
2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE

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

The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue and Offer for Sale, and that investors should rely on their own evaluation to assess the merits and risks of the Public Issue and Offer for Sale.

Application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of OKA Corporation on the Second Board of the KLSE. These Shares will be admitted to the Official List on the Second Board of the KLSE and official quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Offer and Public Issue Shares will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares of OKA Corporation on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Public Issue and Offer For Sale will be returned in full without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe. Admission to listing is not being sought on any other stock exchange.

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

In the case of an application by way of Application Form, an applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. Where an applicant already has a CDS account, he should not complete the preferred ADA Code. 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 CDS account number to the Participating Financial Institution by way of keying his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Public Issue and Offer Shares by way of Electronic Share Application.

The KLSE assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of the Company or of its Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and Offer for Sale and if given or made, such information or representation must not be relied upon as having been authorised by OKA Corporation and/or the Offerors. Neither the delivery of this Prospectus nor any Public Issue and Offer for Sale 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 OKA Corporation or the Group since the date hereof.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

The distribution of this Prospectus and the making of the Public Issue and Offer for Sale in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation to apply for the Public Issue and Offer for Sale Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2.1 Timing of Events

The indicative timing of events leading to the listing of and quotation for the entire issued and paid-up share capital of OKA Corporation on the Second Board of the KLSE is set out below:-

Events	Tentative Date
Opening of application list for the Public Issue/ and Offer for Sale of Shares	30 April 2002
Closing of application list for the Public Issue/ and Offer for Sale of Shares	14 May 2002
Balloting of Applications	17 May 2002
Despatch of Notice of Allotment of the ordinary shares to successful applicants	3 June 2002
Listing of the Company's entire issued and paid-up share capital on the Second Board of the KLSE	7 June 2002

This timetable is tentative and is subject to changes, which may be necessary to facilitate implementation procedures. The application list for the issue shares will close at the date as stated above or later date as the Directors and/or Promoter of OKA Corporation together with the Managing Underwriter in their absolute discretion may decide. Should there be an extension of the closing date, the date of Listing will be extended.

2.2 Purposes of the Public Issue and the Offer for Sale

The purposes of the Public Issue and Offer for Sale are as follows:-

- (a) to enable OKA Corporation Group to gain access to the capital market and to obtain funds for future expansion and growth of the OKA Corporation Group;
- (b) to provide an opportunity for the eligible employees, directors and business associates of OKA Corporation Group and the Malaysian investors to participate in the equity and continuing growth of the Group;
- (c) to facilitate the listing of and quotation for OKA Corporation's entire issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE and to comply with the listing requirements of the KLSE and SC in respect of the minimum public spread; and

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

- (d) the listing of OKA Corporation Shares on the Second Board of the KLSE is expected to further enhance the Group's corporate reputation and assist the Group in expanding its customer base both in Malaysia and overseas.

2.3 Share Capital

	RM
Authorised 100,000,000 Shares	<u>100,000,000</u>
Issued and fully paid-up as at the date of this Prospectus 33,197,000 Shares	33,197,000
To be issued pursuant to the Public Issue 6,803,000 new Shares	6,803,000
Total enlarged share capital	<u>40,000,000</u>
To be offered for sale pursuant to the Offer For Sale 11,297,000 Shares	11,297,000
Public Issue/Offer price per Share	RM 1.80

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each. The Offer Shares and Public Issue Shares will rank pari passu in all respects with the existing ordinary shares of the Company, including voting rights and rights to all dividends that may be declared subsequent to the date of this Prospectus.

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

Each shareholder shall be entitled to vote at any general meeting of the Company, in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

2.4 Particulars Of The Rights Issue

The Rights Issue of 11,258,252 new ordinary shares of RM1.00 each at an issue price of RM1.29 are subscribed by the shareholders of OKA Corporation upon completion of the Acquisition of OKA Concrete Industries Group. The rights shares rank pari passu in all respects with the existing ordinary shares of OKA Corporation including voting rights and the rights to dividends that may be declared subsequent to the completion of the Public Issue.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

2.5 Particulars Of The Public Issue and Offer for Sale

The Public Issue of 6,803,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per ordinary share, and the Offer for Sale of 11,297,000 ordinary shares of RM1.00 at an offer price of RM1.80 per ordinary share, are payable in full on application upon such terms and conditions as set out in this Prospectus. The Public Issue and Offer For Sale totalling 18,100,000 ordinary shares of RM1.00 each will be allocated in the following manner:

(a) Allocations Via Balloting To The Malaysian Public

1,500,000 Shares representing 3.75% of the enlarged paid-up share capital will be made available for application to the Malaysian Public, of which at least 30% is to be set aside for bumiputra individuals, companies, societies, co-operatives and institutions.

(b) Pink Form Allocations to Eligible Employees, Directors And Business Associates Of The Group

2,000,000 Shares representing 5% of the enlarged paid-up share capital will be reserved for eligible employees, directors, and business associates of the Group;

(c) Private Placement By The Placement Agent

2,600,000 Shares representing 6.5% of the enlarged issued and paid-up share capital will be placed with Malaysian Public investors by the Placement Agent of which 30% is to be set aside for Bumiputra investors

(d) Allocations to Bumiputra Investors Approved By MITI

12,000,000 Shares representing 30% of the enlarged paid-up share capital to be allocated to bumiputra investors approved by MITI.

The Shares in respect of paragraph (a) and (b) have been fully underwritten at an underwritten commission of 2.5% and a management fee of 0.25% of the Public Issue/ Offer price of RM1.80 per ordinary share. The ordinary shares in respect of paragraph (c) and (d) are not underwritten. The ordinary shares in respect of paragraph (b) not subscribed for by the eligible employees, directors and business associates of OKA Corporation Group will be made available for application by the Malaysian Public.

