

6. APPROVALS AND CONDITIONS

6.1 Approvals of Relevant Authorities

The following are the conditional approvals from the relevant authorities obtained by FIPB in conjunction with the Restructuring and Listing Exercise set out in Section 4.3 of this Prospectus.

The conditions imposed by all the authorities and the status of compliance are set out as follows:-

| Details of Conditions Imposed | Status of Compliance |
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| (a) FIC vide its letter dated 19 November 2002 and 26 August 2003 | |
| 1. FIPB should have at least 30% direct Bumiputera equity interest upon listing | Will be complied upon listing and quotation of the FIPB shares on the Second Board of the KLSE. FIPB will have at least 30% Bumiputera equity participation upon its listing on the Second Board of the KLSE. |
| (b) MITI vide its letter dated 1 October 2002 and 23 July 2003 | |
| 1. FIPB to obtain the approval from the SC. | Complied. FIPB obtained the approval from the SC on 10 March 2003. |
| 2. FIPB to obtain the approval from the FIC. | Complied. FIPB obtained the approval from the FIC on 19 November 2002. |
| 3. The allocation of 22,400,000 ordinary shares of RM0.50 each representing 28.0% of the enlarged issued and paid-up share capital of FIPB to allocated Bumiputera investors to be approved by the MITI will be determined after SC's approval. | Complied |
| 4. MITI had approved the Bumiputera shareholdings of Hamzah bin Mohd Salleh of 1,600,000 ordinary shares of RM0.50 each in FIPB representing 2% of the enlarged issued and paid-up capital of FIPB, subject to the condition that he is allowed to sell up to 30% of the total number of shares allocated within 6 months after the Proposed Listing, and thereafter allowed to sell the balance of 70% of the total number of shares allocated in stages after obtaining prior approval from the MITI. | Noted and to be complied with, if applicable. |
| (c) SC vide its letter dated 10 March 2003 | |
| 1. Conditions that must be complied for the utilisation of proceeds arising from the Proposed Rights Issue and Proposed Private Placement/Public Issue are as follows:- | |
| i. The approval of the SC must be obtained for any changes to the original utilisation of proceeds if the changes involve any utilisation other than for the core-business activities of the FIPB; | Noted and to be complied, if necessary. |
| ii. The approval of shareholders of FIPB must be obtained for any deviation of 25% or more than the original utilisation of proceeds. If the deviation is less than 25%, an appropriate disclosure must be made to the shareholders of FIPB; | Noted and to be complied, if necessary. |

6. APPROVALS AND CONDITIONS (Cont'd)

(c) SC vide its letter dated 10 March 2003 (Cont'd)

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| iii. | Any extension of time for the utilisation of proceeds from that determined earlier should be approved by a final resolution by the Board of Directors of FIPB and full disclosure should be made to the KLSE; and | Noted and to be complied, if applicable. |
| iv. | Appropriate disclosures on the status of the utilisation of proceeds should be made in the Quarterly Reports and the Annual Reports of FIPB until such proceeds have been fully utilised. | Noted. |
| 2. | <p>Moratorium shall be imposed on 18,000,000 ordinary shares of RM1.00 each in FIPB representing 45% of the enlarged issued and paid-up share capital of FIPB, that are held by the major shareholders/Promoters of FIPB, as stipulated under the SC Guidelines. The major shareholders/Promoters of FIPB are not allowed to sell, transfer or assign their respective shareholdings under moratorium for one (1) year from the date of listing of FIPB on the KLSE.</p> <p>Thereafter, they are allowed to sell, transfer or assign up to one-third (1/3) per annum (on a straight line basis) of their respective shareholdings under moratorium in every subsequent year.</p> <p>The moratorium is also applicable to each shareholder and subsequently to each ultimate individual shareholder of a private company. In connection to this, each ultimate shareholder must provide a written undertaking that they shall not sell, transfer or assign their respective shareholdings in the companies during the moratorium period.</p> <p>However, the major shareholders/Promoters of FIPB can vary the aforementioned moratorium requirements imposed in accordance to the new SC guidelines on the moratorium of shares to be announced in due course, which is in line with the final phase of the disclosure-based regulation.</p> | <p>The SC had on 19 August 2003 approved the moratorium to be imposed on 36,000,000 ordinary shares of RM0.50 each in FIPB representing 45% of the enlarged issued and paid-up share capital of FIPB, that are held by the major shareholders/Promoters of FIPB, as per the revised SC Policies and Guidelines on Issue/Offer of Securities issued on 1 April 2003. Please refer to Section 6.2 for further details.</p> <p>Complied. Each ultimate shareholder of Solid and Firstex had vide the letters dated 11 September 2003 provided the letters of undertaking to SC.</p> |
| 3. | FIPB is not allowed to venture into new businesses that are not related to its original core business for a period of 3 years from the date of admission to the Second Board. | Noted. |

