTM RM'000	Proforma II After Proforma I and Public Issue RM'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	91	91	91
Hire purchase payables	413	413	413
Borrowings	3,271	3,271	3,271
	<u>3,775</u>	<u>3,775</u>	<u>3,775</u>
<b>Current liabilities</b>			
Trade and other payables	4,352	4,352	4,352
Current tax payable	208	208	208
Hire purchase payables	270	270	270
Borrowings	21,109	21,109	21,109
	<u>25,939</u>	<u>25,939</u>	<u>25,939</u>
<b>Total liabilities</b>	<u>29,714</u>	<u>29,714</u>	<u>29,714</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>76,646</u>	<u>76,722</u>	<u>86,720</u>
Number of shares assumed in issue ('000)	75,000	75,876	96,000
NA	46,570	47,008	57,006
NA per share (RM)	0.62	0.62	0.59

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## 2. INFORMATION SUMMARY (Cont'd)

### 2.7 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is some of the key risks (which may not be exhaustive) that we currently face or that may develop in the future:-

(i) Fluctuation in the prices of raw materials;

Stainless steel coils and stainless steel round bars are the main raw materials used by our Group for the production of secondary stainless steel products. The price of stainless steel is volatile and hence will have a significant impact on the financial performance of our Group.

(ii) Dependence on suppliers;

We are dependent on some of our suppliers for the supply of raw materials such as stainless steel coils and stainless steel bars as well as the supply of industrial hardware for our trading operations. Any material disruption in the supply of these raw materials will have an adverse impact on our business.

(iii) Foreign exchange transaction risk;

Our Group's total purchases denominated in USD constitute approximately 64.7% and 57.5% of our Group's total purchases for the FYE 31 December 2009 and eight (8) months FPE 31 August 2010 respectively. In addition, some of our Group's products are sold overseas and are also denominated in foreign currencies. To the extent that our revenue and purchases are not naturally matched in the same currency, our Group is exposed to foreign exchange fluctuations which may adversely affect our profitability.

(iv) Dependence on imports of raw materials;

There are currently no stainless steel primary producers and rolling/finishing mills in Malaysia as at end of October 2010. Consequently, manufacturers and processors of stainless steel products in Malaysia are completely dependent on imports for the supply of primary products such as billets, blooms and ingots, and rolling/finishing products such as coils, sheets, plates and bars. As such, any interruptions in the supply of stainless steel coils will impact on our Group's production of stainless steel tubes and pipes, and processing of stainless steel sheets.

(v) Competition; and

Our Group faces competition from existing competitors as well as new market entrants in the industry. There is no assurance that competition from our existing competitors and/or new market entrants will not have a material adverse effect on the performance of our Group.

(vi) Dependence on key customers;

We supply to our stainless steel products to a wide range of customers. However, no assurance can be given that any loss of a particular customer will not adversely impact the financial performance of our Group.

Further information on our risk factors is disclosed under **Section 4** of this Prospectus.

### 3. PARTICULARS OF IPO

#### 3.1 INTRODUCTION

This Prospectus is dated 30 December 2010.

We have registered a copy of this Prospectus together with the Application Forms with the SC. A copy of this Prospectus, together with the Application Forms, has also been lodged with the CCM who takes no responsibility for its contents.

We have received the SC's approval for our IPO vide their letter dated 1 September 2010. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO and/or the listing of KSSC on the Main Market of Bursa Securities. Investors are advised to make their own individual assessment on the merits and risks of the IPO.

We have obtained the approval from Bursa Securities for the admission to the Official List of the Main Market of Bursa Securities and for permission to deal in and the listing of and quotation for our entire enlarged issued and paid-up ordinary shares, including the IPO Shares which is subject of this Prospectus, on the Main Market of Bursa Securities. Our Shares will be admitted to the Official List of the Main Market and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptances of Application for the IPO Shares will be conditional upon the permission being granted by Bursa Securities to deal in and for quotation and listing of our entire issued and paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned in full without interest within fourteen (14) days if the aforesaid permission for quotation is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

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

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which listing is sought must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon admission to the Main Market of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In such an event, we will return all the monies paid in respect of all applications without interest.

If you are submitting your application by way of an Application Form or Electronic Share Application or Internet Share Application, 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. Please refer to **Section 15** of this Prospectus for further details on the procedures for application for the IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish his/her CDS Account number to the Participating Financial Institution by way of keying in his/her CDS Account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

**3. PARTICULARS OF IPO (Cont'd)**

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the Internet financial services with Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying your CDS account number into the online application form. A corporation or institution cannot apply for the IPO Shares by way of Internet Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Group since the date hereof.

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

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with OSK as the Adviser, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation and/or offer to subscribe for our IPO Shares in any jurisdictions in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of our merit or the merit of our Shares.

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

**3.2 INDICATIVE TIMETABLE**

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

<b>Event(s)</b>	<b>Tentative Date(s)</b>
Issuance of this Prospectus / Opening of the application for the IPO	30 December 2010
Closing of the application for the IPO	6 January 2011
Balloting of the applications	10 January 2011
Allotment to successful applicants	13 January 2011
Listing date	18 January 2011

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. This issue will close at the date stated above or such later date as our Directors and OSK in their absolute discretion may mutually decide.

**3. PARTICULARS OF IPO (Cont'd)**

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia newspaper prior to the original closing date of the application. Following this, we will extend the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and listing accordingly.

**3.3 PURPOSE OF THE IPO**

The purposes of the IPO are as follows:-

- (i) to obtain the listing of and quotation for the entire issued and paid-up share capital of our Group on the Main Market of Bursa Securities, which is expected to enhance our business, profile and future prospects;
- (ii) to provide our Group with access to the capital market to raise funds for future expansion and growth;
- (iii) to enhance the stature of our Group in the marketing of our products and services, and to retain, and attract new, skilled employees;
- (iv) to provide an opportunity for Malaysian investors (including all our eligible Directors and employees) to participate in our equity and continuing growth; and
- (v) to enhance our profile in Malaysia and to assist our Group in expanding our customer base in Malaysia and abroad.

**3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE IPO SHARES**

	<b>RM</b>
<b>Authorised share capital</b>	
100,000,000 ordinary shares of RM0.50 each	<u>50,000,000</u>
<b>Issued and fully-paid up share capital as at the date of this Prospectus</b>	
75,876,000 ordinary shares of RM0.50 each	37,938,000
<b>To be offered pursuant to the Public Issue</b>	
20,124,000 ordinary shares of RM0.50 each	10,062,000
<b>Enlarged issued and fully paid-up share capital</b>	<u>48,000,000</u>
<b>To be offered pursuant to the Offer for Sale</b>	
22,200,000 existing ordinary shares of RM0.50 each	<u>11,100,000</u>
<b>Market capitalisation upon listing based on the IPO</b>	<u>54,720,000</u>

The IPO Price of RM0.57 is payable in full upon application, subject to the terms and conditions of this Prospectus.

### 3. PARTICULARS OF IPO (Cont'd)

We only have one (1) class of shares, being ordinary shares of RM0.50 each. The Issue Shares and the Offer Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to special rights attaching to any share which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on our Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and provisions of the Act.

Each shareholder shall be entitled to vote at any of our general meetings in person, by proxy or by attorney, and, on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative shall have one (1) vote for each of our Shares held. A proxy may but need not be a member or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

#### 3.5 BASIS OF ARRIVING AT THE ISSUE PRICE AND OFFER PRICE

Our Directors and OSK, as the Adviser, Underwriter and Placement Agent, had determined and agreed upon the IPO Price of RM0.57 per IPO Share, after taking into consideration the following factors:-

- (i) our Group's net EPS of 9.42 sen (computed based on the proforma consolidated PAT of our Group for the FYE 31 December 2009 and the number of Shares in issue prior to our Public Issue of 75,876,000 KSSC Shares) and our net PE Multiple of approximately 6.05 times;
- (ii) the proforma consolidated NA per Share as at 31 August 2010 of RM0.59. The IPO Price of RM0.57 per IPO Share, represents a discount of RM0.02 per Share or approximately 3.39% over the proforma Group NA per Share after taking into account our Public Issue;
- (iii) our key competitive strengths, operating and financial history as outlined in **Section 5.7.1(d)** and **Section 10.3** of this Prospectus; and
- (iv) the prevailing market conditions, the prospects of our Group and the industry as outlined in **Section 5.9**, **Section 6.3** and **Section 6.4** of this Prospectus.

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

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in **Section 4** of this Prospectus before deciding to invest in our Shares.

#### 3.6 DETAILS OF THE IPO

##### 3.6.1 Public Issue

The Public Issue of 20,124,000 Shares at an Issue Price of RM0.57 per Share is payable in full on application upon such term and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

### 3. PARTICULARS OF IPO (Cont'd)

**(i) Malaysian Public**

6,000,000 new KSSC Shares representing 6.25% of our enlarged issued and paid-up share capital of our Company will be made available for application by the Malaysian Public through a balloting process, of which at least 50% is to be set aside strictly for Bumiputera investors.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market for our Shares.

**(ii) Eligible Directors, employees and persons who have contributed to the success of our Group**

5,124,000 new KSSC Shares representing approximately 5.33% of our enlarged issued and paid-up share capital of our Company will be reserved for our eligible Directors, employees and persons who have contributed to the success of our Group. Further details of our pink form share allocation are set out in **Section 3.7** of this Prospectus.

**(iii) Private placement to identified Bumiputera investors approved by MITI**

9,000,000 new KSSC Shares representing approximately 9.38% of our enlarged issued and paid-up share capital of our Company shall be reserved for identified Bumiputera investors approved by MITI.

#### 3.6.2 Offer for Sale

The Offer for Sale of 22,200,000 of our Shares at the Offer Price of RM0.57 per Offer Share is payable in full on application upon such terms and conditions as set out in this Prospectus to identified investors.

All the 11,124,000 Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group under **Section 3.6.1(i)** and **Section 3.6.1(ii)** of this Prospectus will be underwritten. All the 9,000,000 Issue Shares under **Section 3.6.1(iii)** will not be underwritten as these Shares have been allocated to MITI's approved and recognised Bumiputera investors. However, any of the 9,000,000 Issue Shares under **Section 3.6.1(iii)** not subscribed by the Bumiputera investors shall be offered for application by the Malaysian Bumiputera public as part of the balloting process. Thereafter, any of the Issue Shares that are re-allocated to the Bumiputera public (as part of the balloting process) and not taken up by the Malaysian Bumiputera public shall then be made available for application by the Malaysian Public.