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2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

2.6 Details on the Pink Forms Allocation

A brief description on the criteria of allocation of the pink forms allocation as approved by the Board of Directors of the Company is as follow:-

Category	Number	No of Shares to be allocated to each person	Pink Form Allocation
Directors	6	16,000	96,000
Managers	10	16,000	160,000
Executives	17	8,000	136,000
Technical and Supervisory	2	5,500	11,000
Senior Workers	10	4,000	40,000
Workers with < 5 years service	36	2,000	72,000
Subcontractors	61	3,000	183,000
Suppliers	163	3,000	489,000
Customers	271	3,000	813,000
Total	576		2,000,000

The details of the Directors' pink form allocation is as follows:-

Name of Directors	Pink Form Allocation
Ong Koon Ann	16,000
Quah Seok Keng	16,000
Sharifuddin bin Shoib	16,000
Chok Hooa @ Chok Yin Fatt	16,000
Lam Chung Ming	16,000
Gan Boon Koo @ Gan Boon Kiu	16,000
	96,000

2.7 Basis of arriving at the Public Issue /Offer price

The Public Issue/Offer price of RM1.80 per share was entirely determined and agreed upon by Arab-Malaysian as Adviser, Managing Underwriter and Placement Agent, the Offerors and OKA Corporation after taking into account, inter-alia, the following factors:-

- Based on the pro forma Group consolidated NTA as at 31 October 2001 of RM1.34, the Public Issue/Offer price of RM1.80 per share represents a premium of RM0.46 or 34% to the pro forma Group NTA per share;
- The forecast net PE Multiple of 7.72 times based on the forecast consolidated net EPS of approximately 22.97 sen (based on the enlarged issued and paid up share capital of 40,000,000 Shares) for the financial year ending 31 March 2003 and the Public Issue/Offer price of RM1.80;
- The forecast gross dividend yield of 4.44 % for financial year ending 31 March 2003, and
- The prospects of the OKA Corporation Group as outlined in Section 4.9 herein.

The Directors of OKA Corporation, Offerors and Arab-Malaysian are of the opinion that the Public Issue/Offer price is fair and reasonable after careful consideration of the above-mentioned factors.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

However, shareholders should also note that the market price of OKA Corporation shares upon listing on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the price of OKA Corporation shares being traded.

2.8 Proceeds of the Public Issue, Offer for Sale and their utilisation

The Offer for Sale will raise gross proceeds of RM20,334,600. This amount shall accrue to the Offerors and no part of the proceeds is receivable by OKA Corporation. The Offerors shall bear all expenses, such as, underwriting commission, placement fees, management fees, brokerage, registration and share transfer fee relating to the Offer Shares.

All proceeds of the Public Issue and Rights Issue after deducting the related expenses will accrue to OKA Corporation. The estimated total gross proceeds of the Public Issue and the Rights Issue is RM26,768,545. OKA Corporation will bear all other expenses incidental to the listing of and quotation for OKA Corporation shares on the Second Board of the KLSE which is estimated to be RM1.6 million.

OKA Corporation intends to use these proceeds in the following manner:-

Note	Total Proceeds RM'000	Within six (6) months * RM'000	Within eighteen (18) months * RM'000
(a) Purchase of new plant and machinery	10,300	2,115	8,185
(b) Purchase of land	6,200	2,950	3,250
(c) Automation and upgrading of existing factory	5,000	5,000	-
(d) Working capital	3,669	3,669	-
(e) Estimated listing expenses	1,600	1,600	-
TOTAL	26,769	15,334	11,435

* from the date of listing of OKA Corporation's Shares on KLSE

There is no minimum subscription to be raised from the Public Issue as the Public Issue of Shares are fully underwritten. Brief details on the utilisation of proceeds are as follow:-

(a) *Purchase of new plant and machinery*

As part of the Group's expansion plan, the Group will expand its operations geographically to several locations as listed below to cater for market demand which will enable the Group to be more competitive logistically. New factories will be set up in the said locations to serve its customers better. The Group expect to spend approximately RM10.3 million to equip the planned factories with plant and machinery.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Factory location	Description of plant and machinery	Total expected cost (RM'000)	Within six (6) months * RM'000	Within eighteen (18) months * RM'000
Nilai, Negeri Sembilan	- Automated pipe spinning machines	300	300	-
	- Cranes	300	300	-
	- Forklifts, shovel and other equipment	350	350	-
	- Moulds and equipment	530	530	-
	- Computerised wet mix batching plant	500	500	-
	- Other incidental costs (eg levelling, fencing etc)	135	135	-
	Sub total	2,115	2,115	-
Kulai, Johor	- Automated pipe spinning machines	1,100	-	1,100
	- Computerised wet mix batching plant	770	-	770
	- Moulds and equipments	1,240	-	1,240
	- Other factory equipment including cranes	450	-	450
	- Incidental costs (eg levelling, fencing etc)	111	-	111
	Sub total	3,671	-	3,671
Gambang, Pahang	- Computerised wet mix batching plant	770	-	770
	- Automated pipe spinning machines	980	-	980
	- Moulds and equipment	600	-	600
	- Other factory equipment including cranes	550	-	550
	- Incidental costs (eg levelling, fencing etc)	220	-	220
	Sub total	3,120	-	3,120
Kota Bahru, Kelantan	- Computerised wet mix batching plant	500	-	500
	- Moulds and equipment	530	-	530
	- Other factory equipment including cranes	364	-	364
	Sub total	1,394	-	1,394
	Total expected plant and machinery costs	10,300	2,115	8,185

* from the date of listing of OKA Corporation's Shares on KLSE

In addition to the existing product range, certain bulky concrete products such as prestressed concrete beams for bridge works and larger size reinforced concrete piles for heavy loads will be manufactured in these new factories. These two products are bulky and heavy and will incur substantial transportation costs to be transported from OKA Corporation's existing plant to the various work sites in the country. By expanding geographically, transportation cost could be controlled and OKA Corporation's products could be competitively priced. In addition, with the new factories, OKA Corporation could improve its competitiveness in terms of customer services and delivery promptness.