6. APPROVALS AND CONDITIONS (Cont'd)

(c) SC vide its letter dated 10 March 2003 (Cont'd)

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| 4. | The Promoters, directors and substantial shareholders of FIPB are not allowed in the future to carry out any businesses that would competes directly or indirectly and be in conflict of interests with the current business operations of the FIPB Group. | Noted. |
| 5. | The Directors and substantial shareholders who are involved full-time in the operations/management of FIPB are not allowed to be involved full-time in the operations/management of their other private businesses. | Noted. |
| 6. | Any transactions between the FIPB Group and companies related to the Promoters, Directors and substantial shareholders of FIPB must be on 'arm's-length' basis and not on terms that are disadvantageous to the FIPB Group. In connection to this, the Audit Committee of FIPB has to monitor the terms of such transactions and the Directors of FIPB has to report such transactions in the Annual Reports of FIPB. | Noted. |
| 7. | FIPB is required to comply with the following conditions in relation to the trade debtors:- | |
| | <ul style="list-style-type: none"> • Full disclosure is required to be made in the prospectus on the status of trade debtors, the ageing analysis of the trade debtors and the comments/statements from the board of directors of FIPB on the recoverability of the amount overdue by the respective trade debtors; | Complied and disclosed in Section 9.4 of this Prospectus. |
| | <ul style="list-style-type: none"> • Full provision is required to be made on all trade debtors which have exceeded its normal credit period, of which there are disputes on the amount owed, legal actions have commenced/are to be taken or are more than 6 months old. The Directors of FIPB is required to confirm in writing to the SC that all conditions stated above has been met prior to the implementation of the proposed listing of FIPB; and | Complied. The Directors of FIPB had vide the letter dated 18 August 2003 provided the SC with the relevant information. |
| | <ul style="list-style-type: none"> • The Directors of FIPB is required to confirm in writing to the SC that the overdue trade debts are collectible and full provision for the doubtful and bad debts has been made in the financial statements and financial forecast/ projections of FIPB | Complied. The Directors of FIPB had vide the letter dated 18 August 2003 provided the SC with the relevant information. |

6. APPROVALS AND CONDITIONS (*Cont'd*)

(c) SC vide its letter dated 10 March 2003 (*Cont'd*)

8. Aseambankers/FIPB is required to comply with the following conditions for the private placement of public issue shares:-
- The placement of FIPB shares to the public investors should be made via an independent placement agent (i.e. merchant bank or stockbroking firm), and the said public investors should be identified and nominated by the said independent placement agent; Complied. Aseambankers and Affin-UOB Securities Sendirian Berhad are the independent placement agents for the Private Placement. The public investors are to be nominated by both independent placement agents.
 - At least 30% of the FIPB shares under the private placement should be reserved, where possible, to the Bumiputera investors; and Complied.
 - The adviser or independent placement agent, wherever applicable, should furnish the SC the final list of investors and a confirmation in writing that the private placement fully complies with the conditions stated in the SC guidelines pursuant to the completion of the private placement. To be complied upon completion of the Private Placement.
9. At least 1,500,000 public issue shares of FIPB (representing a total par value of RM1.5 million) should be made available to the Malaysian public for balloting. Complied. There are 7,000,000 Public Issue Shares, representing a total par value of RM3.5 million is made available to the Malaysia public for balloting.
10. The net tangible assets ("NTA") of the companies to be acquired pursuant to the acquisition date and dividends payment, should not be less than the net tangible assets of the said companies as disclosed in the application to the SC. The NTA of the companies acquired pursuant to Acquisition I was not less than the respective NTA's disclosed in the application to the SC. With regard to Acquisition II, the SC had on 19 August 2003 approved the variation to the purchase consideration of PEWA and deferment of the Proposed Acquisition of FVN. Please refer to Section 4.3.1.2 for further details.
11. Aseambankers/FIPB is required to comply with the following conditions in respect of the properties held by the FIPB Group, prior to the issuance of the prospectus:- SC had on 25 July 2003 approved FIPB's dispensation from complying with the conditions imposed by the SC vide its letter dated 10 March 2003 in respect of the properties held by the FIPB Group. The said conditions will be complied within six (6) months from the SC's approval letter dated 25 July 2003 (i.e. by 25 January 2004).

