

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V) ("FIPB" OR "THE COMPANY") AND THE OFFERORS (AS HEREINAFTER DEFINED) AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST HAS BEEN PREPARED BASED ON ASSUMPTIONS MADE.

ASEAMBANKERS MALAYSIA BERHAD (15938-H) ("ASEAMBANKERS") BEING THE ADVISER, PLACEMENT AGENT AND MANAGING UNDERWRITER 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 PRIVATE PLACEMENT, PUBLIC ISSUE AND OFFER FOR SALE AND IS SATISFIED THAT THE PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 (FOR WHICH THE DIRECTORS OF FIPB ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF THE PRIVATE PLACEMENT, PUBLIC ISSUE AND OFFER FOR SALE AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PRIVATE PLACEMENT, PUBLIC ISSUE OR OFFER FOR SALE.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF FIPB AND ASSUMES NO RESPONSIBILITY FOR CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBORKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THE KUALA LUMPUR STOCK EXCHANGE SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF FIPB AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, FIPB OR OF ITS SECURITIES.

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

INDICATIVE TIMETABLE

| MILESTONES | | DATE | DAY |
|--|---|-------------------|------------|
| OPENING OF THE INITIAL PUBLIC OFFERING | : | 17 SEPTEMBER 2003 | WEDNESDAY |
| CLOSING OF THE INITIAL PUBLIC OFFERING | : | 1 OCTOBER 2003 | WEDNESDAY |
| TENTATIVE BALLOTING OF APPLICATIONS | : | 6 OCTOBER 2003 | MONDAY |
| TENTATIVE ALLOTMENT DATE | : | 13 OCTOBER 2003 | MONDAY |
| TENTATIVE LISTING DATE | : | 16 OCTOBER 2003 | THURSDAY |

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 8:00P.M. ON 1 OCTOBER 2003 OR SUCH FURTHER PERIOD OR PERIODS AS THE DIRECTORS OF FIPB AND/OR THE OFFERORS TOGETHER WITH THE MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE. SHOULD THERE BE AN EXTENSION ON THE APPLICATION PERIOD, FIPB WILL NOTIFY THE INVESTING PUBLIC VIA ANNOUNCEMENT IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS.

DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

| | | |
|---------------------------|---|---|
| “Acquisition I” | : | The Acquisition of FMSB, Acquisition of Texstrip, Acquisition of FEC, Acquisition of Webtex and Acquisition of PGSB, collectively |
| “Acquisition II” | : | The Acquisition of PEWA and the Proposed Acquisition of FVN |
| “Acquisition of FEC” | : | The acquisition by FIPB of 2,490,000 ordinary shares of RM1.00 each representing the entire equity interest in FEC for a total purchase consideration of RM3,853,540 satisfied by the issuance of 3,568,092 new ordinary shares of RM1.00 each in FIPB at an issue price of approximately RM1.08 per share |
| “Acquisition of FMSB” | : | The acquisition by FIPB of 5,827,500 ordinary shares of RM1.00 each representing the entire equity interest in FMSB for a total purchase consideration of RM23,121,189 satisfied by the issuance of 21,408,508 new ordinary shares of RM1.00 each in FIPB at an issue price of approximately RM1.08 per share |
| “Acquisition of PEWA” | : | The acquisition by FIPB of USD1,200,000 legal capital representing the entire legal capital in PEWA for a total purchase consideration of RM4,081,000 from PGSB to be satisfied by way of cash |
| “Acquisition of PGSB” | : | The acquisition by FIPB of ten (10) ordinary shares of RM1.00 each representing the entire equity interest in PGSB for a total purchase consideration of RM10.00 from FMSB and FEC satisfied by way of cash |
| “Acquisition of Texstrip” | : | The acquisition by FIPB of 2,700,000 ordinary shares of RM1.00 each representing the entire equity interest in Texstrip for a total purchase consideration of RM3,294,521 satisfied by the issuance of 3,050,483 new ordinary shares of RM1.00 each in FIPB at an issue price of approximately RM1.08 per share |
| “Acquisition of Webtex” | : | The acquisition by FIPB of 250,000 ordinary shares of RM1.00 each representing the entire equity interest in Webtex for a total purchase consideration of RM1,228,388 satisfied by the issuance of 1,137,397 new ordinary shares of RM1.00 each in FIPB at an issue price of approximately RM1.08 per share |
| “Acquisition Shares” | : | The 29,164,480 new ordinary shares of RM1.00 each in the Company to be issued to the respective vendors pursuant to the Acquisition I |
| “Act” | : | Companies Act, 1965 |
| “ADA” | : | Authorised Depository Agent |
| “ADA Code” | : | ADA (Broker) Code |