(b) **Purchase of land**

The Company proposes to utilise RM6.2 million of the proceeds for the acquisition of land for the construction of factories at several sites mentioned in (a) above.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Details of the proposed acquisition of land and the expected construction costs of the factories are as follows:

Proposed Location	Proposed Land Area (sq.ft)	Estimated Cost/sq. ft (RM)	Estimated Total Land Cost (RM)	Estimated Construction Cost (RM)	Total (RM)	Within six (6) months * RM'000	Within eighteen (18) months * RM'000
Nilai, Negeri Sembilan	295,000	10.00	2,950,000	-	2,950,000	2,950,000	-
Kota Bahru, Kelantan	220,000	2.00	440,000	760,000	1,200,000	-	1,200,000
Kulai, Johor	90,000	5.00	450,000	580,000	1,030,000	-	1,030,000
Gambang, Pahang	175,000	2.00	350,000	670,000	1,020,000	-	1,020,000
			4,190,000	2,010,000	6,200,000	2,950,000	3,250,000

* from the date of listing of OKA Corporation's Shares on KLSE

The above estimated costs are based on directors' estimation.

(c) **Automation and upgrading of existing factory**

Presently, OKA Corporation's manufacturing plant operates on a single shift and produces up to 700 to 900 metric tonnes of concrete products daily. This represents approximately 50% of its daily production capacity. Currently more than 80% of the Group's concrete products are produced manually or with minimal automation. The Company could not achieve its capacity due to the limitation of manual production process. The Company plans to further automate the manufacturing process to enable the Company to fully utilise its production capacity.

The Company intends to utilise RM5 million of the proceeds for this purpose. This will also improve the versatility of the manufacturing process so as to be able to produce a wider range of concrete products. The expected cost to be incurred are as follows:-

	Expected cost (RM'000)
Aggregates crushing machine and sieve	1,500
Reinforcement cage machines for manufacturing of wiremesh	1,500
Prestressed bed for beams or piles	500
Automation of spun pipe machines	480
Upgrading of computers with networking from all locations	370
Additional factory equipment (for eg: shovels, forklifts, readymix trucks etc)	300
Moulds and equipment for prestressed beams or other concrete products	250
Other incidental costs	100
	5,000

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

By improving/ upgrading the versatility of the manufacturing process, OKA Corporation Group also plans to manufacture certain raw materials required for concrete production. One of the key raw materials that OKA Corporation intends to produce is wiremesh, a main material component for manufacturing of reinforced concrete pipe culverts. As a result, OKA Corporation Group will be able to cater to various clients' requirements and for special classes of pipes and reinforcements. Further, it will enhance the efficiency and timeliness of delivery, as the Company will be able to adjust the delivery of the raw materials to suit the existing needs.

In addition, the Group intends to operate a small quarry to produce 20mm aggregates which is one of the main components in the production of concrete products. The quarry would be operated on a sub-contract basis whereby the Group would have control over its own raw material supplies. The estimated cost to be incurred for this purpose will amount to approximately RM1.5 million.

OKA Corporation also intends to upgrade its existing computer network by implementing real time system. Currently all accounts which includes billings are independent from the stock or delivery system at the factory. By upgrading and networking the terminals at various locations, real time information such as stock availability, automatic billing and updated production records will be made available.

(d) Working Capital

In view of the increased market share and sales of the Group, additional funds will be required to be utilised for working capital purpose.

(e) Estimated listing expenses

Details of the estimated listing expenses of RM1.6 million are as follows:

<i>Major cost items</i>	<i>RM'000</i>
<i>KLSE Perusal Fee</i>	<i>70</i>
<i>Initial and Annual Listing Fee</i>	<i>180</i>
<i>Advertising of Prospectus</i>	<i>20</i>
<i>Estimated Professional Fee</i>	<i>500</i>
<i>Securities Commission Fee</i>	<i>80</i>
<i>Issuing House Fee</i>	<i>150</i>
<i>Printing of Prospectus and Application Forms and Envelopes</i>	<i>180</i>
<i>Underwriting Commission, Placement Fees, Management Fees and Brokerage</i>	<i>220</i>
<i>Miscellaneous</i>	<i>200</i>
<i>Total</i>	<i>1,600</i>

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

The utilisation of the proceeds by the Group is expected to give a financial impact as follows:-

Forecast Financial Year Ending 31 March 2003	Without Listing Proceeds (RM'000)	With Listing Proceeds (RM'000)
PBT	8,700	10,932
PAT	7,581	9,188
Cashflow @ 31 March 2003	(11,994)	15,333

2.9 Underwriting Commission, Placement Fees, Management Fees and Brokerage

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite up to 3,500,000 of the Public Issue/Offer shares to be issued/offered to the Malaysian Public and the eligible employees, directors, and business associates of the Group. Underwriting commission is payable by OKA Corporation and the Offerors at the rate of 2.5% of the Public Issue/Offer price of RM1.80 per ordinary share. Management fees of 0.25% of the Public Issue/Offer price of RM1.80 per ordinary share is payable by OKA Corporation and the Offerors to Arab-Malaysian, the Managing Underwriter. Arab-Malaysian will act as the Placement Agent for the placement of 2,600,000 Shares of the Public Issue Shares at the rate of 1.25% of the Public Issue/Offer price of RM1.80 per ordinary share.