6. APPROVALS AND CONDITIONS (Cont'd)

(c) SC vide its letter dated 10 March 2003 (Cont'd)

| Properties | Conditions | |
|---|---|---|
| P.T. 208, Mukim of Cheras, District of Hulu Langat | : Rectify the extensions made on the first floor of the office block. | Complied. FIPB had on 8 August 2003 obtained the approval for the building plans for the extensions made on the first floor of the office block from MPKJ. |
| P.T. 7179, Mukim of Cheras, District of Hulu Langat | : Approval from the authorities is obtained and the certificate of fitness is issued for the said building | To be complied by 25 January 2004 |
| P.T. 73813, Mukim of Kelang, District of Kelang | : • Certificate of fitness is issued for the part A and B of the said building; • Rectification on the covered area/section; and • The registered ownership is transferred to Texstrip. | To be complied by 25 January 2004 To be complied by 25 January 2004 Complied |
| Parcels No. C4/20, C4/21, C4/22, C4/23 and C4/24, Block C, Bandar Teknologi Kajang, Kajang, Mukim of Semenyih, District of Hulu Langat | : Rectification on the ownership of the low cost flats. | Complied. The low cost flats have been sold to Firstex via five sale and purchase agreements, all dated 14 April 2003. |
| 12. | FIPB is required to make detailed disclosures in the contents of the prospectus in respect of the following:- | |
| | • FIPB's risk management on the risks affecting the business operations of the FIPB Group, including risks relating to fire and other emergency risks which will affect the operations of the FIPB Group; | Complied. As disclosed in section 3.2.16 of the Prospectus. |
| | • Management succession plan of the FIPB Group. In this connection, FIPB is required to make arrangements for the aforementioned management succession plan prior to the issuance of the prospectus; | Complied. As disclosed in section 3.2.5 of the Prospectus. |

6. APPROVALS AND CONDITIONS (Cont'd)

(c) SC vide its letter dated 10 March 2003 (Cont'd)

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| <ul style="list-style-type: none"> • Legal opinion on the ownership of foreign subsidiaries, enforcement of contracts, representations and undertakings provided to the foreign counter-parties under the respective laws; • Risks relating to investments in Vietnam; and • All interests, involvement and transactions between FIPB Group and the companies related to the promoters/directors/substantial shareholders | <p>Complied. As disclosed in section 12 of the Prospectus.</p> <p>Complied as disclosed in Section 3.2.13(i) and 3.2.14 of the Prospectus</p> <p>Complied. As disclosed in Section 7.1 of the Prospectus.</p> |
| <p>13. Aseambankers/FIPB is required to fully comply with other relevant requirements in relation to the proposed listing of FIPB as stated in the SC guidelines.</p> | <p>Noted.</p> |

(d) SC vide its letter dated 25 July 2003

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| <p>1. FIPB is required to furnish to the SC a letter of undertaking that FIPB will use its best endeavors to obtain all approvals from the relevant authorities within six (6) months from the date of SC approval letter (i.e. 25 January 2004)</p> | <p>Complied. FIPB had vide the letter dated 18 August 2003 provided the undertaking to the SC.</p> |
| <p>2. FIPB is required to monitor the status of the applications made to the relevant authorities and furnish the said status updates to the SC on a monthly basis.</p> | <p>Noted.</p> |

(e) SC vide its letter dated 19 August 2003

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| <p>1. Full disclosure is required to be made in the prospectus on the rationale for the deferment of the Proposed Acquisition of FVN, variation to the purchase consideration of PEWA and the effects on the profit records and profit forecast of the FIPB Group.</p> | <p>Complied. As disclosed in Section 4.3.1.2 of the Prospectus.</p> |
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6. APPROVALS AND CONDITIONS (Cont'd)

6.2 Moratorium On Disposal Of Shares

It is a condition of the SC's approval that the following major shareholders/Promoters of FIPB will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up capital of FIPB within one (1) year from the date of admission of FIPB on the Official List of the Second Board of the KLSE.