The total number of IPO Shares reserved for placement to identified investors (totalling 22,200,000 Shares under **Section 3.6.2** of this Prospectus) will be placed out by our Placement Agent, OSK. Please refer to **Section 3.12** and **Section 3.13** of this Prospectus for further details on the underwriting and placement arrangements.

Any Issue Shares not subscribed under **Section 3.6.1(i)** of this Prospectus will be offered to our eligible Directors, employees, persons who contributed to the success of our Group and/ or private placement to selected investors. Likewise, any Issue Shares which are not taken up by our eligible Directors, employees and persons who contributed to the success of our Group, will be made available for application by the Malaysian Public and/ or private placement to selected investors. Any remaining re-offered Issue Shares under **Section 3.6.1(i)** and **Section 3.6.1(ii)** of this Prospectus that are not subscribed for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement as set out in **Section 3.13** of this Prospectus.

There is no over-allotment or "greenshoe" option that will result in an increase in the number of shares offered under the Public Issue and Offer for Sale.



**3. PARTICULARS OF IPO (Cont'd)****3.7 ALLOCATION OF THE ISSUE SHARES TO OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP**

Our eligible Directors, employees and persons who have contributed to the success of our Group have been allocated a total of 5,124,000 new KSSC Shares.

The total number of persons eligible for the allocation is 83 comprising the following:-

Eligibility	No. of persons	Aggregate of number of Issue Shares allocated
Our Directors <sup>(1)</sup>	4	510,000
Employees <sup>(1)</sup>	20	800,000
Persons who have contributed to the success of our Group <sup>(2)</sup>	59	3,814,000
<b>Total</b>	<b>83</b>	<b>5,124,000</b>

**Notes:**

- (1) The criteria for allocation of the above mentioned Issue Shares to our eligible Directors and employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-
- (i) The employee must be a full time employee and on the payroll of our Group; and
  - (ii) The number of shares allocated to our eligible employees is based on the seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant to our Board.
- (2) The Issue Shares to be allotted to the persons who have contributed to the success of our Group shall be based on their contribution to our Group as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers, customers and others.

The allocation of our pink form shares to our eligible Directors are as follows:-

Name	Designation	Pink Form Allocation (No. of Issue Shares)
Tsen Ket Shung @ Kon Shung	Executive Director	300,000
Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director	100,000
Yap Siok Teng	Independent Non-Executive Director	50,000
Lim Ho Kin	Independent Non-Executive Director	60,000

**3. PARTICULARS OF IPO (Cont'd)****3.8 SELLING SHAREHOLDERS**

The details of our Promoters, who are the Selling Shareholders offering the Offer Shares for sale are set out as follows:-

Promoter	Nature of Relationship with our Company	Address	Before the IPO		Shares offered pursuant to the Offer for Sale			After the IPO	
			No. of Shares	%	No. of Shares	% <sup>(a)</sup>	% <sup>(b)</sup>	No. of Shares	% <sup>(b)</sup>
Koh Seng Kar @ Koh Hai Sew <sup>(c)</sup>	Chairman, Managing Director and a substantial shareholder of our Company	No. 53, Jalan Awan Cina, Taman Yari, 58200 Kuala Lumpur	52,500,000	69.19	15,540,000	20.48	16.19	36,960,000	38.50
Koh Seng Lee <sup>(c)</sup>	Deputy Managing Director and a substantial shareholder of our Company	No. 6, Jalan Dhanapakia Devi 2, Taman Taynton View, 56000 Cheras, Kuala Lumpur	22,500,000	29.65	6,660,000	8.78	6.94	15,840,000	16.50

**Notes:-**

- (a) Based on the issued and paid-up share capital of 75,876,000 KSSC Shares, i.e. before the Public Issue.  
 (b) Based on the issued and paid-up share capital of 96,000,000 KSSC Shares, i.e. after the Public Issue.  
 (c) Koh Seng Kar @ Koh Hai Sew and Koh Seng Lee are brothers.

The Selling Shareholders shall bear all the expenses such as placement and miscellaneous fees estimated to be approximately RM350,000 relating to their respective portion of the Offer Shares.

Save as disclosed above, there are no other selling shareholders who has material relationship with our Company or our Group within the past three (3) years.

Further details of our Selling Shareholders are set out in **Section 7** of this Prospectus.

**3.9 UTILISATION OF PROCEEDS FROM THE IPO**

We expect the total gross proceeds from the Public Issue to amount to approximately RM11.47 million based on the issue price of RM0.57. The proceeds shall come to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.

We expect the proceeds to be utilised in the following manner:-

Purpose	Notes	RM'000	Time frame for Utilisation
Business expansion and capital expenditure	(i)	3,310	Within one (1) year after Listing
Working capital	(ii)	6,260	Within one (1) year after Listing
Estimated listing expenses		1,900	Within one (1) month after Listing
<b>Total</b>		<b>11,470</b>	

**3. PARTICULARS OF IPO (Cont'd)****Notes:-****(I) Business expansion and capital expenditure**

Being a one-stop supply centre for secondary stainless steel products, our Group has earmarked approximately RM3.31 million of the proceeds from the Public Issue to purchase the following new machineries and equipment for our business and market expansion:-

- (a) Polishing machines for approximately RM0.9 million; and
- (b) Forming, welding, annealing, pickling and other machineries amounting to approximately RM2.41 million.

The purchase of the new machineries and equipment will enable our Group to develop and produce a new range of secondary stainless steel products, particularly surface treated stainless steel products for building and construction applications and industrial schedule stainless steel tubes and pipes used primarily in the transportation of water, palm oil and gas. Further details of these new secondary stainless steel products are set out in **Section 5.9(a)(ii) and (iii)** of this Prospectus.

**(II) Working Capital**

RM6.26 million of the proceeds from the Public Issue has been earmarked for the working capital of our Group. The cash proceeds are to be used in the day-to-day operations of our Group such as purchase of raw materials and purchase of industrial hardware for our trading operations as well as payment of salaries and wages and to cover our overheads. Purchase of raw materials such as stainless steel coils and round bars, and the purchase of industrial hardware for our trading operations forms a major portion of our costs of sales as disclosed in **Section 10.3.1** of this Prospectus. For the eight (8) months FPE 31 August 2010, costs of our raw materials and purchase of industrial hardware collectively amounted to approximately RM37.46 million while our direct labour and production overheads totalled approximately RM2.0 million. We expect our working capital requirements to increase as we seek to expand our business and grow our revenue.

\* Any surplus in the actual listing expenses will be utilised for the working capital of our Group. Conversely, any deficit in the actual listing expenses will be funded from the portion allocated for working capital purposes.

The aforesaid proceeds which are not utilised prior to their due dates shall be kept in interest bearing accounts with licensed financial institutions.

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

The Offer for Sale will raise total gross proceeds of RM12.65 million. All the proceeds from the Offer for Sale will be credited to the Selling Shareholders and we will not receive any part of the proceeds. The Selling Shareholders shall bear all expenses including placement and miscellaneous fees relating to their respective portion of the Offer for Sale.

The effects of the utilisation of proceeds on our proforma consolidated balance sheets as at 31 August 2010 is reflected in **Section 10.2** of this Prospectus.

**3.10 ESTIMATED LISTING EXPENSES**

Our Listing expenses are estimated to be approximately RM1.90 million, details of which are as follows:-

	RM'000
Professional fees	1,000
Fees to authorities	154
Estimated underwriting, placement and brokerage fees	230
Printing, advertising and issuing house fees	320
Contingencies	196
<b>Total*</b>	<b>1,900</b>

**Note:-**

\* Any difference arising from the actual listing expenditure and the above estimated listing expenses will be adjusted accordingly to the proceeds of the Public Issue allocated for our working capital requirements.

**3. PARTICULARS OF IPO (Cont'd)****3.11 DILUTION**

Dilution is the amount of which the proforma NA per Share immediately after the IPO is less than the IPO Price to be paid for the KSSC Shares. Our NA per Share as at 31 August 2010 is RM0.62. Pursuant to the Acquisition of PTM and the Public Issue, our NA per Share shall be reduced to RM0.59. Hence, the IPO Price represents a discount of 3.4% to the proforma NA per Share after adjusting for the IPO.

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

	RM
IPO Price	0.57
NA per Share as at 31 August 2010 (after adjusting for the Bonus Issue, Share Split and Dividend Payment, but before adjusting for the Acquisition of PTM and the Public Issue)	0.62
NA per Share after the Acquisition of PTM	0.62
Decrease in NA per Share attributable to the existing shareholders	(0.03)
NA per Share after adjusting for the IPO	0.59
<b>Dilution in NA per Share to new public investors <sup>^</sup></b>	<b>(0.02)</b>
<b>Dilution in NA per Share to new public investors as a percentage of the IPO Price</b>	<b>(3.4%)</b>

*Note:-*

<sup>^</sup> After taking into consideration the effect of the utilisation of the proceeds received and the listing expenses pursuant to the Listing.

Save as disclosed below, there has been no acquisition of any existing Shares in our Company by our Directors, key management, substantial shareholders or persons connected with them, or in which they have the right to acquire, during the past three (3) years prior to the date of this Prospectus.

Key management	Total number of Shares pursuant to the Acquisition of PTM	Purchase consideration (RM)	Effective cash cost per Share (RM)
Wong Ee Che	220,000	110,000	0.50
	Total number of Issue Shares	Total consideration (RM)	Effective cash cost per Share (RM)
Public investors	20,124,000	11,470,680	0.57

**3.12 BROKERAGE, UNDERWRITING AND PLACEMENT FEE****(i) Brokerage**

We will bear the brokerage fees to be incurred on the sale of our Issue Shares at the rate of 1% of the Issue Price in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIH. Brokerage with respect to the Offer Shares shall be fully borne by the Selling Shareholders.

**3. PARTICULARS OF IPO (Cont'd)****(ii) Underwriting Commission**

Our Underwriter has agreed to underwrite 11,124,000 Issue Shares as set out in **Section 3.6.1** of this Prospectus. We will pay the Underwriter an underwriting commission at the rate of 2.0% of the total value of the underwritten Shares based on the Issue Price. There will be no managing underwriter fees payable to OSK.