Brokerage is payable by OKA Corporation and the Offerors at the rate of 1.0% of the Public Issue/ Offer price of RM1.80 per ordinary share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 Salient terms of the Underwriting Agreement

The following are some of the extract Clauses of the Underwriting Agreement dated 26 March 2002 between the Company, the Offerors and the Underwriters stating the events that may affect the Underwriting of OKA Corporation Shares:-

Clause 2 – Agreement To Underwrite

- 2.1 In consideration of the payment of the Underwriting Commission, the Managing Underwriter hereby agrees to act as the managing underwriter and Underwriters hereby severally and not jointly agree, relying upon such of the representations, warranties and undertakings by the Company and the Offerors set out in Clause 3, to underwrite the Underwritten Shares in the number, proportion and to the extent of their respective Underwriting Commitment as set out opposite their respective names in the Second and Third Columns of Schedule 1 hereto upon the terms and conditions hereinafter contained.
- 2.2 The obligation of each Underwriter hereunder is several and not joint and no Underwriter shall be responsible for any failure by any other Underwriters to meet their respective obligations hereunder nor shall such failure relieve the Company, the Offerors or the remaining Underwriters of their respective obligations hereunder and nothing in this Agreement shall be construed as constituting or evidencing a partnership between any of the Underwriters.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

- 2.3 The right of each Underwriter is also several. Each Underwriter shall have the right to protect and enforce its rights arising out of this Agreement and it shall not be necessary for the Managing Underwriter or the other Underwriters to be joined as an additional party in any proceedings for the purpose of this Agreement.
- 2.4 The obligations of each of the Underwriters and the Managing Underwriter under this Agreement are conditional upon :-
- 2.4.1 the issuance of the Prospectus within two (2) month from the date of this Agreement;
- 2.4.2 the confirmation by the Directors of the Company that a rights issue has been offered to the existing shareholders of the Company, who were given the option to subscribe for new shares in relation thereto, and if such option is exercised, the said shares subscribed for have/shall be allotted to the respective shareholders of the Company;
- 2.4.3 there having been on or prior to the Closing Date, neither any adverse change nor any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the Company, which is material in the context of the Public Issue Shares and the Offer Shares from that set forth in the Prospectus, nor the occurrence of any event which makes any of the representations and warranties contained in Clause 3 in the opinion of the Managing Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstance than subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;
- 2.4.4 the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus with the SC of: -;
- (a) a certified true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and the Offer For Sale and authorising the execution of this Agreement and the issuance of the Prospectus; and
- (b) a certificate in the form or substantially in the form contained in Schedule 3 dated the day of the Prospectus signed by the duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquires, there has been no such change, development or occurrence as is referred to in Clause 3 hereof;
- 2.4.5 the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company;
- 2.4.6 the Managing Underwriter having been satisfied that adequate arrangements have been made by the Company and the Offerors to ensure payment of the expenses referred to in Clause 16.3;

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

- 2.4.7 the Public Issue Shares and Offer Shares are not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- 2.4.8 the Managing Underwriter having been satisfied that the Company and the Offerors have complied and that the issuance of the Public Issue Shares and Offer Shares is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto;
- 2.4.9 the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act in relation to the Public Issue Shares and Offer Shares and the lodgement of the Prospectus with the CCM on or before their release under the Public Issue and Offer For Sale;
- 2.4.10 the KLSE and the SC (as the case may be) having approved the Prospectus and agreed in principle on or prior to the Closing Date of the listing of and quotation of all the issued and paid-up share capital of the Company on the Second Board of the KLSE (and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Underwriters) and the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) clear Market Days after the Public Issue Shares and Offer Shares have been issued and despatched to entitled holders and the Prospectus being in form and substance satisfactory to the Underwriters; and
- 2.4.11 the issue and offering of the Public Issue Shares and Offer Shares having been approved by the SC and by MITI, and or any other relevant authority or authorities.

Clause 10 – Application Shall Be On Terms Of Prospectus

- 10.1 The applications of the Underwriters shall be on the terms and conditions of the Prospectus in the form registered with SC and lodged with the CCM and notwithstanding any variation between the Prospectus so lodged and the Draft Prospectus attached hereto in Schedule 2 provided always that no variation shall be made without the prior written consent of the Underwriters in the Draft Prospectus with regards to the matters following, namely :-
- (a) the constitution of the Board of Directors of the Company;
 - (b) the authorised and issued share capital of the Company;
 - (c) the number of the Public Issue Shares and the Offer Shares, the number of Underwritten Shares and the par value and the Issue/Offer Price thereof;
 - (d) information/statements relating to material litigation, arbitration or other legal proceedings affecting any Group Company;
 - (e) information/statements relating to contingent liabilities affecting any Group Company;
 - (f) the estimate and forecast profit after taxation for the financial years ending 31st March 2002 and 2003 is RM6,882,000.00 and RM9,188,000.00 respectively;

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

- (g) the forecast gross dividend for the financial year ending 31st March 2003 is 8 sen per share of the enlarged share capital of the Company;
 - (h) the description of the business of the Company; and
 - (i) the intention to apply to KLSE for permission to deal in and for quotation for the entire issued and paid-up share capital of the Company on the Second Board of KLSE inclusive of all the Underwritten Shares of the Company
- 10.2 For the purpose of section 52 of the SC Act, and section 44 of the Act, the said application and any acceptance thereof shall be deemed to be made pursuant to the Prospectus.