DEFINITIONS (Cont'd)

| | | |
|-------------------------------------|---|---|
| “AFTA” | : | Asean Free Trade Area |
| “Aseambankers” | : | Aseambankers Malaysia Berhad (15938-H) |
| “Autoliv” | : | Autoliv Holding Limited, a limited company incorporated in the United Kingdom (“UK”) (163393) |
| “BNM” | : | Bank Negara Malaysia |
| “CCM” | : | Companies Commission of Malaysia |
| “COF” | : | Cost of funds |
| “Corporate Reorganisation Exercise” | : | Acquisition I and II, collectively |
| “CDS” | : | Central Depository System |
| “DIZA” | : | Dong Nai Industrial Zone Authority |
| “EBITDA” | : | Earnings before interest, taxation, depreciation and amortisation |
| “EPS” | : | Earnings per share |
| “EU Countries” | : | European Union Countries |
| “FEC” | : | First Elastic Corporation (M) Sdn Bhd (328928-W) |
| “FIC” | : | Foreign Investment Committee |
| “FIPB Group” or “the Group” | : | FIPB and its subsidiaries, namely FMSB Group, FEC, PGSB, PEWA, Webtex and Texstrip |
| “FIPB” or “the Company” | : | Furniweb Industrial Products Berhad (541706-V) |
| “Firstex” | : | Firstex Knitting Industry Sdn Bhd (35371-K) |
| “FVN” | : | Furniweb Manufacturing (Vietnam) Co., Ltd. (Vietnam Investment Licence No. 1811/GP) |
| “FMSB Group” | : | FMSB, its subsidiary companies, namely FVOA, FVN, SSKSB and its associated company, Trunet |
| “FMSB” | : | Furniweb Manufacturing Sdn Bhd (164933-H) |
| “FVOA” | : | Furniweb-VOA Safety Webbing Sdn Bhd (391112-U) |
| “GDP” | : | Gross Domestic Product |
| “IPO Exercise” | : | Private Placement, Public Issue, and Offer for Sale, collectively |
| “IPO Price” | : | The Private Placement Price, Public Issue Price and Offer Price of the Private Placement, Public Issue and Offer for Sale, respectively |
| “IPO Share(s)” | : | The Private Placement Shares, Public Issue Shares and Offer Shares, collectively |

DEFINITIONS (Cont'd)

| | | |
|-------------------------------------|---|--|
| “IPO” or “Initial Public Offering” | : | The Private Placement, Public Issue and Offer for Sale collectively |
| “Infocredit D&B” | : | Infocredit D&B (Malaysia) Sdn Bhd (527570-M) |
| “Infocredit D&B Report” | : | Independent market research report prepared by Infocredit D&B dated 11 September 2003, that is made available for inspection. |
| “KLSE” | : | Kuala Lumpur Stock Exchange (30632-P) |
| “Legal Opinion” | : | The legal opinion formed by Messrs InvestConsult in its letter dated 11 September 2003 in relation to the ownership of title of securities/assets in Vietnam; enforceability of agreements, representations and undertakings given by foreign counter-parties under the Laws of Vietnam |
| “Listing and Quotation on the KLSE” | : | The listing and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of the KLSE |
| “MCD” | : | Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE |
| “MIDA” | : | Malaysian Industrial Development Authority |
| “MIDFCCS” | : | MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) |
| “MITI” | : | Ministry of International Trade and Industry |
| “NPC” | : | National Productivity Corporation |
| “NTA” | : | Net Tangible Asset |
| “Offer for Sale” or “Offer” | : | The offer for sale of 22,400,000 ordinary shares of RM0.50 each in FIPB at an IPO Price of RM1.08 per share, of which the entire 22,400,000 ordinary shares of RM0.50 each are allocated by MITI to public and non-public Bumiputera investors, subject to at least 9,600,000 of the Offer Shares representing 12% of the enlarged and issued paid-up share capital of FIPB to be subscribed by Bumiputera investors who are deemed public |
| “Offer Price” | : | The Offer Shares are to be offered at RM1.08 per share |
| “Offer Shares” | : | The 22,400,000 ordinary shares of RM0.50 each in FIPB, which form the subject of the Offer, payable in full on application subject to the terms and conditions of this Prospectus |