**(iii) Placement fee**

Our Placement Agent has agreed to place our IPO Shares reserved for identified Bumiputera investors approved by MITI comprising of 9,000,000 Issue Shares set out in **Section 3.6.1(iii)** of this Prospectus and 22,200,000 Offer Shares set out in **Section 3.6.2** of this Prospectus. We will pay our Placement Agent a placement fee at the rate of 1% and 2% of the value of the Shares placed out by our Group and the Placement Agent respectively. The placement fee to be incurred on the sale of 22,200,000 Offer Shares will be fully borne by our Selling Shareholders.

**3.13 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We had on 29 November 2010 entered into an Underwriting Agreement with OSK, whereby OSK had agreed to underwrite the Issue Shares at the Issue Price based on some of the salient terms set out below.

The following terms are reproduced from the Underwriting Agreement. Unless otherwise stated, the capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:-

**"7. CONDITIONS PRECEDENT**

**7.1** *The obligations of the Underwriter under this Agreement shall further be conditional upon:*

- (a) *The Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:*
  - (i) *no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that subsequent to the date of this Agreement; or*
  - (ii) *there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings in Clauses 3 and 4 materially untrue or inaccurate or result in a material breach of this Agreement by the Company;*
- (b) *The Underwriter receiving a certificate in the form or substantially in the form contained in Second Schedule (Certificate) of this Agreement dated the Closing Date signed by the duly authorised officers of the Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 3 of this Agreement;*
- (c) *The Underwriter receiving copies certified by a director or the company secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the directors:*
  - (i) *approving the Prospectus and the application forms, this Agreement and the transactions contemplated by it;*

### 3. PARTICULARS OF IPO (Cont'd)

- (ii) *authorising a person to sign and deliver this Agreement on behalf of the Company;*
  - (d) *This Agreement being duly signed by all parties and stamped;*
  - (e) *The Shares not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Shares and/or the Listing and Quotation have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;*
  - (f) *The Underwriter being satisfied that the Company has complied with and that the Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;*
  - (g) *The composite index of Bursa Securities being no less than **1,200 points** for at least three (3) consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive;*
  - (h) *There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in this Agreement by the Company;*
  - (i) *SC having approved the Prospectus;*
  - (j) *the offering of the Shares having been approved by SC, MITI and any other relevant authority or authorities and remaining in full force and effect and that all Conditions Precedent to the approvals (except for any which can only be complied with after the Retail Offering has been completed) have been complied with;*
  - (k) *This Agreement having become unconditional in all respects (save for any condition requiring this Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the placement agent for the Placement Shares) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;*
  - (l) *the delivery to the CCM of the Prospectus for registration in accordance with the requirements of Section 42 of the Companies Act; and*
  - (m) *the launching of Prospectus taking place within three (3) months from the date of this Agreement or such other later date as the Underwriter and the Company may from time to time agree in writing.*
- 7.2 *If after the conditions precedent in Clause 7.1 have been complied with and the Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the provisions of Clause 9.2 shall apply.*
- 7.3 *The Underwriter may waive all or any of the conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with this Agreement.*

**3. PARTICULARS OF IPO (Cont'd)**

- 7.4 If any of the conditions in Clauses 7.1(c), (d), (l) and / or (m) are not satisfied within three (3) months from the date of this Agreement or such other later date as the Underwriter and the Company may from time to time agree in writing and / or if any of the conditions in Clauses 7.1(a), (b), (e) to (j) to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with the Company shall be entitled to terminate this Agreement pursuant to Clause 9 and thereafter the parties shall be released and discharged from their obligations hereunder but without prejudice to the rights of the Underwriter under Clause 9.2.

**9. TERMINATION BY UNDERWRITER DUE TO ADVERSE CHANGES**

- 9.1 Notwithstanding anything contained in this Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under this Agreement if:-
- (a) in the reasonable opinion of the Underwriter, there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would materially prejudice the success of the IPO; or
  - (b) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc ) which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the success of the IPO, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or
  - (c) there shall be the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would materially prejudice the success of the IPO; or
  - (d) there shall be any development, occurrence or any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, ruling or any request or interpretation by the SC, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which will materially and adversely affect the Company and the success of the IPO, the business and/or prospects of the Company and/or the Group, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or
  - (e) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business and/or financial position of the Company and/or the Group; or
  - (f) the Kuala Lumpur Composite Index has dropped to below **1,200 points** and has stayed below **1,200 points** for at least three (3) consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive; or
  - (g) there is any breach by the Company of any of the representations, warranties and undertakings set forth in Clauses 3 and 4 which materially and adversely affects the success of the IPO, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or
  - (h) there is any failure on the part of the Company to perform any of its obligations under this Agreement; or



**3. PARTICULARS OF IPO (Cont'd)**

- (i) there is any withholding by the Company of any information of a material nature from the Underwriter which will have or may reasonably be expected to have a material and adverse effect on the success of the IPO, the business and/or prospects of the Company and/or the Group, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (j) there is any material and adverse change to the business and/or financial position of the Company and/or the Group.*

9.2 *If the Underwriter terminates its obligation pursuant to Clauses 9.1, the parties shall be released and discharged from their respective obligations hereunder save for the Underwriter's rights to the following:*

- (a) full payment of the Underwriting Commission;*
- (b) costs and expenses referred to in Clause 17.3(b) hereof (including late interest payment, if applicable); and*
- (c) right to be indemnified by the Company pursuant to Clause 5."*

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#### 4. RISK FACTORS

**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED HEREIN IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

**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.**

#### 4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

##### 4.1.1 Fluctuation in the prices of raw materials

Stainless steel coils and stainless steel round bars are the main raw materials used by our Group for the production of secondary stainless steel products. Our Group utilises the stainless steel coils for the manufacturing of stainless steel tubes and pipes and the processing of stainless steel sheets whilst the stainless steel round bars are used for the manufacturing of stainless steel industrial fasteners, rigging accessories and components. For the FYE 31 December 2009 and the eight (8) months FPE 31 August 2010, these two (2) major raw materials accounted for approximately 71.8% and 63.2% of our Group's total purchases respectively.

Fluctuation in the prices of these raw materials will have a significant impact on our business given that these stainless steel materials represent a significant portion of the raw materials required for the production of our secondary stainless steel products. The price of stainless steel is volatile and subject to market fluctuations, driven by factors such as commodity prices (including nickel), global economic conditions, market demand and supply, as well as the production capabilities of rolling and finishing stainless steel mills. Any increase in the price of stainless steel will increase our cost of sales. Hence, our Group is exposed to the risk of rising raw material costs which may adversely affect our profitability especially if we are unable to pass such cost increases to our customers.

Nevertheless, our Board believes that the volatility of our raw material cost is manageable, as our supply orders are mainly based on purchase orders rather than long-term supply contracts. This means that the impact of the price movement of raw materials, if any would be minimal since the costs of raw materials would form part of the quotation to the customers. In addition to the above, our management also adopts a pro-active and prudent inventory management practice of holding on average approximately two (2) months' worth of stainless steel raw materials at any point of time.

However, we can give no assurance that any significant increase in stainless steel prices will not materially affect our Group's financial condition.

##### 4.1.2 Dependence on suppliers

Our Group is dependent on some of our suppliers for the supply of raw materials such as stainless steel coils and stainless steel round bars as well as supply of industrial hardware for our trading operations. For the past three (3) FYE 31 December 2009 and the eight (8) months FPE 31 August 2010, we have mostly purchased these raw materials and industrial hardware for our trading operations from our top ten (10) suppliers as listed in **Section 5.7.18** of this Prospectus.

**4. RISK FACTORS (Cont'd)**

Nevertheless, our Group's dependence on these suppliers is mitigated by our Group's close business relationships with our suppliers which have been mostly nurtured over three (3) to ten (10) years. Furthermore, our Group has always practised sourcing for raw materials and industrial hardware from a varied base of suppliers to limit our Group's over-dependence on a single/particular group of suppliers.

Although we do not foresee any difficulty in the procurement of raw materials and industrial hardware, and have not previously experienced any material disruption in the supply of these materials, no assurance can be given that we can continue to source sufficient quantities of materials from our current sources at competitive prices.

**4.1.3 Foreign exchange transaction risk**

Our raw materials such as stainless steel coils and stainless steel round bars, are sourced from overseas as Malaysia does not produce any primary stainless steel. Our Group's total purchases denominated in USD constitute approximately 64.7% and 57.5% of our Group's total purchases for the FYE 31 December 2009 and the eight (8) months FPE 31 August 2010 respectively. In addition, some of our Group's products are sold overseas to countries such as Singapore, Indonesia, Papua New Guinea, United Kingdom and Brunei. Sales to these markets are often transacted in USD, Singapore or Brunei Dollars, and constitute approximately 16.08%, 2.06% and 0.14% respectively of our Group's total revenue for the eight (8) months FPE 31 August 2010. To the extent that our revenue and purchases are not naturally matched in the same currency, our Group is exposed to foreign exchange fluctuations which may adversely affect our profitability.

However, our Board is of the view that the above risk is to a certain extent mitigated by the fact that our management possess experience in purchasing our materials and constantly monitors market trends for the prices of materials and foreign exchange fluctuations. For the past three (3) FYE 31 December 2009 and the eight (8) months FPE 31 August 2010, we have not incurred any material losses arising from foreign exchange transactions. Our Group also maintains a foreign exchange hedging facility with our principal bankers, to hedge our transactions forward, if the need arises.

Notwithstanding the above, there is no assurance that any foreign currency exchange fluctuations in the future will not adversely affect our Group's financial performance.

**4.1.4 Dependence on imports of raw materials**

There are currently no stainless steel primary producers and rolling/finishing mills in Malaysia as at end of October 2010. Consequently, manufacturers and processors of stainless steel products in Malaysia are completely dependent on imports for the supply of primary products such as billets, blooms and ingots, and rolling/finished products such as coils, sheets, plates and bars. As such, any interruptions in the supply of stainless steel coils will impact on our Group's production of stainless steel tubes and pipes, and processing of stainless steel sheets.

However, our dependence in import raw materials is somewhat mitigated by the fact that stainless steel is a widely traded commodity.

In 2009, the global production of crude stainless steel is estimated at 24.6 million tonnes, whilst total global stainless steel products exports are estimated at 11.6 million tonnes for the same year. Approximately 47% of the stainless steel that was produced in 2009 was exported. This indicates that stainless steel is a widely traded commodity in the global market.