Clause 15 - Termination

- 15.1 Notwithstanding anything herein contained, as Managing Underwriter and/or the Underwriter (as the case may be) may by notice in writing to the Company and the Offerors given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-
- 15.1.1 any of the conditions set out in Clause 2.4 is not fulfilled or complied to the satisfaction of the Managing Underwriter or the Underwriters by the Closing Date PROVIDED THAT any of the Underwriters may at its discretion with respect only to its own obligation waive compliance with any of the provisions of Clause 2.4; or
 - 15.1.2 in the opinion of the Underwriters, there is a breach by the Company and/or the Offerors of any of the representations, warranties or undertakings contained in Clause 3 or breach of any of the terms and conditions of this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company and the Offerors; or
 - 15.1.3 there is failure on the part of the Company and/or any of the Offerors to perform any of their obligations herein contained; or
 - 15.1.4 there is withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company, the success of the Public Issue and the Offer For Sale, or the distribution or sale of the Public Issue Shares and/or the Offer Shares; or
 - 15.1.5 there shall have occurred, or happened or come into effect any material and adverse change to the business or financial condition of the Company and/or the Group; or
 - 15.1.6 in the opinion of the Underwriters, there shall have occurred, happened or come into effect any of the following circumstances:-

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

- (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic, political conditions or in market condition (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-Bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or exchange control regulation or legislation or currency exchange rates, occurrence as a result of an act or acts of God, or in the event of national disorder, outbreak of war or the declaration of a state of national emergency as would in its reasonable opinion prejudice materially the success of the sale of the Offer Shares or the issuance of the Public Issue Shares and the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or the occurrence of any combination of any of the foregoing; or
- (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents) which or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting hereof;

15.1.7 a supplemental prospectus is issued with the SC's approval subsequent to the issue of the Prospectus in which there shall have been events which have occurred detailed in Clause 15.1.1 to 15.1.6 above:-

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

15.2 Upon such notice(s) being given under Clause 15.1, the Underwriters shall be released and discharged of their obligations without prejudice to their rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, save and except that the Company and the Offerors shall remain liable in respect of any of its obligations and liabilities under Clause 3 and under Clause 16.3 for the payment of the costs and expenses already incurred prior to or in connection with such termination and for loss and damages arising from termination due to any antecedent breach.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

2.11 Moratorium on Shares

The SC, in approving the flotation of OKA Corporation, has imposed a moratorium on the disposal of Shares held by Ir Ong Koon Ann, the promoter of OKA Corporation.

Accordingly, Ir Ong Koon Ann will not be allowed to sell, transfer or assign his shares in OKA Corporation amounting to 18,000,000 ordinary shares of RM1.00 each representing 45% of the total issued and paid up share capital within one (1) year from the date of admission of OKA Corporation on the Official List of Second Board of the KLSE. Thereafter, he is permitted to sell, transfer or assign his shares in OKA Corporation subject to a maximum of one third per annum (on a straight-line basis) of his respective shareholdings in the Company which are under moratorium.

The shareholdings of Ir Ong Koon Ann after the Public Issue and Offer for Sale, which are under moratorium as imposed by the SC are set out below:-

	Shareholding after Public Issue	% of the enlarged issued and paid-up share capital	No of ordinary shares under moratorium	% of the enlarged issued and paid-up share capital
Ir Ong Koon Ann	20,213,742 *	50.53	18,000,000	45.00

* Including Shares to be issued under "pink form" allocation

The restriction, which is fully accepted by Ir Ong Koon Ann, is endorsed specifically on the share certificate representing his shareholdings that are under moratorium to ensure that OKA Corporation's registrars do not register any transfer not in compliance with the restriction imposed by the SC.

The remarks to be endorsed on the share certificate of the shares placed under moratorium are as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission (the "Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

2.12 Approvals from Authorities

The Acquisition of OKA Concrete Industries Group, Rights Issue, Public Issue, Offer for Sale and the Listing were approved by the following authorities:

Authorities	Date
SC	7 August 2001, 22 October 2001, 23 January 2002, 5 February 2002, 21 February 2002 and 16 April 2002
MITI	18 July 2001 and 15 April 2002
FIC	23 April 2001 and 22 March 2002

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

The details of the conditions of the authorities' approvals and status of compliance are set out as below:-