The moratorium means that certain shareholders of FIPB are not allowed to sell, transfer or assign the shares under moratorium within one (1) year from the date of admission of FIPB to the Official List of the Second Board of KLSE.

The restriction, which is fully accepted by the affected shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the affected shareholders which are under moratorium to ensure that FIPB's registrar do not register any transfer not in compliance with the restriction imposed by the SC and KLSE.

Table 6.1: Information on Major Shareholders/Promoters under Moratorium

| Major Shareholders/Promoters | Shareholding after IPO Exercise | | Shares Placed Under Moratorium | % Of The Enlarged Issued And Paid-up Share Capital |
|------------------------------|---------------------------------|--------------|--------------------------------|--|
| | No. of Shares | % | No. of Shares | % |
| Solid | 20,000,002 | 25.00 | 20,000,002 | 25.00 |
| Cheah Eng Chuan | 10,943,520 | 13.68 | 6,574,306 | 8.22 |
| Lee Sim Hak | 1,966,334 | 2.46 | 1,098,408 | 1.37 |
| Ong Lock Hoo | 3,787,966 | 4.74 | 2,519,184 | 3.15 |
| Lai Kong Meng | 2,043,280 | 2.55 | 1,241,550 | 1.55 |
| Chan Kwong Pooi | 2,043,280 | 2.55 | 1,241,550 | 1.55 |
| Tan Wah Ching | 2,392,722 | 2.99 | 1,657,464 | 2.07 |
| Firstex | 976,004 | 1.22 | 671,810 | 0.84 |
| Tay Gee Tiong @ Tay King | 1,446,570 | 1.81 | 995,726 | 1.25 |
| Total | 45,599,678 | 57.00 | 36,000,000 | 45.00 |

The remarks to be endorsed on these share certificates are as follows:-

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

7. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

7.1 Related Party Transactions

7.1.1 Promotion of Assets

Save as disclosed below and the Sale and Purchase Agreements entered into for the Corporate Reorganisation Exercise, none of the Directors and substantial shareholders and/or key management staff of the FIPB Group has an interest, directly or indirectly, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to FIPB or its subsidiaries and associated company.

- i) On 28 March 2001, Webtex's shareholding in Texstrip, being 243,000 ordinary shares of RM1.00 each or 9% equity stake in Texstrip was sold to Mr. Cheah Eng Chuan based on Texstrip's NTA as at 31 December 2000. Mr. Cheah is a director and a major shareholder of Webtex, Texstrip and FIPB. The aforesaid transaction was duly approved by the Board of Webtex on the same date.
- ii) Tenancy Agreement dated 1 October 2000 between Firstex, a company wherein Tan Wah Ching is a substantial shareholder and director, as landlord and FEC, a company wherein Tan Wah Ching is a director, as tenant. The Tenancy Agreement is for the property located on Lot 4, Jalan Perusahaan 3, Kawasan Perusahaan Beranang, Selangor and is for a period of three (3) years with a monthly rental rate of RM15,000. FEC, as tenant, is to pay the utility charges, i.e. water, electricity etc.
- iii) FMSB had on 31 May 2002 entered into an agreement with Firstex for the sale and purchase of three (3) units of covering machines for an indicative purchase consideration of RM595,219 to be satisfied by cash. The purchase consideration is based on the net book value as at the actual date of transfer (within 60 days upon the listing of FIPB on the KLSE).
- iv) FEC has entered into five Sale and Purchase Agreements all dated 14 April 2003 with Firstex for the disposals of five (5) parcels/units of Low Cost Flat distinguished as Parcel No. C4/20, C4/21, C4/22, C4/23 and C4/24 respectively, all held under Geran 49584, Lot 576, Bandar Batu 18, Semenyih, District Ulu Langat, State Selangor under the housing development known as Bandar Teknologi Kajang for a total purchase consideration of RM215,000, at a selling price of RM43,000 each parcel/unit.

7.1.2 Interest in Material Contracts or Arrangements

Save as disclosed below, none of the other Directors and/or the substantial shareholders and/or key management staff personnel of FIPB Group has any material interest in any contract or arrangement which is significant in relation to the business of the Group and subsisting as at the date of this Prospectus.