*(Source: Independent Assessment of the Stainless Steel Industry focusing on Stainless Steel Tubes, Pipes and Sheets in Malaysia prepared by Vitai Factor Consulting Sdn Bhd)*

#### 4. RISK FACTORS (Cont'd)

Although we do not foresee any difficulties in sourcing the supply of stainless steel from the world market and have not previously experienced any material interruptions in the supply of raw materials, no assurance can be given that any interruptions in the supply of the raw materials would not adversely affect our Group's financial performance.

##### 4.15 Disruption to production and operations

The manufacturing and processing activities of our secondary stainless steel products are highly dependent on the machineries and equipment at our plant. Hence, any breakdown of our machineries and equipment will result in the disruption of our production.

In order to mitigate the above, our Group has implemented a few maintenance measures to ensure that there is minimal disruption to the production process. These maintenance measures involve our repair crew carrying out routine maintenance such as lubrication of the machineries and timely replacement of components which are subject to daily wear and tear. Our Group also has in place a spare part storage practice, where critical parts of the machineries/equipment are purchased periodically and kept in our factory to ensure replacement parts are readily available thus reducing downtime of our machineries and equipment. We have not previously experienced any material breakdown of machineries and equipment.

However, our Group provides no assurance that any breakdown in our machineries and equipments will not occur which could severely disrupt our production and operations.

##### 4.1.6 Competition

Our Group faces competition from existing competitors as well as new market entrants in the industry. However, our Board believes that the impact of competition from new entrants, is to a certain extent, mitigated by the numerous barriers of entry to the industry. The barriers of entry include the importance of having an established track record for manufacturing quality secondary stainless steel products, capital investment requirement and competent technical skills and knowledge to manufacture and process stainless steel products.

Our Board also believes that our Group can leverage on our competitive strengths to mitigate the competition from existing competitors and new market entrants. Our competitive strengths include our long established track record, our extensive range of products, long-standing and close business relationships with our major suppliers and major customers as well as our wide customer base. Further details of our competitive strengths are set out in **Section 5.7.1(d)** of this Prospectus.

Although our management continually seeks to maintain and adopt appropriate strategies to remain competitive, there can be no assurance that competition from existing competitors and/or new market entrants will not have a material adverse effect on our performance/ market share in the future.

##### 4.1.7 Dependence on key customers

We supply our stainless steel products to a wide range of customers, and as such we are not dependent on any particular customer for sales. For the eight (8) months FPE 31 August 2010, our top ten (10) customers accounted for approximately 17.5% of our total revenue, with our largest customer contributing approximately 4.8% to our revenue. Our Group does not have any long-term sales contracts as the majority of our sales are based on purchase orders from our clients, which to the best of our Board's knowledge is common practice in the industry.

#### 4. RISK FACTORS (Cont'd)

In addition to the above, with the extensive range of products offered by our Group, we believe that we are in a good position to supply the needs of a wide and active customer base, which currently totals approximately 1,000 customers spread across the target markets as disclosed in **Section 5.7.1(d)** of this Prospectus.

However, no assurance can be given that any loss of a particular customer will not adversely affect the financial performance of our Group.

##### 4.1.8 Operational risks and insurance coverage

We are susceptible to various operational risks such as accidents, outbreaks of fire or floods, energy crises and/or other natural disasters, which may cause loss of or damage to our goods and/or significant damage to our warehouse, manufacturing facility and office, thus disrupting and affecting our business operations. However, we have not previously experienced any material operational risks, which may have adversely affected our financial performance.

We are also aware of the adverse consequences arising from inadequate insurance coverage for the accidents and outbreaks that could disrupt our business operations. We seek to limit the above risks through the implementation of the following plans and risk management practices:-

- (i) our facilities are equipped with the regulatory basic fire-fighting equipment such as fire extinguishers and/or hose reels. In addition, we also purchase fire insurance coverage on our properties, warehouses and equipment;
- (ii) we ensure that we have equipment and spare parts to cope with unexpected emergencies at any one time, such as our spare parts storage practice. Our management also holds regular meetings and discussions to identify and mitigate any foreseeable problems in our business operations;
- (iii) we ensure that our facilities, manufacturing plant and warehouse meet all safety requirements stipulated in various licenses issued by relevant authorities. We also conduct various in-house briefing on safety requirements to minimise the risks of industrial accidents in our facilities; and
- (iv) in any event, our Board is of the opinion that our Group has adequate insurance coverage for our business operations.

Although we review our insurance policies on a regular basis to ensure that there is adequate insurance coverage for our assets, there is no assurance that our insurance coverage is sufficient to offset all potential losses arising from such events.

##### 4.1.9 Cost of environmental and workplace safety compliance

Our Group's operations are subject to many laws and regulations, including those relating to workplace safety and workers' health. Our Group believes that our existing operations are in compliance with the relevant laws and regulations and is not aware of any non-compliance with workplace safety and health standards that may have a material adverse effect on our financial condition.

Our Group has mitigated some of these potential workplace safety and health liabilities by purchasing employees' liability and workers' compensation insurance policies. We have not previously incurred any material workplace safety and health costs.

However, the risks of workplace safety and health costs and liabilities exist in our Group's operations, hence there can be no assurance that claims for damages resulting from our Group's operations will not have a material adverse effect on our Group's financial condition or results of operations.

#### **4. RISK FACTORS (Cont'd)**

##### **4.1.10 Dependence on our Directors, key management and technical personnel**

We believe that our Group's continued success will depend, to a significant extent, upon the abilities, capabilities and continued efforts of our Directors, key management personnel as well as our skilled workforce. Our Group is led by our experienced Directors and is managed by a team of qualified key personnel who have extensive knowledge and experience in the trading of industrial hardware as well as the manufacturing and processing of secondary stainless steel products industry. This is demonstrated by our established track record of manufacturing and processing of secondary stainless steel products, and trading of industrial hardware. The credentials of our Directors and key management are set out in **Section 7** of this Prospectus.

Accordingly, the loss of any of our Director and key management may adversely affect our Group's continued ability to compete in this industry. Therefore, our Board recognises the importance of our Group's ability to attract and retain our Directors and key management, and has in place human resource strategies which include the adoption of succession planning for key positions and providing the employees with a variety of on-going training programmes to upgrade their knowledge and capabilities. However, we cannot provide any assurance that the above measures will be successful in attracting and retaining our key management/personnel or ensuring a smooth transition should changes occur.

##### **4.1.11 Borrowings and financing risk**

Our Group's total outstanding bank borrowings based on the audited accounts as at 31 August 2010 amounted to approximately RM25.06 million, comprising approximately RM20.80 million in the form of bankers' acceptances, hire purchases of approximately RM0.68 million, trust receipts of approximately RM0.03 million and approximately RM3.55 million in the form of term loan. Considering that the interest charged on bank borrowings is dependent on prevailing interest rates, future fluctuations of interest rates could have a material effect on our Group's profitability.

In addition, the agreements for loan facilities in relation thereto, contain covenants which may limit our Group's future operating and financing flexibility, as certain future plans may be restricted or require the consent of the relevant financial institution. A breach of such covenants may result in the termination and/or enforcement of securities granted for the relevant credit facility.

Our Group is aware of such risks, and hence, shall take all necessary precautions to prevent any breach of our financial obligations, whilst adhering to strict financial management and cash flow practices. In addition, our Group has continuously maintained a cordial relationship with our principal bankers.

Nevertheless, there can be no assurance that the performance of our Group would remain favourable in the event of any adverse changes in interest rates.

##### **4.1.12 Threat of substitutes**

Stainless steel can also be substituted with other materials, for example other metals such as carbon steel, alloy steel, aluminium, copper, brass, plastic based materials and others. However, stainless steel enjoys a number of advantages over carbon steel and other materials, due to its resistance to corrosion and high mechanical strength. As a result, stainless steel is often the most suitable material for certain applications, particularly where corrosion resistance is important such as shipbuilding, automotive components, process equipment and others.

#### 4. RISK FACTORS (Cont'd)

Stainless steel is also generally cost competitive compared to speciality materials such as titanium, speciality alloys and ceramics, and is therefore the most cost effective material to use for certain applications. The characteristics of stainless steel will ensure that there is a continuing demand for this type of material.

*(Source: Independent Assessment of the Stainless Steel Industry focusing on Stainless Steel Tubes, Pipes and Sheets in Malaysia prepared by Vital Factor Consulting Sdn Bhd)*

##### 4.1.13 Investment activities

We may from time to time invest in new machineries/equipment or new ventures which we believe to be beneficial to our Group or is synergistic with our current operations. Among others, part of the proceeds from our IPO as disclosed in **Section 3.9** of this Prospectus will be used to purchase new machineries and equipment for our Group to develop and produce a new range of secondary stainless steel products in line with our Group's business and market expansion plans. Although we endeavour to exercise due care in assessing the risks and merits of investing in new equipment or new ventures, there is always the potential risk that the returns from these investments may require a longer than expected payback period or such investments may fail.

Although our Board and management will take active steps to mitigate such investment risks, there can be no assurance that all our future investments will yield positive returns and would not have any adverse effect on our future financial performance.

##### 4.1.14 Sensitivity to business and economic risk

We are subject to certain business risks inherent to our industry. This may include, amongst others, shortages in skilled workforce, increases in the cost of production, entry of new competitors, fluctuation in demand for our products, changes in general economic, business and credit conditions, changes in government policies and other business risks commonly associated with companies involved in manufacturing, processing and trading.

Our Group seeks to limit these risks through, inter-alia, expansion of both new and existing markets for our products, developing and maintaining a wide network of contacts for raw material supplies, prudent management practices as well as adequate emphasis on personnel development. We believe that the strength and experience of our key management and personnel puts us in good stead to mitigate and maintain our Group's performance amidst the abovementioned business risks.

However, there is no assurance that any changes in the abovementioned business risks will not adversely impact our Group's future financial performance.

##### 4.1.15 Political and economic conditions

Any adverse developments in the political, economic and regulatory conditions, could materially and adversely affect the financial and business prospects of our Group. These include the risks of war, global economic downturn and unfavourable changes in the Government's policy such as changes to methods of taxation, fluctuation in foreign exchange rates, inflation and changes in interest rates. Whilst we will continue to adopt effective measures such as prudent financial management and efficient operating procedures, we cannot be assured that adverse political, economic and regulatory factors will not materially affect our Group's performance.