Conditions Imposed By SC via its letter dated 7 August 2001	Status														
<p>1. The total gross proceeds of the Public Issue and Rights Issue will be utilised in the following manner:-</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><i>Utilisation</i></th> <th style="text-align: right;"><i>RM</i></th> </tr> </thead> <tbody> <tr> <td>Acquisition of new plant and machinery</td> <td style="text-align: right;">10,300,000</td> </tr> <tr> <td>Purchase of land</td> <td style="text-align: right;">6,200,000</td> </tr> <tr> <td>Automation and upgrading of existing factory</td> <td style="text-align: right;">5,000,000</td> </tr> <tr> <td>Working capital</td> <td style="text-align: right;">3,668,545</td> </tr> <tr> <td>Estimated listing expenses</td> <td style="text-align: right;">1,600,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">26,768,545</td> </tr> </tbody> </table> <p>The conditions to be complied for the utilisation of proceeds are as follows:-</p>	<i>Utilisation</i>	<i>RM</i>	Acquisition of new plant and machinery	10,300,000	Purchase of land	6,200,000	Automation and upgrading of existing factory	5,000,000	Working capital	3,668,545	Estimated listing expenses	1,600,000		26,768,545	Will be complied
<i>Utilisation</i>	<i>RM</i>														
Acquisition of new plant and machinery	10,300,000														
Purchase of land	6,200,000														
Automation and upgrading of existing factory	5,000,000														
Working capital	3,668,545														
Estimated listing expenses	1,600,000														
	26,768,545														
(i) SC approval must be obtained for any changes to the original utilisation of proceeds if the utilisation involves any utilisation other than for the core business of OKA Corporation Group;	Will be complied														
(ii) The approval of the shareholders must be obtained for any changes of 25% or above for the said utilisation of proceeds. If the change is less than 25%, the appropriate disclosure must be made to the shareholders of OKA Corporation;	Will be complied														
(iii) Any extension of time from the timing determined by OKA Corporation for the utilisation of proceeds must be approved by a final resolution of the Board of Directors of OKA Corporation and full disclosure must be made to KLSE; and	Will be complied														
(iv) The appropriate disclosure on the status of the proceeds must be made on the annual reports and the quarterly reports of OKA Corporation until the utilisation is completed.	Will be complied														
2. Arab-Malaysian/ OKA Corporation is required to disclose to the SC on the final terms of the special dividend and to give written confirmation that the special dividend payment will not jeopardise OKA Corporation cash flow position	Complied														
3. OKA Corporation is required to implement the following before the issuance of the Prospectus:-															
(i) To rectify all plan structures which are not approved by the relevant authorities as contained in Colliers, Jordan Lee & Jaafar Sdn. Bhd. letter dated 26 April 2001; and	Complied. As confirmed in the letter dated 16 October 2001 from Colliers Jordan Lee & Jaafar Sdn Bhd														

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Conditions Imposed By SC via its letter dated 7 August 2001	Status
(ii) To obtain approval from the relevant authorities to carry out operations on the agricultural land at Lot No. 65319 and 65320 Mukim Sungai Trap, District of Kinta, Perak Darul Ridzuan.	Complied. As confirmed in the letter dated 27 September 2001 from the Majlis Daerah Kinta Barat
4. OKA Corporation is required to make detailed disclosure in the Prospectus of the following:-	
(i) The increasing debtors' turnover period and high proportion of debtors exceeding the normal credit period;	As at 31 October 2001, approximately RM3.3 million representing 24.8% of the Group's debts is more than its normal credit period. However, debtors' turnover period for the audited 7-month period ended 31 October 2001 is relatively consistent with the financial year ended 31 March 2001 i.e. approximately 120 days. Subsequent scrutinies of these debtors reveal that only approximately RM682,000 representing 5% of these debts remain unpaid as at 15 March 2002. Nevertheless, the Directors are confident that these debts are recoverable as the Group has negotiated settlements or secured guarantees from these debtors. Debtors without secured guarantees or negotiated settlements amount only to 1% of total Group debts.
(ii) Comments by the directors on the recoverability of the overdue amount where provision were not provided for; and	Complied. Appropriate comments have been made in Section 3 (k) of this Prospectus
(iii) Steps taken/ to be taken to mitigate such weakening debtor's position.	Complied. Appropriate disclosure has been made in Section 3 (k) of this Prospectus
5. The Directors of OKA Corporation are to submit a declaration to confirm that all overdue debts where no provision has been provided for are recoverable.	Complied
6. All future transactions between OKA Corporation and parties or companies related to the substantial shareholders and Directors of OKA Corporation must be at "arms-length" and not based on terms that are disadvantageous to the OKA Corporation Group. The existing related-party transactions must be fully disclosed in the Prospectus. The Audit Committee of OKA Corporation has to monitor such transaction and the Directors of OKA Corporation have to report such transactions, if any, in the Annual Report of OKA Corporation Group each year.	Will be complied. The existing related-party transactions are disclosed in Section 6.1 of the Prospectus.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Conditions Imposed By SC via its letter dated 7 August 2001		Status
7.	Substantial Shareholders, Promoter and Directors of OKA Corporation are required to furnish written undertaking to the SC that they will not be involved in business that is competing and in conflict with the business of OKA Corporation Group in the future.	Complied
8.	Moratorium is to be imposed on 18,000,000 ordinary shares of OKA Corporation held by the Promoter, Ir Ong Koon Ann of OKA Corporation, representing 45% of the enlarged issued and paid up share capital, where he is not allowed to sell, transfer or assign for a period of one (1) year from the date of listing of OKA Corporation on the KLSE, in accordance to paragraph 10.12 of the Policies and Guidelines on Issue/Offer of Securities by Securities Commission. Thereafter, he is only allowed to sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight line basis) of his shareholdings in every subsequent year.	Will be complied
9.	Arab-Malaysian to give written confirmation to SC that the allocation of shares to eligible employees, director and business associates is in compliance with the requirements of Chapter 10 of the SC Guidelines after the completion of the allocation.	Will be complied
10.	OKA Corporation is required to fully comply with other requirements in relation to the listing of company as stated in the Policies and Guidelines on Issue/Offer of Securities.	Will be complied
Conditions Imposed By SC via its letter dated 23 January 2002		Status
1.	The private placement of shares to public investors (identified and nominated by the independent placement agent) has to be carried out by an independent placement agent.	Complied
2.	At least 30% of securities allocated under the placement exercise should, to the extent possible, be allocated to Bumiputra investors	Will be complied
3.	The Adviser or the independent placement agent must furnish to the SC the final list of placees after completion of the private placement and confirmation in writing that the implementation of the private placement complies with the SC's Guidelines and other relevant requirements.	Will be complied
Conditions Imposed By SC via its letter dated 21 February 2002		Status
1.	OKA Corporation will notify SC on the yearly renewal of the operating licence as approved by the Local Council until the approvals from the relevant authorities to convert the status of Lot 65319 and Lot 65320 from agricultural land to industrial land are obtained	Will be complied
2.	Detailed disclosure in the Prospectus of the following:- (a) The operating licence as approved by the Local Council is a licence issued on a yearly basis; and (b) Condition (1) above.	Disclosure is made in the Valuers' Report in Section 9 of the Prospectus