DEFINITIONS (Cont'd)

| “Offerors” | <p>Certain shareholders of FIPB participating in the Offer for Sale in the following proportions:</p> <table border="1"> <thead> <tr> <th>Offerors</th> <th>No. of Offer Shares</th> <th>% of Enlarged Share Capital</th> </tr> </thead> <tbody> <tr> <td>Cheah Eng Chuan</td> <td>9,560,428</td> <td>11.95</td> </tr> <tr> <td>Lee Sim Hak</td> <td>1,754,304</td> <td>2.20</td> </tr> <tr> <td>Ong Lock Hoo</td> <td>2,567,054</td> <td>3.21</td> </tr> <tr> <td>Lai Kong Meng</td> <td>1,625,500</td> <td>2.03</td> </tr> <tr> <td>Chan Kwong Pooi</td> <td>1,625,500</td> <td>2.03</td> </tr> <tr> <td>Gan Ah Cheng</td> <td>897,216</td> <td>1.12</td> </tr> <tr> <td>Tan Wah Ching</td> <td>2,145,798</td> <td>2.68</td> </tr> <tr> <td>Firstex</td> <td>896,120</td> <td>1.12</td> </tr> <tr> <td>Tay Gee Tiong @ Tay King</td> <td>1,328,080</td> <td>1.66</td> </tr> <tr> <td>Total</td> <td>22,400,000</td> <td>28.0</td> </tr> </tbody> </table> | Offerors | No. of Offer Shares | % of Enlarged Share Capital | Cheah Eng Chuan | 9,560,428 | 11.95 | Lee Sim Hak | 1,754,304 | 2.20 | Ong Lock Hoo | 2,567,054 | 3.21 | Lai Kong Meng | 1,625,500 | 2.03 | Chan Kwong Pooi | 1,625,500 | 2.03 | Gan Ah Cheng | 897,216 | 1.12 | Tan Wah Ching | 2,145,798 | 2.68 | Firstex | 896,120 | 1.12 | Tay Gee Tiong @ Tay King | 1,328,080 | 1.66 | Total | 22,400,000 | 28.0 |
|-------------------------------|--|-----------------------------|---------------------|-----------------------------|-----------------|-----------|-------|-------------|-----------|------|--------------|-----------|------|---------------|-----------|------|-----------------|-----------|------|--------------|---------|------|---------------|-----------|------|---------|---------|------|--------------------------|-----------|------|--------------|-------------------|-------------|
| Offerors | No. of Offer Shares | % of Enlarged Share Capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheah Eng Chuan | 9,560,428 | 11.95 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lee Sim Hak | 1,754,304 | 2.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ong Lock Hoo | 2,567,054 | 3.21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lai Kong Meng | 1,625,500 | 2.03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chan Kwong Pooi | 1,625,500 | 2.03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gan Ah Cheng | 897,216 | 1.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tan Wah Ching | 2,145,798 | 2.68 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Firstex | 896,120 | 1.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tay Gee Tiong @ Tay King | 1,328,080 | 1.66 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 22,400,000 | 28.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “PAT” | : Profit after taxation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “PBT” | : Profit before taxation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “PE Multiple” | : Price earnings multiple | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “PEWA” | : Premier Elastic Webbing and Accessories (V) Co., Ltd. (Vietnam Investment Licence No. 110/GP-KCN-DN) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “PGSB” | : Premier Gesture Sdn Bhd (561566-V) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “PROTON” | : Perusahaan Otomobil Nasional Berhad (100995-U) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Public Issue” | : The public issue of 7,000,000 new ordinary shares of RM0.50 each in FIPB at an IPO Price of RM1.08 per share to the Malaysian public and eligible employees, customers and suppliers of the Group (excluding employees who are not deemed public) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Public Issue Price” | : The Public Issue Shares are to be issued at RM1.08 per share | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Public Issue Shares” | : The 7,000,000 ordinary shares of RM0.50 each in FIPB, which form the subject of the Public Issue, payable in full on application subject to the terms and conditions of this Prospectus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Private Placement” | : The private placement of 1,000,000 new ordinary shares of RM0.50 each in FIPB at an IPO Price of RM1.08 per share to identified places who are deemed public | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Private Placement Shares” | : The 1,000,000 ordinary shares of RM0.50 each in FIPB, which form the subject of the Private Placement, payable in full on application subject to the terms and conditions of this Prospectus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Private Placement Price” | : The Private Placement Shares are to be issued at RM1.08 per share | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “Proposed Acquisition of FVN” | : The proposed acquisition by FIPB of USD1,300,000 legal capital representing the entire legal capital in FVN for a total purchase consideration to be based on the NTA of FVN and to be satisfied by way of cash | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| “R&D” | : Research & Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