## 4. RISK FACTORS (Cont'd)

### 4.2 RISKS RELATING TO INVESTING IN OUR SHARES

#### 4.2.1 No prior market for our Shares and possible volatility of our Share prices

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market in our Shares will develop, or, if developed, that such a market will be sustained. The IPO Price was determined through our negotiation with OSK, as Adviser, Underwriter and Placement Agent, after taking into account various factors. Please refer to **Section 3.5** of this Prospectus on the basis for the determination of the IPO Price.

There can be no assurance that the market price of our Shares will not decline below the IPO Price. Our Group believes that a number of factors could cause our Share price to fluctuate, including but not limited to sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our Group's business, fluctuations in our Group's operating results, general industry conditions or the performance of the global economy.

#### 4.2.2 Forward-looking statements

This Prospectus contains forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results. Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, we can give no assurance that such expectations will be justifiable. Whether or not such statements prove to be accurate would be dependent upon a variety of factors that may have an effect on the business and operations of our Group.

#### 4.2.3 Trading price and volume of our Shares

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is also dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of securities listed on Bursa Securities.

#### 4.2.4 Ownership and control by our existing shareholders

As disclosed in **Section 7.1.1** of this Prospectus, our Promoters will directly and indirectly, own in aggregate approximately 55.0% of our enlarged issued and paid-up share capital. As a result, these shareholders, acting together will have voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our Group's shareholders, unless it is required that they abstain from voting either by law and/or by the relevant authorities.

**4. RISK FACTORS (Cont'd)**

Nevertheless, our Group has appointed three (3) independent directors to ensure that any future transactions involving related parties are entered into on arms-length terms which are not detrimental to our Group, and to facilitate good corporate governance whilst promoting greater corporate transparency.

**4.2.5 Underwriting risk**

Up to 11,124,000 of the Issue Shares are to be underwritten by the Underwriter. The underwriting commission is payable by our Group at a rate of 2.0% of the Issue Price for the Issue Shares made available for the Malaysian Public and the unsubscribed portion of the Issue Shares reserved for our eligible Directors, employees and persons who have contributed to the success of our Group and/or private placement to selected investors. However, the agreement of the Underwriter to underwrite up to 11,124,000 Issue Shares should not be taken as an indication of the merits or assurance of the value of the Issue Shares.

**4.2.6 Failure or delay in our Listing**

The success of our Listing is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others:-

- (i) The placees under the private placement tranche of the Public Issue and the Offer for Sale fail to acquire the Shares allocated to them; and/or
- (ii) We are unable to meet the public shareholding spread requirements i.e. at least 25% of the total number of our Shares for which Listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each, at the time of Listing.

The above risks are mitigated by the following:-

- (i) The identified investors have provided undertakings to subscribe for their respective portion of the Shares to be placed to them;
- (ii) The portion of the Issue Shares allocated to the Malaysian Public and reserved for our eligible Directors, employees and persons who have contributed to the success of our Group are fully underwritten; and
- (iii) Our Directors and OSK, as Adviser, Underwriter and Placement Agent, will endeavour to ensure that our Group is able to meet the public spread requirements by allocating the Issue Shares applied for by the Malaysian Public to the required number of public shareholders during the balloting process.

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## 5. INFORMATION ON OUR GROUP

### 5.1 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 15 January 1985 as a private limited company under the name of Vinyon Industries Sdn Bhd. On 20 June 1986, we changed our name to K. Seng Seng Sdn Bhd and on 16 June 1999, we changed our name to K. Seng Seng Corporation Sdn Bhd. We were subsequently converted into a public company on 15 July 2009.

The history of our Group can be traced back to 1985 when our founder, Koh Seng Kar @ Koh Hai Sew, who is also our Chairman and Managing Director established Vinyon Industries Sdn Bhd in Johor Bahru to operate in the trading of industrial hardware. As our reputation grew, we began to expand our trading operations by diversifying our range of products to meet the requirements of our increasing customer base.

In 1999, KSSI was incorporated to assume the trading operations of KSSC following our Group's business re-organisation exercise to streamline our entire trading operations. In 2000, we made our first venture into processing of secondary stainless steel long products which involve cutting stainless steel round bars, flats and angles into specified lengths to meet customers' requirements.

In 2001, we made our first export sales of marine hardware to Indonesia. In order to cater for the demand of our growing business, we relocated our operations to Balakong, Selangor Darul Ehsan in 2002. Our new premises gave us the opportunity for our Group to construct and expand our processing facilities.

In 2005, our Group through our subsidiary, PTM started to manufacture stainless steel tubes and pipes, and processing of secondary stainless steel flat products. Subsequently in 2005, our wholly-owned subsidiary, TTH became our Group's sales and marketing arm for our in-house manufactured and processed products, which includes stainless steel tubes and pipes, and secondary stainless steel products.

In 2007, our Group through our subsidiary, PTM started to manufacture stainless steel tubes and pipes for water piping application as part of our strategy to expand the product range of our stainless steel tubes and pipes. We also made our first significant export sales of tubes and pipes to the United Kingdom in 2008. In 2009, our wholly-owned subsidiary, KSSM commenced business to manufacture stainless steel industrial fasteners, rigging accessories and components, focusing on bolts and nuts, coach screw, studs, shackles, U-bolts, and swivels.

As our experience and expertise broadened we have successfully grown and evolved from a trading company into an established and reputable company in the manufacturing, processing and trading of secondary stainless steel products. We are currently a one-stop supply centre of secondary stainless steel products. Since our first export of marine hardware to Indonesia in 2001, we have expanded our export markets to Brunei, United Kingdom, Singapore and Papua New Guinea.

Our Group places significant emphasis on product quality and adheres to stringent quality standards. This is reflected by the fact that both our Group's subsidiaries, PTM and TTH are accredited with ISO 9001:2000 by SGS United Kingdom Ltd (a reputable global authority in systems and services certification). SGS United Kingdom Ltd only awards the ISO certification to companies with quality management systems and demonstrates the company's ability to consistently provide products that meet customer and regulatory requirements.

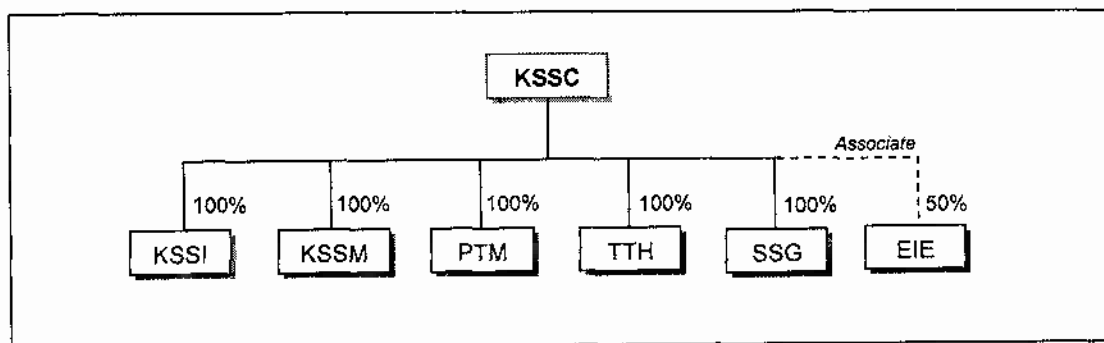
In 2008, PTM was awarded BS EN 10312 certification for the manufacturing of welded stainless steel tubes and pipes for water piping applications by Ikram QA Services Sdn Bhd (a consulting and research company specializing in product and quality assessment). In 2010, SIRIM QAS International Sdn Bhd (certification, inspection and testing body) awarded ASTM A554-08A to PTM for the manufacturing of stainless steel tubes and pipes for ornamental application. The above certifications are only awarded to companies with products that meet the relevant technical and quality standards as well as regulatory requirements.

**5. INFORMATION ON OUR GROUP (Cont'd)**

Presently, our Group is principally involved in the following core activities:-

- (a) manufacturing of secondary stainless steel products namely tubes, pipes, industrial fasteners, rigging accessories and components;
- (b) processing of secondary stainless steel flat and long products namely sheets, round bars, flats and angles; and
- (c) trading of industrial hardware including marine hardware and consumables.

Our existing corporate Group structure is as follows:-

**5.2 SHARE CAPITAL**

As at the LPD, we have an authorised share capital of RM50,000,000, comprising 100,000,000 ordinary shares of RM0.50 each and an issued and paid-up share capital of RM37,938,000 comprising 75,876,000 ordinary shares of RM0.50 each.

The details of the changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:-

Date of Allotment	No. of shares	Par value (RM)	Consideration	Total issued and Paid-up Share Capital (RM)
15.01.1985	2	1.00	Subscribers' shares	2
20.07.1988	72,000	1.00	Cash	72,002
09.04.1991	49,998	1.00	Cash	122,000
14.04.1993	100,000	1.00	Cash	222,000
16.03.1994	378,000	1.00	Cash	600,000
02.09.1996	900,000	1.00	Cash	1,500,000
21.07.1997	1,500,000	1.00	Cash	3,000,000
31.03.1999	500,000	1.00	Cash	3,500,000
26.09.2002	4,500,000	1.00	Cash	8,000,000
20.05.2004	2,000,000	1.00	Otherwise than cash	10,000,000
16.05.2005	4,000,000	1.00	Cash	14,000,000
16.12.2005	1,000,000	1.00	Cash	15,000,000
04.03.2010	22,500,000	1.00	Bonus issue (3 for 2)	37,500,000
05.03.2010	75,000,000	0.50	Subdivision of shares	37,500,000
01.10.2010	876,000	0.50	Acquisition of PTM	37,938,000

**5. INFORMATION ON OUR GROUP (Cont'd)**

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of KSSC.

**5.3 SUBSIDIARY AND ASSOCIATE COMPANIES**

Our subsidiary and associate companies and their respective principal activities are as set out below:-

Corporation	Date and Place of Incorporation	Date of commencement of business	Issued and Paid-up Share Capital (RM)	Effective equity Interest (%)	Principal Activities
<b><u>Subsidiaries:</u></b>					
KSSI	2 August 1999 Malaysia	October 1999	4,300,000	100	Processing of secondary stainless steel long products, sales and marketing of stainless steel industrial fasteners, rigging accessories and components, and trading of industrial hardware.
KSSM	10 October 2007 Malaysia	April 2009	500,000	100	Manufacture of stainless steel industrial fasteners, rigging accessories and components.
PTM	20 July 1992 Malaysia	August 2005	2,450,004	100	Manufacture of stainless steel tubes and pipes, and processing of secondary stainless steel flat products.
TTH	22 July 1995 Malaysia	July 1997	1,500,002	100	Sales and marketing of secondary stainless steel products namely tubes, pipes and sheets, and trading of industrial hardware.
SSG	25 January 2006 Malaysia	-	2	100	Currently dormant. SSG is expected to commence its business operations to manufacture surface treated stainless steel products by the middle of 2011.
<b><u>Associate:</u></b>					
EIE	22 January 2002 Malaysia	February 2002	1,640,000	50	Investment holding and leasing of toiletry dispensers.