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Conditions Imposed By SC via its letter dated 21 February 2002	Status
3. Disclosure must be made in OKA Corporation's annual report in relation to the yearly renewal of the operating licence as approved by the Local Council until the approvals from the relevant authorities to convert the status of Lot 65319 and Lot 65320 from agricultural land to industrial land are obtained	Will be complied

Condition Imposed By SC via its letter dated 16 April 2002	Status
1. As approved by SC, OKA Concrete Industries will pay a tax exempt special dividend of RM3.3 million to its shareholders with the condition that OKA Concrete Industries will not directly or indirectly fund the dividend payment via borrowings	Complied

Conditions Imposed By FIC	Status
1. OKA Corporation is to have at least 30% direct Bumiputra equity interest upon listing and quotation of the OKA Corporation Shares on the Second Board of the KLSE	Will be complied
2. OKA Corporation is to obtain the approval of the MITI	Complied

Conditions Imposed By MITI via its letter dated 18 July 2001	Status
1. OKA Corporation is to obtain approvals from SC and FIC	Complied
2. The entire 12,000,000 Shares representing 30% of the enlarged share capital are regarded as the special issue to Bumiputra investors. MITI will decide on the allocation of these Shares upon approval being obtained from the SC on the listing proposal.	Complied
3. Encik Sharifuddin b. Shoib's shareholding of 45,394 Shares or 0.11% of the enlarged share capital will not be taken into consideration for the computation of 30% bumiputra spread requirement.	Complied

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Condition Imposed By MITI via its letter dated 15 April 2002	Status
<p>1. The entire 12,000,000 Shares at RM1.80 per Share are allocated to the following approved bumiputra investors:-</p> <ul style="list-style-type: none"> (a) Sharifuddin b. Shoib (b) Salbiah bt. Shuib (c) Johari b. Ali (d) Lembaga Tabung Angkatan Tentera (e) Dewan Perniagaan Melayu Malaysia (f) Yayasan Islam Perlis (g) Perbadanan Usahawan Johor Sdn. Bhd. (h) Yayasan Basmi Kemiskinan Selangor (i) Amanah Saham Mara (j) Amanah Saham Johor 	<p>Will be complied. All approved bumiputra investors have provided undertaking letters to MITI that they will comply with this condition.</p>
<p>The above Shares allocation are subject to the condition that 30% of the Shares are allowed for sale within 12 months after OKA Corporation is listed and approval from the MITI must be obtained prior to any sale of the remaining 70%, which will be in stages.</p>	

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3. RISK FACTORS

Applicants for the Public Issue/Offer Shares should carefully consider the following in addition to the other information contained elsewhere in the Prospectus before applying for the Public Issue/Offer Shares:-

(a) Business Risks

Concrete industry's performance is highly dependent on the infrastructure, construction and property development sectors. As such, the Group is subject to certain risks inherent in these industries. These risks, among others, include the following:

- *Market risk*

Demand for the Group's products are dependent on the country's development. This includes changes in the general economic conditions such as government regulations, taxation, inflation, interest rates, and exchange rates of foreign currencies; and changes to business conditions such as deterioration in market conditions, rising costs of labour and raw materials such as cement, aggregates, sand and steel bar. Even though the infrastructure, construction and property development industry is showing sign of recovery from the recent economic crisis, no one can assure that recovery will be sustainable.

- *Substitute products*

Reinforced concrete and prestressed piles are substitute to timber piles, which are scarce due to the restriction in logging activities. As at to date, there is still no acceptable substitute for reinforced concrete products for drainage and sewerage application (where OKA Corporation Group is mainly involved in). However, there is no assurance that new acceptance substitute for reinforced concrete products will be developed and introduced.

- *Supply and prices of raw materials*

The Group enjoys cordial relationships with its raw material suppliers, and has good support from its suppliers. It is not dependent on any single supplier for sourcing its raw material, as it is the Group's policy to have multiple suppliers for each of the vital raw materials. The prices of these raw materials fluctuate and can be volatile. As most of the manufacturers buy their raw materials as and when necessary, they are susceptible to the vagaries of commodity markets and have to contend with spot prices of raw materials. However, the Group is able to enhance productivity to maintain reasonable profits, as any fluctuations would similarly affect its competitors. Furthermore, the Group has the intention to produce certain raw materials used in its operations such as wiremesh and aggregates. This will further mitigate the impacts from volatility of prices of raw materials.

Nonetheless, no assurance can be given that any significant changes to the supply and prices of raw materials will not affect the future profitability of the Group.

3. RISK FACTORS (Cont'd)

- *Innovation*

It is vital for the Group to be innovative in producing a wider range of concrete products in order to meet the demand or requirement of the market. Most new products are produced according to specific requirements of the consultants which could be of very unique design depending on the complication of its application. Hence, the R&D division plays an important role in ensuring the Group in producing a wide range of products that suitably cater for the demand of the infrastructure, construction and property development sectors.

There is no assurance that any change to the above mentioned factors would not have any material adverse impact on the Group's business.