DEFINITIONS (Cont'd)

| | | |
|------------------------------------|---|---|
| “Renunciation of the Rights Issue” | : | <p>(i) The renunciation of up to 5,675,412 of the Rights Issue Shares of RM1.00 each, the rightful entitlement of Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng, Chan Kwong Pooi and Gan Ah Cheng to Solid</p> <p>(ii) The renunciation of up to 168,088 of the Rights Issue Shares of RM1.00 each, the rightful entitlement of Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng, Chan Kwong Pooi and Gan Ah Cheng to Hamzah bin Mohd Salleh, an existing shareholder of FIPB.</p> |
| “Restructuring and Listing Scheme” | : | Corporate Reorganisation Exercise, Restructuring Exercise, IPO Exercise and Listing and Quotation on the KLSE. |
| “Restructuring Exercise” | : | Transfer of Acquisition Shares, Rights Issue and Renunciation of Rights Issue, collectively |
| “Rights Issue” | : | The rights issue of 6,835,518 new ordinary shares of RM1.00 each in the Company at par to the shareholders of FIPB to be credited as fully paid-up on the basis of approximately 234 new ordinary shares of RM1.00 each for every existing 1,000 ordinary shares of RM1.00 each held in FIPB after the Corporate Reorganisation Exercise, which shall not be renounceable in favour of persons other than the members of FIPB after the Corporate Reorganisation Exercise |
| “Rights Issue Shares” | : | The 6,835,518 new ordinary shares of RM1.00 each to be issued to the shareholders of FIPB pursuant to the Corporate Reorganisation Exercise, which are the subject of the Rights Issue |
| “RM” and “sen” | : | Malaysian Ringgit and sen respectively |
| “Sale and Purchase Agreement(s)” | : | The sale and purchase agreements between FIPB and the vendors of PGSB, FEC, FMSB, Texstrip and Webtex all dated 19 June 2002, and the sale and purchase agreements FIPB and between the vendors of PEWA dated 10 July 2003 in relation to the Corporate Reorganisation Exercise |
| “SC” | : | Securities Commission |
| “SIBOR” | : | Singapore Interbank Offer Rate |
| “SMIDEC” | : | Small and Medium Industries Development Corporation |
| “Share Split” | : | The share split of the par value of ordinary shares of FIPB of RM1.00 each to RM0.50 each |
| “Solid” | : | Solid Rating Sdn Bhd (579211-U) |
| “SSKSB” | : | Syarikat Sri Kepong Sdn Bhd (21161-X) |

DEFINITIONS (Cont'd)

| | | |
|----------------------------------|---|--|
| “Transfer of Acquisition Shares” | : | <ul style="list-style-type: none"> (i) Cheah Eng Chuan will transfer 10 ordinary shares of RM1.00 each in FIPB to an investment holding company, Solid (ii) Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng and Chan Kwong Pooi will transfer 4,324,576 ordinary shares of RM1.00 each in FIPB to an investment holding company, Solid |
| “Transferors” | : | Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng and Chan Kwong Pooi, collectively |
| “Trunet” | : | Trunet (Vietnam) Co., Ltd (Vietnam Investment Licence No. 74/GP-KCN-DN) |
| “Trunature” | : | Trunature Limited, United Kingdom (2044447) |
| “Texstrip” | : | Texstrip Manufacturing Sdn Bhd (171110-T) |
| “USD” | : | United States Dollars |
| “Vietnam” | : | Socialist Republic of Vietnam |
| “VND” | : | Vietnam Dong |
| “VOAH” | : | Van Oerle Alberton Holding BV, company incorporated under the laws of Netherlands |
| “VOAW” | : | VOA Webco Pty Ltd, company incorporated under the laws of Australia |
| “Webtex” | : | Webtex Trading Sdn Bhd (131288-K) |