- (i) FEC had previously purchased covered elastic yarn from Firstex, a company where Tan Wah Ching and Tay Gee Tiong @ Tay King are directors and substantial shareholders. The agreement entered into between FMSB and Firstex as disclosed in Section 7.1.1(iii) has resolved the abovesaid conflict of interest as FEC will not be purchasing the covered elastic yarn from Firstex any longer.

7. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST (Cont'd)

- (ii) Tenancy Agreement dated 1 October 2000 between Firstex, a company wherein Tan Wah Ching is a substantial shareholder and director, as landlord and FEC, a company wherein Tan Wah Ching is a director, as tenant. The Tenancy Agreement is for the property located on Lot 4, Jalan Perusahaan 3, Kawasan Perusahaan Beranang, Selangor and is for a period of three (3) years with a monthly rental rate of RM15,000. FEC, as tenant, is to pay the utility charges, i.e. water, electricity etc.
- (iii) FEC has an existing loan owing to its directors, namely Tan Wah Ching and Tay Gee Tiong @ Tay King. The amount outstanding as at 31 August 2003 is RM764,100 and RM474,000 for Tan Wah Ching and Tay Gee Tiong @ Tay King, respectively. It is an interest free loan.
- (iv) Textstrip has an existing loan owing to its directors, namely Cheah Eng Chuan, Lee Sim Hak and Ong Lock Hoo. The amount outstanding as at 31 August 2003 is RM864,731 and it is an interest free loan.
- (v) FMSB has an existing loan owing to its directors, namely Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng and Chan Kwong Pooi. The amount outstanding as at 31 August 2003 is RM2,395,002 and it is an interest free loan.

The amount owing to each director are as follows:-

| Director | RM |
|-----------------|------------------|
| FMSB | |
| Cheah Eng Chuan | 371,568 |
| Lee Sim Hak | 449,650 |
| Ong Lock Hoo | 674,484 |
| Lai Kong Meng | 449,650 |
| Chan Kwong Pooi | 449,650 |
| | 2,395,002 |

7.1.3 Transactions that are Unusual in their Nature or Conditions

To the best knowledge and belief of the Directors of FIPB, they are not aware of any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which FIPB or any of its subsidiaries was a party in respect of the past one (1) financial year and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

7.1.4 Conflict of Interest in Similar Business

None of the Directors and/or the substantial shareholders and/or key management staff personnel of the FIPB Group are interested, directly or indirectly, in any business carrying on a similar business as the Company and/or its subsidiary companies and/or associated company.

7. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST (Cont'd)

7.2 Declaration of the Advisers

Save and except for the term loan of FVN with Malayan Banking Berhad, Aseambankers' holding company for a total outstanding amount of RM2.636 million as at 31 August 2003, Aseambankers hereby confirms that there is no conflict in its capacity as the Adviser for the proposed listing of FIPB on the Second Board of the KLSE.

Messrs Jeff Leong, Poon & Wong has given their confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitors for the IPO.

Messrs KPMG has given their confirmation that there are no existing potential conflicts of interest in their capacity as Reporting Accountant for the IPO.

Infocredit has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Independent Market Research Consultant in relation to the IPO.

Messrs Colliers, Jordan Lee & Jaafar has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Valuer in relation to the IPO.

Messrs InvestConsult has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitor for the Legal Opinion and Expert for Policies of Vietnam in relation to the IPO.

Messrs Khoo & Co has give its confirmation that there are no existing or potential conflicts of interest in its capacity as the Expert for Fair value of Vietnam Assets in relation to the IPO.

7.3 Audit Committee Review

The Audit Committee reviews any related party transaction and conflict of interest that may arise within the FIPB Group. The Audit Committee periodically reviews the procedures set by the Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of the Company's minority shareholders. All reviews by the Audit Committee are reported to the Board of Directors of the Company for its further action.

The composition of the Audit Committee conforms to paragraph 15.10 of the KLSE Listing Requirements and comprises three members, the majority of whom are independent. Refer to Section 5.4 of this Prospectus for details of the Audit Committee.

7.4 Changes in Shareholders and Shareholdings for the Past Three (3) Years

Save as disclosed in Section 4.2 and 4.3, there are no changes to the shareholders and shareholdings of FIPB since its date of incorporation.