(b) No Prior Market For OKA Corporation Shares

Prior to this Public Issue/Offer, there has been no public market for OKA Corporation shares. There can be no assurance that an active market for OKA Corporation shares will develop upon its listing on the Second Board of KLSE or, if developed, that such market will be sustained. The Public Issue/Offer price of RM1.80 per share for the Public Issue and Offer Shares was entirely determined and agreed upon by OKA Corporation, the Offerors and Arab-Malaysian. The Public Issue/ Offer Price of RM1.80 per share for the Public Issue and Offer Shares has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and condition, its prospects and the prospects for the industry in which the Company operates, the management of the Company, the market prices for shares of companies engaged in businesses similar to that of the Company and the prevailing market conditions. There can be no assurance that the issue/offer price will correspond to the price at which OKA Corporation shares will be traded on the Second Board of KLSE upon or subsequent to its listing or that an active market for OKA Corporation shares will develop and continue upon or subsequent to its listing.

(c) Competitive Risk

OKA Corporation Group operates in an industry that has a number of established competitors. Based on the sales achieved by the Group, the Directors of the Company are of the opinion that OKA Corporation Group has captured approximately 12% of the market. However, no assurance can be given that OKA Corporation Group will be able to maintain its existing market share in the future. The Directors believe that OKA Corporation Group will be able to maintain or improve its position due to its ability in meeting the requirement of the market, consistent quality of its products, good customer services as well as competitive pricing of its products.

(d) Dependency on Key Management

As in other businesses, the Group believes that its continued success will depend significantly on the abilities and continued efforts of its existing Directors, Senior Management and technical experts.

The loss of key members of the senior management could adversely affect the Group's ability to compete in the industry. However, with regular training sessions being conducted for the employees within the whole organisation, and the attractive remuneration scheme, the Group's management has expanded and strengthened over the years. Thus the Group is confident that the younger members of the management team will gradually take over from their seniors in the future.

3. RISK FACTORS (Cont'd)

Therefore, every effort has been made to groom the younger members in the management team to gradually take-over from the senior members to ensure smooth transition in the management team.

(e) Ownership and Control by Substantial Shareholders

After the completion of the Listing, the promoter, Ir Ong Koon Ann together with his spouse will control approximately 54% of OKA Corporation's equity. Ir Ong will be able to exercise the voting rights attached to its shares in respect of matters requiring shareholders' approval including election of directors. Depending on how he chooses to vote and because of the size of his shareholdings, he will have a significant influence over matters that requires the passing of resolutions from OKA Corporation's shareholders, unless he is required to abstain from voting by law and/or the relevant authorities.

(f) Profit Estimate and Forecast

This Prospectus contains the profit estimate and forecast of the OKA Corporation Group that are based on certain assumptions deemed reasonable by the Directors of the Group, but which nevertheless are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties of forecast, and because events and circumstances do not occur as expected, there can be no assurance that the estimate and forecast contained herein will be realised. Actual results may be materially different from that of estimate and results forecast resulting from events such as changes in sales prices, raw material prices, sales mix and the global and local economic conditions. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecasts that are contained herein.

(g) Political and Economic Risks

Adverse developments in political, economic and regulatory conditions in Malaysia could materially affect the financial and operational condition or the overall profitability of the Group. Other political and economic uncertainties include the risk of war, expropriation, nationalisation, re-negotiation, or nullification of existing contracts, changes in rates of interest and methods of taxation, changes in import tariff policies and currency exchange controls.

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

(h) Seasonal Sales Cycle

Generally, concrete products industry in Malaysia does not have notable seasonable trends. However, the industry is highly dependent on the rate of Malaysian economic development. Due to the nature of the industry ie catering for the infrastructure, construction and property development industry, any unfavourable disruption to the country's development shall have an adverse effect to the Group's business.

3. RISK FACTORS (Cont'd)

(i) **Required compliance to relevant codes and standards**

Concrete products produced are required to comply with standards imposed by the Malaysian authorities such as the Jabatan Kerja Raya ("JKR") and Jabatan Perkhidmatan Pementungan. The Group's quality control division plays a crucial part, as it is important to ensure the consistency in the products' quality. Non-compliance with the minimum standards required by these authorities may result in its products being rejected in the market. OKA Corporation Group has in place a quality control programme to ensure all its products met with the stringent standards required of them. OKA Corporation's operations has been accredited with the MS ISO 9002 since 7 December 1998.

(j) **Know-how technologies**

The production of concrete products may require certain level of experience and expertise in producing good quality concrete products for variety type of usage. Generally, as the overall production process of concrete products is fairly similar and simple for all concrete products, the market may be vulnerable to new entrants that may pose a threat to the Group. However, OKA Corporation Group has established itself as one of the approved concrete product manufacturers recognised by JKR and Jabatan Perkhidmatan Pementungan and hence, is one of the more established players in the market.

(k) **Financial Risks**

It is an inherent risk in a business to face possible limitations in its growth and its operating and financial flexibilities arising from the business' existing indebtedness and non-recoverability of outstanding debts.

As at 23 April 2002 (being the latest practicable date prior to the printing of the Prospectus), OKA Corporation Group does not have any borrowings other than hire purchase commitment which is not material. On the other hand, the Group has made adequate provision for its debts, which are doubtful for collection. The Board of Directors of OKA Corporation Group has also undertake that all debts that has exceeded its credit period with no provision for doubtful debts being made are collectable in full in due course of its business. Arrangements with these debtors are made to settle their debts via instalment plan or other agreed means in order to ensure collection. The following steps are or will be taken by the Company to overcome debtors with deteriorating conditions:-

- a) Letter of reminder are sent out to request for payments;
- b) Negotiations are carried out with customers to settle their debts via repayment schedule or other repayment plans; and
- c) The Company to take legal actions against the debtors/ its guarantors for cases where negotiations have failed to be achieved.