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENT

| | Page |
|--|------|
| CORPORATE INFORMATION..... | 1 |
| 1. SUMMARY INFORMATION | 5 |
| 1.1 History and Principal Activities..... | 5 |
| 1.2 Promoters, Substantial Shareholders, Directors and Key Management | 6 |
| 1.3 Financial Highlights..... | 9 |
| 1.4 Summary of Proforma Balance Sheet as at 30 April 2003..... | 10 |
| 1.5 Audit Qualifications for the Past Five (5) Financial Years And Four (4) Months Period Ended 30 April 2003 | 10 |
| 1.6 Summary of Material Risk Factors | 11 |
| 1.7 Highlights of the Consolidated Profit and Dividend Forecast..... | 12 |
| 1.8 Principal Statistics of the IPO Price..... | 13 |
| 1.9 Pro forma Group NTA as at 30 April 2003 | 14 |
| 1.10 Basis of Arriving at the IPO Price | 14 |
| 1.11 Proposed Utilisation of Proceeds | 14 |
| 1.12 Material Commitments, Borrowings, Contingent Liabilities and Material Litigation..... | 15 |
| 2. PARTICULARS OF THE IPO | 17 |
| 2.1 Opening and Closing of Application Lists | 18 |
| 2.2 Special Events..... | 18 |
| 2.3 Number and Type of Securities to be Issued | 18 |
| 2.4 Details of the Initial Public Offering | 19 |
| 2.5 Basis of Arriving at the IPO Price | 20 |
| 2.6 Purpose of the Initial Public Offering..... | 20 |
| 2.7 Proposed Utilisation of Proceeds | 21 |
| 2.8 Proceeds from the Offer for Sale..... | 23 |
| 2.9 Underwriters | 23 |
| 2.10 Salient Terms of the Underwriting Agreement | 23 |
| 2.11 Underwriting Commission and Brokerage | 25 |
| 3. RISK FACTORS | 26 |
| 3.1 Risks Relating to the IPO Shares | 26 |
| 3.2 Risks Relating to FIPB..... | 27 |
| 3.3 Risks Relating to Future Information | 36 |
| 4. INFORMATION ON FIPB GROUP | 37 |
| 4.1 History And Business Of FIPB..... | 37 |
| 4.2 Changes In Share Capital..... | 39 |
| 4.3 Restructuring and Listing Scheme | 40 |
| 4.4 Subsidiaries And Associated Company | 49 |
| 4.5 Business Overview..... | 57 |
| 4.6 Principal Markets | 64 |
| 4.7 Major Customers and Suppliers..... | 65 |
| 4.8 Distribution and Marketing..... | 66 |
| 4.9 Raw Materials | 67 |
| 4.10 Research and Development..... | 68 |
| 4.11 Quality Control Procedures..... | 69 |
| 4.12 Product Standards | 69 |

TABLE OF CONTENT (Cont'd)

| | | |
|------|---|------------|
| 4.13 | Human Resource | 70 |
| 4.14 | Accreditation and Awards..... | 71 |
| 4.15 | Industry Structure..... | 72 |
| 4.16 | Industry Outlook | 75 |
| 4.17 | Summary of Future Plans..... | 81 |
| 4.18 | Future Prospects..... | 82 |
| 5. | INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT OF FIPB GROUP | 83 |
| 5.1 | Substantial Shareholders | 83 |
| 5.2 | Promoters | 83 |
| 5.3 | Directors..... | 84 |
| 5.4 | Audit Committee..... | 88 |
| 5.5 | Key Management Team..... | 89 |
| 5.6 | Relationship between Substantial Shareholders, Promoters, Directors and Key Management | 93 |
| 5.7 | Declaration by the Substantial Shareholders, Promoters, Directors, and Key Management | 93 |
| 5.8 | Service Contracts | 93 |
| 6. | MORATORIUM ON DISPOSAL OF SHARES..... | 94 |
| 6.1 | Approvals of Relevant Authorities | 94 |
| 6.2 | Moratorium On Disposal Of Shares | 100 |
| 7. | RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST..... | 101 |
| 7.1 | Related Party Transactions | 101 |
| 7.2 | Declaration of the Advisers | 103 |
| 7.3 | Audit Committee Review | 103 |
| 7.4 | Changes in Shareholders and Shareholdings for the Past Three (3) Years..... | 103 |
| 8. | OTHER INFORMATION ON FIPB | 104 |
| 8.1 | Approvals, Major Licences and Permits..... | 104 |
| 8.2 | Transactions in the Acquisitions of Properties | 111 |
| 8.3 | Information on Landed Property Owned by the Group..... | 112 |
| 9. | FINANCIAL INFORMATION | 114 |
| 9.1 | Profit and Dividend Record | 114 |
| 9.2 | Segmental Analysis of Consolidated and Profit | 115 |
| 9.3 | Overview of Turnover and Profit Before Taxation | 116 |
| 9.4 | Debtors' Ageing Analysis As At 30 April 2003..... | 118 |
| 9.5 | Directors' Declaration on Financial Performance | 118 |
| 9.6 | Working Capital, Borrowings, Contingent Liabilities, Capital Commitments and Material Litigation | 118 |
| 9.7 | Consolidated Profit Forecast..... | 120 |
| 9.8 | Reporting Accountant's Letter on the Consolidated Profit Forecast..... | 121 |
| 9.9 | Directors' Analysis of Profit Forecast for the Financial Year Ending 31 December 2003.... | 125 |
| 9.10 | Sensitivity Analysis | 125 |
| 9.11 | Dividend Forecast and Policy | 126 |
| 9.12 | Proforma Consolidated Balance Sheet as at 30 April 2003 together with the notes relating thereto..... | 127 |
| 10. | ACCOUNTANTS' REPORT | 132 |
| 11. | DIRECTORS' REPORT | 183 |
| 12. | LEGAL OPINION | 184 |
| 13. | VALUATION CERTIFICATES..... | 190 |