Further details on the subsidiaries and associate company of KSSC are set out in **Section 5.5** of this Prospectus. As at the LPD, we do not have any other subsidiaries or associate companies.

**5. INFORMATION ON OUR GROUP (Cont'd)****5.4 KEY ACHIEVEMENTS / MILESTONES / AWARDS**

Our Group's key achievements/ milestones/ contracts since inception are as follows:-

Year	Key achievements, milestones and awards
1985	<ul style="list-style-type: none"> <li>■ Incorporation of our Company under the name Vinyon Industries Sdn Bhd.</li> <li>■ Commenced operations in Johor Bahru for the trading of industrial hardware.</li> </ul>
1999	<ul style="list-style-type: none"> <li>■ Incorporation of KSSI to assume trading operations of K. Seng Seng Corporation Sdn Bhd.</li> </ul>
2000	<ul style="list-style-type: none"> <li>■ Ventured into the processing of secondary stainless steel long products via KSSI.</li> </ul>
2001	<ul style="list-style-type: none"> <li>■ We made our first export sales of industrial hardware to Indonesia.</li> </ul>
2002	<ul style="list-style-type: none"> <li>■ Relocated to Balakong to cater for our growing business.</li> </ul>
2005	<ul style="list-style-type: none"> <li>■ PTM started to manufacture stainless steel tubes and pipes for water piping application as part of our strategy to expand the product range of our stainless steel tubes and pipes.</li> </ul>
2007	<ul style="list-style-type: none"> <li>■ We extended our range of stainless steel tubes and pipes to manufacture stainless steel tube and pipes for water piping applications.</li> </ul>
2008	<ul style="list-style-type: none"> <li>■ PTM and TTH achieved ISO 9001:2000 accreditation.</li> <li>■ Awarded BS EN 10312 Standard certification for the manufacturing of welded stainless steel tubes and pipes for water piping.</li> <li>■ We also made our first significant export sales to the United Kingdom.</li> </ul>
2009	<ul style="list-style-type: none"> <li>■ KSSM commenced manufacture of stainless steel industrial fasteners, rigging accessories, and components.</li> <li>■ We made our first export sales to Papua New Guinea.</li> </ul>
2010	<ul style="list-style-type: none"> <li>■ PTM was awarded ASTM A554-08A for the manufacturing of stainless steel tubes and pipes for ornamental application.</li> <li>■ PTM and TTH received ISO 9001:2008 accreditation, which is a re-certification of the ISO 9001:2000 accreditation.</li> </ul>

**5.5 INFORMATION ON SUBSIDIARIES AND ASSOCIATE COMPANY****5.5.1 Information on KSSI****(a) History and Business**

KSSI was incorporated in Malaysia on 2 August 1999 under the Act as a private limited company under the name of K. Seng Seng Trading Sdn Bhd. It subsequently assumed its present name on 30 January 2007. KSSI is principally involved in the processing of secondary stainless steel long products, sales and marketing of stainless steel industrial fasteners, rigging accessories and components, and trading of industrial hardware. KSSI commenced business in October 1999.

**5. INFORMATION ON OUR GROUP (Cont'd)****(b) Share Capital**

The authorised and issued and paid-up share capital of KSSI is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	4,300,000	1.00	4,300,000

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
02.08.1999	2	1.00	Subscribers' shares	2
15.10.1999	200,000	1.00	Cash	200,002
10.05.2001	1,800,000	1.00	Otherwise than cash	2,000,002
01.03.2005	400,000	1.00	Cash	2,400,002
08.01.2008	1,899,998	1.00	Otherwise than cash	4,300,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of KSSI.

**(c) Substantial Shareholder**

KSSI is our wholly-owned subsidiary.

**(d) Subsidiary and Associate Companies**

As at LPD, KSSI does not have any subsidiaries or associate companies.

**5.5.2 Information on KSSM****(a) History and Business**

KSSM was incorporated in Malaysia on 10 October 2007 under the Act as a private limited company under the name of K. Seng Seng Manufacturing Sdn Bhd. KSSM is principally involved in the manufacturing of stainless steel industrial fasteners, rigging accessories and components. KSSM commenced business in April 2009.

**(b) Share Capital**

The authorised and issued and paid-up share capital of KSSM is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	1,000,000	1.00	1,000,000
Issued and paid-up	500,000	1.00	500,000

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
10.10.2007	2	1.00	Subscribers' shares	2
17.05.2010	499,998	1.00	Cash	500,000

**5. INFORMATION ON OUR GROUP (Cont'd)**

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of KSSM.

**(c) Substantial Shareholder**

KSSM is our wholly-owned subsidiary.

**(d) Subsidiary and Associate Companies**

As at LPD, KSSM does not have any subsidiaries or associate companies.

**5.5.3 Information on PTM****(a) History and Business**

PTM was incorporated in Malaysia on 20 July 1992 under the Act as a private limited company under the name of Malindo Pharmaceutical Sdn Bhd. On 5 June 1998, it changed its name to PTM Pharmaceutical Sdn Bhd and subsequently assumed its present name on 19 February 2003. PTM has been a dormant company since incorporation and only commenced the manufacturing of stainless steel tubes and pipes, and processing of secondary stainless steel flat products in August 2005.

**(b) Share Capital**

The authorised and issued and paid-up share capital of PTM is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	2,450,004	1.00	2,450,004

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
20.07.1992	4	1.00	Subscribers' shares	4.00
07.04.2005	2,450,000	1.00	Cash	2,450,004

**(c) Substantial Shareholder**

PTM is our wholly-owned subsidiary.

**(d) Subsidiary and Associate Companies**

As at LPD, PTM does not have any subsidiaries or associate companies.

**5.5.4 Information on TTH****(a) History and Business**

TTH was incorporated in Malaysia on 22 July 1995 under the Act as a private limited company under the name of Three & Three Food Manufacturing Sdn Bhd. It subsequently assumed its present name on 24 June 1997. TTH has been dormant since incorporation and only commenced the sales and marketing of secondary stainless steel products namely tubes, pipes and sheets, and trading of industrial hardware in July 1997.



**5. INFORMATION ON OUR GROUP (Cont'd)****(b) Share Capital**

The authorised and issued and paid-up share capital of TTH is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	1,500,002	1.00	1,500,002

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
22.07.1995	2	1.00	Subscribers' shares	2
25.05.1998	200,000	1.00	Cash	200,002
09.07.2001	800,000	1.00	Cash	1,000,002
30.06.2005	500,000	1.00	Cash	1,500,002

**(c) Substantial Shareholder**

TTH is our wholly owned subsidiary.

**(d) Subsidiary and Associate Companies**

As at LPD, TTH does not have any subsidiaries or associate companies.

**5.5.5 Information on SSG****(a) History and Business**

SSG was incorporated in Malaysia on 25 January 2006 under the Act as a private limited company under the name of SSG Industries Sdn Bhd. SSG is currently dormant. SSG will commence its business operations to manufacture surface treated stainless steel products by the middle of 2011.

**(b) Share Capital**

The authorised and issued and paid-up share capital of SSG is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
25.01.2006	2	1.00	Subscribers' shares	2

**(c) Substantial Shareholder**

SSG is our wholly-owned subsidiary.

**5. INFORMATION ON OUR GROUP (Cont'd)****(d) Subsidiary and Associate Companies**

As at LPD, SSG does not have any subsidiaries or associate companies.

**5.5.6 Information on EIE (Associate Company)****(a) History and Business**

EIE was incorporated in Malaysia on 22 January 2002 under the Act as a private limited company under the name of EIE Asian Holding Sdn Bhd. EIE is principally involved in the investment holding and leasing of toiletry dispensers. EIE commenced business in February 2002.

**(b) Share Capital**

The authorised and issued and paid-up share capital of EIE is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	1,640,000	1.00	1,640,000

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
22.01.2002	2	1.00	Subscribers' shares	2.00
01.03.2002	999,998	1.00	Cash	1,000,000
20.03.2003	640,000	1.00	Cash	1,640,000

**(c) Substantial Shareholder**

According to the Register of Substantial Shareholders as at the LPD, the substantial shareholders of EIE are as follows:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
KSSC	820,000	50.0	-	-
Koh Seng Kar @ Koh Hai Sew	-	-	<sup>(a)</sup> 820,000	50.0
Koh Seng Lee	-	-	<sup>(a)</sup> 820,000	50.0
Lee Choon Ming	820,000	50.0	-	-
Wong Sau Fang	-	-	<sup>(b)</sup> 820,000	50.0

**Notes:-**

- (a) Deemed interested by virtue of their substantial shareholdings in KSSC pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of her relationship with Lee Choon Ming, her spouse.

**5. INFORMATION ON OUR GROUP (Cont'd)****(d) Subsidiary and Associate Companies**

As at LPD, the subsidiaries of EIE are as follows:-

Corporation	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective equity interest (%)	Principal Activities
<b><u>Subsidiaries:</u></b>				
EIE Industrial Products Sdn Bhd	16 January 2002/ Malaysia	1,100,000	100	Trading of industrial hardware for various end user industries, particularly the mining and quarry market industries, quarries and mines
EIE Pulp & Speciality Sdn Bhd	07 June 1999/ Malaysia	200,000	71	General trading and dealing in pulp and paper

As at LPD, EIE does not have any associate companies.

**5.6 INFORMATION ON LISTING SCHEME**

In conjunction with, and as an integral part of our listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Market of Bursa Securities, the details of our Listing Scheme are as follows:-

**(i) Acquisition of PTM**

On 24 July 2009, our Company entered into a conditional share sale agreement with the vendors of PTM for the acquisition of 588,000 ordinary shares of RM1.00 each ("Sale Shares"), representing 24% equity interest in PTM for a purchase consideration of RM250,000, which was to be fully satisfied by the issuance of 500,000 KSSC Shares to the respective vendors of PTM at an issue price of RM0.50 per KSSC Share ("Principal Agreement").