TABLE OF CONTENT (Cont'd)

| | | |
|-------|--|-----|
| 14. | EXPERT REPORT ON FAIR VALUE OF VIETNAM ASSETS..... | 199 |
| 15. | EXPERT REPORT ON POLICIES OF VIETNAM | 240 |
| 16. | ADDITIONAL INFORMATION | 252 |
| 16.1 | Share Capital..... | 252 |
| 16.2 | Articles of Association..... | 252 |
| 16.3 | Directors and Substantial Shareholders | 259 |
| 16.4 | General Information..... | 260 |
| 16.5 | Expenses and Commissions | 261 |
| 16.6 | Material Contracts..... | 262 |
| 16.7 | Material Agreements..... | 263 |
| 16.8 | Material Litigation | 266 |
| 16.9 | Responsibility Statement | 266 |
| 16.10 | Consent..... | 266 |
| 16.11 | Documents for Inspection..... | 266 |
| 17. | APPLICATION FOR SECURITIES | 268 |
| 17.1 | Opening and Closing of Application Lists | 268 |
| 17.2 | Methods of Application | 268 |
| 17.3 | General Conditions for Application..... | 268 |
| 17.4 | Application Using Application Forms..... | 269 |
| 17.5 | Application Using Electronic Share Application | 272 |
| 17.6 | Applications And Acceptances..... | 277 |
| 17.7 | CDS Account | 278 |
| 17.8 | Notices of Allotment..... | 279 |
| 17.9 | Formalising of CDS Account | 279 |
| 17.10 | List Of Authorised Depository Agents | 280 |

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
(Incorporated in Malaysia under the Companies Act, 1965)

CORPORATE INFORMATION

Board of Directors

| Name | Nationality | Address | Occupation | Designation |
|------------------------------------|--------------------|--|-------------------------|--|
| Cheah Eng Chuan | Malaysian | Cameron Towers 308, Block B No. 11, Jalan 5/58B 47100 Petaling Jaya Selangor Darul Ehsan | Managing Director | Chairman and Managing Director |
| Lee Sim Hak | Malaysian | No. 20, Jalan Aman 1 Taman Sri Aman 43200 Batu 9, Cheras Selangor Darul Ehsan | Company Director | Executive Director |
| Ong Lock Hoo | Malaysian | Block D1-12-3A Scot Pine Condo Bandar Sungai Long 43200 Kajang Selangor Darul Ehsan | Company Director | Executive Director |
| Hamzah Bin Mohd Salleh | Malaysian | 196, Jalan Ara Bukit Bandaraya 59100 Kuala Lumpur | Company Director | Non-Independent Non-Executive Director |
| Dato' Haji Johar bin Murat @ Murad | Malaysian | No. 6 Jalan AU5C/7A Lembah Keramat Ulu Klang 54200 Kuala Lumpur | Company Director | Independent Non- Executive Director |
| Lim Chee Hoong | Malaysian | 6, Haluan Bercham Selatan 2 Lindungan Bercham Indah 31400 Ipoh, Perak | Chartered Accountant | Independent Non- Executive Director |

AUDIT COMMITTEE

| Name | Responsibility | Directorship |
|------------------------------------|-----------------------|------------------------------------|
| Lim Chee Hoong | Chairman | Independent Non-Executive Director |
| Cheah Eng Chuan | Member | Managing Director |
| Dato' Haji Johar bin Murat @ Murad | Member | Independent Non-Executive Director |

CORPORATE INFORMATION (Cont'd)

- Company Secretaries** : Yeoh Chong Keat
(MIA No. 2736)
4 Jalan 12/19
46200 Petaling Jaya
Selangor Darul Ehsan
- Ng Lay Leng (MAICSA 7008584)
15-11-20 Teratai Mewah Apartment
Jalan Langkawi
53000 Kuala Lumpur
- Registered Office** : 49-1 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
- Tel : (603) 7783 8821
- Fax : (603) 7783 8841
- Management Office** : Lot 208, Jalan Sungai Besi
Batu 12, Kg. Baru Balakong
43300 Cheras
Selangor Darul Ehsan
- Tel : (603) 8961 1803 / (603) 8961 1814
- Fax : (603) 8961 2826
Email: furnnet@post1.com
- Web Site** : www.furniweb.com.my
- Principal Bankers** : EON Bank Berhad (92351-V)
152, Jalan Mega Mendung
Kompleks Bandar, Batu 5
Jalan Klang Lama
58000 Kuala Lumpur
- : VID Public Bank
15A Ben Chuong Duong St.,
Dist. 1, Ho Chi Minh City, Vietnam
- : Malayan Banking Berhad
Suite 608, 63 Ly Thai To
Hanoi, Vietnam
- : Hong Leong Bank Berhad (97141-X)
Level 1, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

| | | |
|---|---|---|
| Auditor and Reporting Accountant | : | KPMG (Firm No. AF 0758) Wisma KPMG Jalan Dungun Damansara Heights 50490 Kuala Lumpur |
| Solicitor for the IPO | : | Jeff Leong, Poon & Wong Advocates and Solicitors A-11-3A, Level 11, Megan Avenue II Jalan Yap Kwan Seng 50450 Kuala Lumpur |
| Solicitor for the Legal Opinion and Expert for Policies of Vietnam | : | InvestConsult 15 Nguyen Thi Dieu Street District 3, Ho Chi Minh City Vietnam |
| Issuing House | : | MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) 12 Floor, Bangunan MIDF 195A Jalan Tun Razak 50400 Kuala Lumpur |
| Registrar | : | Bina Management (M) Sdn Bhd (50164-V) Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor |
| Adviser and Managing Underwriter | : | Aseambankers Malaysia Berhad (15938-H) 33 rd Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur |
| Underwriters | : | i. Mayban Securities Sendirian Berhad (165630-M) Level 8, MaybanLife Tower Dataran Maybank, 1 Jalan Maarof 59000 Kuala Lumpur ii. Affin-UOB Securities Sendirian Berhad (431338-P) Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur |
| Placement Agents | : | Aseambankers Malaysia Berhad (15938-H) 33 rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Affin-UOB Securities Sendirian Berhad (431338-P) Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur |

CORPORATE INFORMATION (Cont'd)

| | | |
|--|---|--|
| Independent Valuers | : | (i) Colliers, Jordan Lee & Jaafar Sdn Bhd (59901-U) Level 6, Block G North Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur |
| | | (ii) Colliers, Jordan Lee & Jaafar (S) Sdn Bhd (128318-M) No.31, Jalan Kapar 41400 Klang Selangor Darul Ehsan |
| Expert for Fair Value of Vietnam Assets | : | Khoo & Co Chartered Accountants Suite 903, Magnum Plaza 128 Jalan Pudu 55100 Kuala Lumpur |
| Independent Market Research Consultant | : | Infocredit D&B (Malaysia) Sdn Bhd (527570-M) Level 9-4, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara 50490 Kuala Lumpur |
| Listing Sought | : | Second Board of KLSE |

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. SUMMARY INFORMATION

The summary information set out below is derived from this Prospectus and should be read in conjunction with the full text of the Prospectus. Investors should read and understand the whole Prospectus prior to deciding whether or not to invest in the shares of the Company.

1.1 History and Principal Activities

FIPB was incorporated in Malaysia on 13 March 2001 under the Act as a private limited company under the name of Furniweb Industrial Products Sdn Bhd. To facilitate its proposed listing on the Second Board of the KLSE, Furniweb Industrial Products Sdn Bhd was subsequently converted into a public limited company on 16 May 2002.

FIPB is an investment holding company. Its subsidiaries and associated company are mostly involved in the manufacturing of semi-finished products, with principal activities set out below:-

| Name of Subsidiary Companies | Date and place of Incorporation | Issued & Paid-up Share Capital | Effective Equity Interest (%) | Principal Activities |
|---------------------------------------|---------------------------------|--------------------------------|-------------------------------|--|
| <i>Manufacturing Division</i> FMSB | 3 October 1987 Malaysia | RM5,827,500 | 100% | Manufacturing and marketing of furniture webbing, covered elastic yarn and rigid webbing |
| FVN ¹ | 16 January 1997 Vietnam | USD1,300,000 | 100% | Manufacturing and marketing of furniture webbing and covered elastic yarn |
| FVOA ¹ | 19 June 1996 Malaysia | RM2,500,000 | 60% | Manufacturing and sale of safety webbing ³ |
| Trunet ² | 15 February 2001 Vietnam | USD 300,000 | 50% | Manufacturing and marketing of meat netting |
| SSKSB ¹ | 5 December 1974 Malaysia | RM50,000 | 100% | Property investment and deriving rental income thereon |
| Texstrip | 13 June 1988 Malaysia | RM2,700,000 | 100% | Manufacturing and marketing of rubber strips and sheets |
| FEC | 29 December 1994 Malaysia | RM2,490,000 | 100% | Manufacturing of narrow fabrics |
| PEWA | 23 January 2002 Vietnam | USD1,200,000 | 100% | Manufacturing of narrow fabrics |
| PGSB | 13 October 2001 Malaysia | RM10 | 100% | Investment holding company |
| <i>Trading Division</i> Webtex | 23 November 1984 Malaysia | RM250,000 | 100% | Trading in machinery and accessories, commission agent, and marketing of bare spandex yarn under the brand name of "Lycra" |