On 8 March 2010, our Company and the vendors of PTM entered into a supplemental share sale agreement to revise certain terms and conditions of the Principal Agreement, particularly the purchase consideration of the Sale Shares. Both parties, our Company and the Vendors have mutually agreed to revise the purchase consideration of the Sale Shares from RM250,000 to RM438,000, which was fully satisfied by the issuance of 876,000 KSSC Shares to the respective vendors of PTM at an issue price of RM0.50 per KSSC Share. All other terms and conditions of the Principal Agreement shall prevail and will remain binding to our Company and the vendors.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

The Acquisition of PTM resulted in the following vendors exchanging their respective stakes in our Company for a proportionate stake in our Company as set out below:-

Vendors	Existing shareholding in KSSC prior to the Acquisition of PTM		Shareholdings of the vendors in PTM		Upon completion of the Acquisition of PTM		
	No. of share	%	No. of share	%	No. of KSSC Shares to be received	Purchase Consideration RM	%
Innosin Sdn Bhd	-	-	220,500	9.0	328,000	164,000	0.43
Guo Yongjin	-	-	220,500	9.0	328,000	164,000	0.43
Wong Ee Che	-	-	147,000	6.0	220,000	110,000	0.29
<b>Total</b>	-	-	<b>588,000</b>	<b>24.0</b>	<b>876,000</b>	<b>438,000</b>	<b>0.58</b>

*Note:-*

# Based on share capital of our Company prior to the IPO

The purchase consideration of RM438,000 for the Acquisition of PTM was arrived at based on a willing-buyer willing-seller basis after taking into consideration, amongst others factors, 24% of the audited NTA of PTM of RM1,822,080 as at 31 December 2009. The Acquisition of PTM was completed on 1 October 2010.

**(ii) Offer for Sale**

Upon completion of the Acquisition of PTM and in conjunction with the Listing, 22,200,000 KSSC Shares representing 23.13% of our enlarged issued and paid-up share capital of our Company will be offered to identified investors at an offer price of RM0.57 per share subject to the terms and conditions of the Prospectus as follows:-

Shareholder(s)	No. of Offer Shares	% of the enlarged issued and paid-up share capital <sup>(1)</sup>	Proceeds raised RM
Koh Seng Kar @ Koh Hai Sew	15,540,000	16.19	8,857,800
Koh Seng Lee	6,660,000	6.94	3,796,200
<b>Total</b>	<b>22,200,000</b>	<b>23.13</b>	<b>12,654,000</b>

*Note:-*

(1) After the completion of the Bonus Issue, Share Split, Acquisition of PTM and the Public Issue

Pursuant to the Offer for Sale, the Selling Shareholders are expected to raise approximately RM12.65 million based on the Offer Price of RM0.57 per Share.

**5. INFORMATION ON OUR GROUP (Cont'd)****(iii) Public Issue**

In conjunction with the Listing, our Company will undertake a public issue of 20,124,000 new KSSC Shares, representing 20.96% of the enlarged issued and paid-up share capital of KSSC, at an Issue Price of RM0.57 per Share to be allocated in the following manner:-

- (a) 6,000,000 KSSC Shares, representing 6.25% of the enlarged issued and paid-up share capital of our Company made available for application by the Malaysian public, of which 50% is to be set aside for Bumiputera Investors;
- (b) 5,124,000 KSSC Shares, representing 5.33% of the enlarged issued and paid-up share capital of our Company reserved for our eligible Directors, employees and persons who have contributed to our Group; and
- (c) 9,000,000 KSSC Shares, representing 9.38% of the enlarged issued and paid-up share capital of our Company by way of Private Placement to identified Bumiputera investors approved by MITI.

All the Issue Shares and Offer Shares shall rank *pari passu* in all respects with the existing issued and paid-up shares of our Company, including the voting rights and rights to all dividends and distributions that may be declared, made or paid subsequent to the date of the allotment thereof.

**(iv) Listing**

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM48,000,000 comprising of 96,000,000 KSSC Shares on the Main Market of Bursa Securities will be sought.

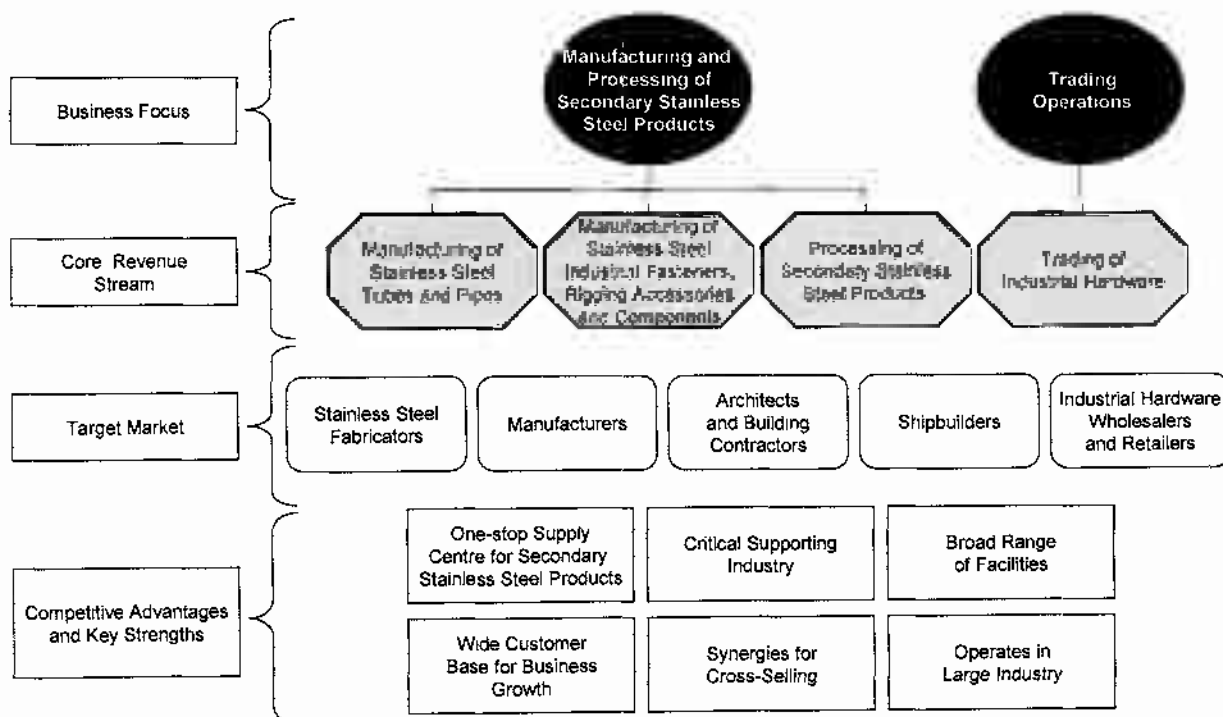
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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7 BUSINESS OVERVIEW

#### 5.7.1 Our Principal Business Activities

Our Group's business model is summarised below:



#### (a) Business Focus

The principal business activities of our Group are in the manufacturing and processing of secondary stainless steel products, and trading of industrial hardware.

#### (b) Core Revenue Stream

Our Group's revenue streams are derived from the following:

##### (i) Manufacturing of stainless steel tubes and pipes;

Our Group has the in-house expertise and capabilities to manufacture welded stainless steel tubes and pipes. The three (3) main categories of welded stainless steel tubes and pipes are as follows:-

- Ornamental stainless steel tubes and pipes for applications such as grilles, gates, window frames and doorframes, railing systems such as handrails and balustrade, and marine deck railing, ladders, poles and furniture parts;
- Automotive stainless steel tubes and pipes for applications such as bull bars, grille guards, real single pipe bumpers, pick-up truck, bed rails, exhaust systems and light guards; and
- Stainless steel tubes and pipes for applications such as water piping and sanitary piping for buildings and water filter equipment.

**5. INFORMATION ON OUR GROUP (Cont'd)**

The manufacturing of stainless steel tubes and pipes involves using stainless steel coils, which is then slit, formed, welded, sized, cut to length and polished to specified grades. The output finished product of tubes or pipes are materially different from the input material of stainless steel coils. Hence, the said process is classified as a manufacturing activity.

- (ii) Manufacturing of stainless steel industrial fasteners, rigging accessories and components;

Our Group is also involved in the manufacturing of stainless steel industrial fasteners, rigging accessories and components. Industrial fastener is a mechanical device that holds or joins two (2) or more components in definite positions with respect to each other.

The types of stainless steel industrial fasteners, rigging accessories, and components commonly manufactured by us include amongst others, bolts and nuts, studs, coach screws, u-bolts, shackles, and swivels. Further details on the types of stainless steel industrial fasteners, rigging accessories and components manufactured by our Group are disclosed in **Section 5.7.2(b)** of this Prospectus.

The manufacturing of stainless steel fasteners, rigging accessories and components involves using stainless steel rods or round bars, which then goes through various processes depending on the final product required. Some of the processes undertaken include cutting, bending, hot heading and upsetting, threading and blanking. The output of finished products includes bolts and nuts, studs, coach screws, washers, u-bolts and shackles. The finished products are materially different from input material which is rods or round bars. Hence, the said process is classified as a manufacturing activity.

- (iii) Processing of secondary stainless steel products; and

Our Group's capabilities also extend to processing secondary stainless steel flat and long products which involves incorporating slitting and shearing of steel sheets, as well as cutting of secondary stainless steel long products including round bars, flats and angles. The only value adding in processing is essentially "cutting" given that the input and output products are essentially the same except for differences in width and/or length.

- (iv) Trading of industrial hardware.

Our Group is also involved in the trading business for a wide range of industrial products including marine hardware and consumables, and other industrial hardware. As at the LPD, our Group has approximately 10,000 products of different specifications for our trading operations. Our trading operations complement the range of products manufactured and processed by us. This enables us to meet many of our customers' requirements to provide convenience and to enhance customer loyalty.

**(c) Target Market**

We service manufacturers, stainless steel fabricators, shipbuilders, architects and building contractors and industrial hardware wholesalers and retailers. The extensive coverage of the different types of customers will provide us with significant growth opportunities as well as mitigate against any overdependency related to any single customer.

**5. INFORMATION ON OUR GROUP (Cont'd)****(d) Competitive Advantages and Key Strengths**

Our Group operates on a platform that enables us to sustain as well as provide future growth for the business. Our competitive advantages and key strengths are as follows:

- **One-stop Supply Centre for Secondary Stainless Steel Products**

We are able to serve as a one-stop secondary stainless steel supply centre for our customers given that:-

- (i) we produce a wide range of secondary stainless steel products including tubes and pipes, industrial fasteners, rigging accessories, and components; and
- (ii) we are able to source for secondary stainless steel products that are not produced by us from our established network of suppliers to supplement our own range of secondary stainless steel products.

The one-stop supply centre enables us to benefit from economies of scale from our diverse range of products and more importantly, provides convenience to our customers.

- **Critical Supporting Industry**

Our Group plays a critical supporting role for the entire supply chain of end user industries. This is mainly predicated by the following observations:

- Stainless steel secondary products such as stainless steel tubes and pipes, stainless steel sheets, stainless steel round bars, flats and angles, are used as the main input materials to manufacture finished stainless steel products, which are ultimately used in a diverse range of industries. Some examples include stainless steel sheets which are used for industrial applications such as fabricating machinery and equipment, process equipment, storage tanks and pressure vessels, tubes and pipes, architectural applications such as decorative wall panelling, and consumer products such as cutlery, utensils and kitchen equipment.
- As for stainless steel tubes and pipes, these are used for architectural and ornamental applications such as fabricating into gates, window frames and doorframes, fences, handrail systems, automotive applications such as manufacturing into bull bars, grille guards, exhaust systems as well as used for water piping and food processing equipment.

The wide usage of secondary stainless steel products provides us with opportunities to further enlarge our customer base.



## 5. INFORMATION ON OUR GROUP (Cont'd)

### - **Broad Range of Facilities**

As disclosed in **Section 5.7.6** of this Prospectus, our Group has a broad range of facilities and has made significant investment in machineries and equipment including auto slitting and shearing machines, forming and welding machines, polishing machines, threading machines, bending and forming machines, blanking machines, and testing equipment, for our manufacturing and processing operations. Our broad range of production facilities enables us to meet our customers' requirements and product specifications with an efficient turnaround time given that :-

- (i) all the relevant processes are undertaken in-house as compared to some of our smaller competitors who outsource some of their manufacturing and processing activities; and
- (ii) the ability of our production facility to run a twenty four (24) hour shift, if the need arises.

This provides our Group with a competitive advantage over other smaller operators who may have a limited range of machinery or production facilities.

### - **Operates in a Relatively Large Industry**

As a manufacturer and processor of secondary stainless steel products, our Group operates in a relatively large secondary stainless steel industry with a market size of estimated at RM1.1 billion based on apparent consumption of rolled stainless steel products for 2009.

*(Source: Independent Assessment of the Stainless Steel Industry focusing on Stainless Steel Tubes, Pipes and Sheets in Malaysia prepared by Vital Factor Consulting Sdn Bhd)*

The large size of the stainless steel industry would provide significant business opportunities for our Group.

### - **Synergies for Cross-Selling**

Our Group has a wide customer base and an extensive portfolio of products. This provides us with considerable synergies for cross selling of products to existing and new customers. This reduces our cost of marketing and distribution, and at the same time provides growth opportunities for our business.

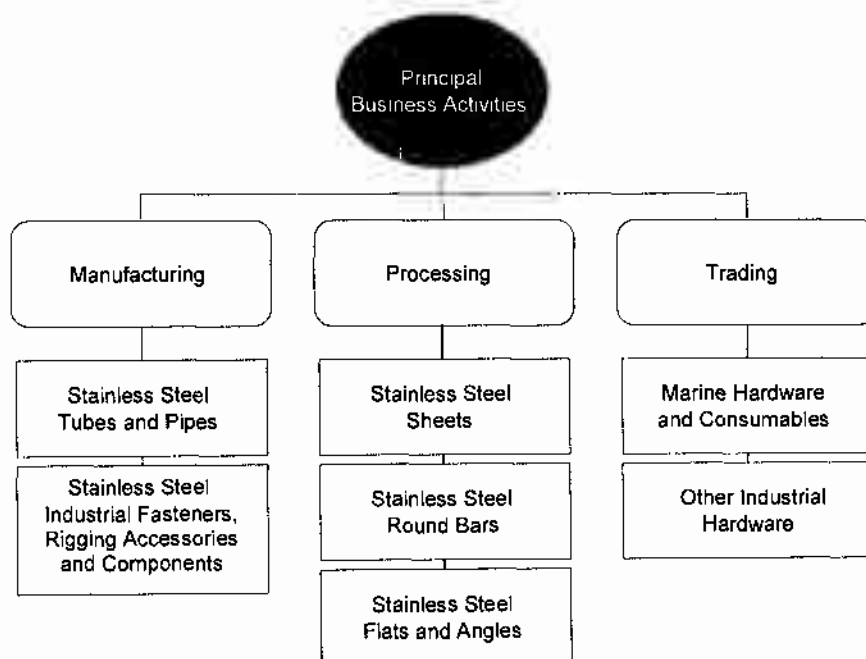
### - **Wide Customer Base for Business Growth**

With our Group's extensive range of manufactured and processed secondary stainless steel products, and traded industrial products, we are well positioned to supply the needs of a large customer base in a diverse range of end-user industries. As at the LPD, our Group has an established wide and active customer base of approximately 1,000 customers spread across six (6) countries, including Malaysia. This large customer base will provide us with the platform to sustain and grow our business.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.2 Our Products and Services

The business activities of our Group are depicted in the following diagram:








#### (a) Manufacturing of Stainless Steel Tubes And Pipes

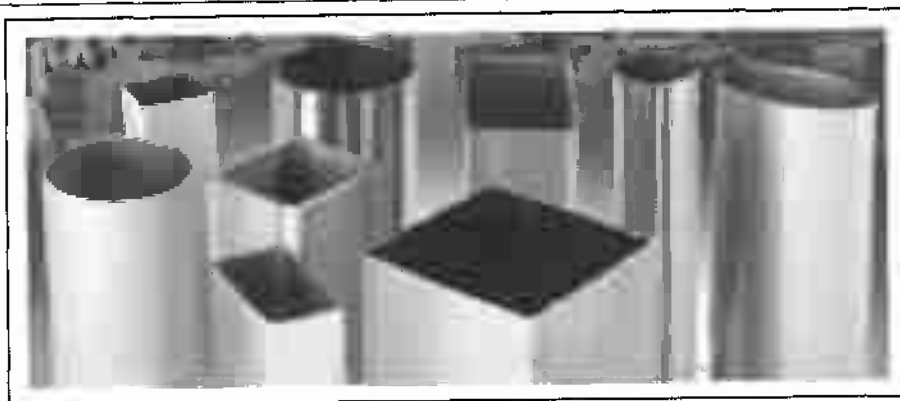
Our Group is involved in the manufacturing of stainless steel tubes and pipes through our wholly-owned subsidiary, PTM. Our Group manufactures three (3) main categories of welded stainless steel tubes and pipes which are used in a diverse range of applications. These are as follows:

- (i) Ornamental stainless steel tubes and pipes and some of its applications include:
  - . Grilles and gates
  - . Window frames, fences and doorframes
  - . Railing system such as handrails and balustrade, and marine deck railing
  - . Ladders
  - . Poles
  - . Furniture parts
- (ii) Automotive stainless steel tubes and pipes and some of its applications including:
  - . Bull bars
  - . Grille guards
  - . Real single pipe bumpers
  - . Light guards
  - . Exhaust systems
- (iii) Stainless steel tubes and pipes and some of its applications including:
  - . Water piping and sanitary piping for buildings
  - . Water filter equipment

**5. INFORMATION ON OUR GROUP (Cont'd)**

Our Group is able to manufacture welded stainless steel tubes and pipes into varying shapes and sizes with different wall thickness, including the following:

Shapes and Patterns	Outside Diameter (OD) or Side Length	Wall Thickness
Round 	Outside diameter ranging from 8.0 mm to 125.7 mm	Wall thickness ranging from 0.5 mm to 6.0 mm
Square 	Side length ranging from 12.7 mm to 76.2 mm	Wall thickness ranging from 0.7 mm to 3.0 mm
Rectangular 	Side length ranging from 9.5 mm x 19.1 mm to 50.8 mm x 101.6 mm	Wall thickness ranging from 0.7 mm to 3.0 mm
Oval 	Side length ranging from 8 mm x 15.5 mm to 60 mm x 90 mm	Wall thickness ranging from 0.8 mm to 3.0 mm
Cross 	Side length of 12.5 mm	Wall thickness ranging from 0.8 mm to 1.5 mm



Types of Welded Stainless Steel Tubes and Pipes Manufactured by Our Group

Our Group has been certified with BS EN 10312 Standard for our stainless steel tubes and pipes for water piping applications. The certified tubes and pipes apply to stainless steel tubes and pipes where the outside diameters range from 8.0 mm to 54.0 mm with wall thickness within the range of 0.6 mm to 1.2 mm. We had in early 2010 obtained the ASTM A554-08A certification for stainless steel tubes and pipes to be used for ornamental applications.

**5. INFORMATION ON OUR GROUP (Cont'd)*****Finishing of Stainless Steel Tubes and Pipes***

Capitalizing on our in-house polishing and buffing capabilities together with our technical expertise, we are able to produce stainless steel tubes and pipes with different alternative surface finishing through polishing. As disclosed in **Section 5.7.6** of this Prospectus, polishing is a process that smoothens and evens out scratches, lines and marks to provide a smoother and brighter finish to the surface of stainless steel products.

In order to obtain higher finishes such as buffed finishes, the stainless steel tubes and pipes are polished with fine abrasive materials and a work wheel to remove fine pits and surface imperfections as well as generally improving the corrosion resistance properties of stainless steel tubes and pipes.

Depending on the requirements and specifications of our customers, our Group is able to achieve the following decorative finishes on our stainless steel tubes and pipes:

- (i) bright finishing to produce a finish that has a reflective appearance on the surface and is blemish free with a high degree of image clarity; and
- (ii) hairline polishing or hairline brushing to produce a finish that resembles fine brushed lines on the stainless steel. This finish is achieved by brushing to create fine polishing lines or hairlines on the surface.



Polishing of Stainless Steel Tubes and Pipes

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