Footnotes:

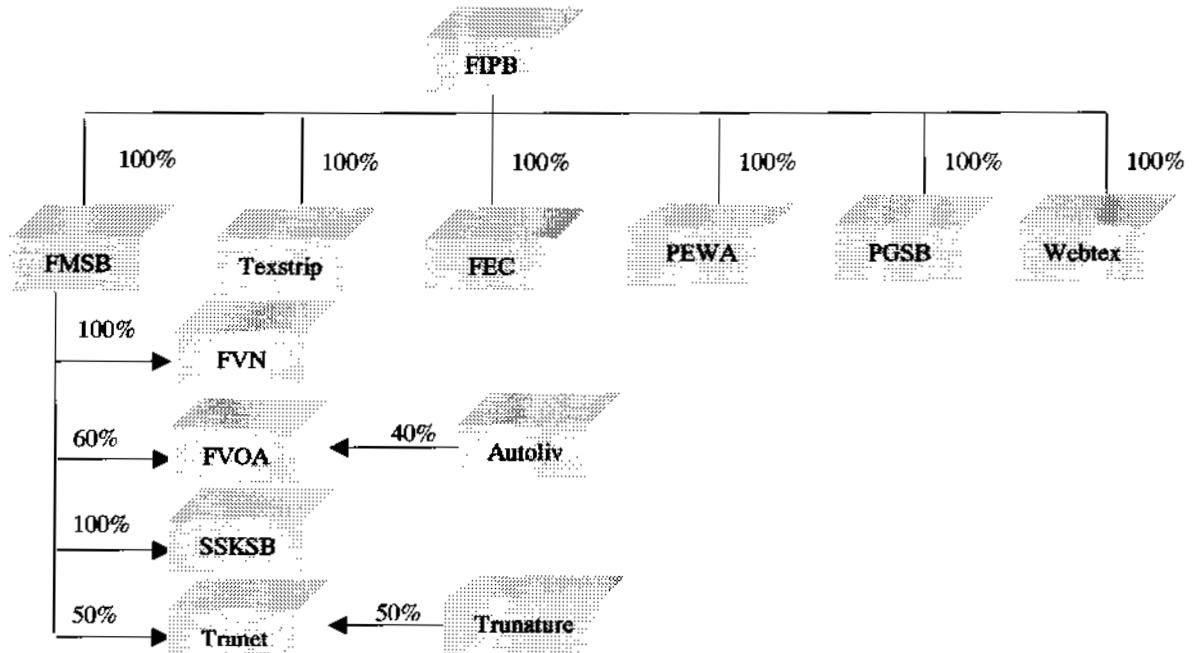
¹ Subsidiary companies of FMSB

² Jointly controlled entity between FMSB and Trunature Ltd

³ Safety webbing here refers to seat belt webbing.

1. SUMMARY INFORMATION (Cont'd)

The corporate structure of the FIPB Group is illustrated below:-



1.2 Promoters, Substantial Shareholders, Directors and Key Management

1.2.1 Promoters

The shareholdings of the promoters of the Company after the IPO are as follows:-

| Name | Nationality / Place of Incorporation | Direct Interest | | Indirect Interest | |
|--------------------------|--|---------------------------|-------|---------------------------|-------|
| | | No. of Shares | % | No. of Shares | % |
| Solid | Malaysia | 20,000,002 ⁽¹⁾ | 25.00 | - | - |
| Cheah Eng Chuan | Malaysian | 10,943,520 | 13.68 | 20,000,002 ⁽³⁾ | 25.00 |
| Lee Sim Hak | Malaysian | 1,966,334 ⁽²⁾ | 2.46 | - | - |
| Ong Lock Hoo | Malaysian | 3,787,966 | 4.74 | - | - |
| Lai Kong Meng | Malaysian | 2,043,280 | 2.55 | - | - |
| Chan Kwong Pooi | Malaysian | 2,043,280 | 2.55 | - | - |
| Tan Wah Ching | Malaysian | 2,392,722 | 2.99 | 976,004 ⁽⁴⁾ | 1.22 |
| Firstex | Malaysia | 976,004 | 1.22 | - | - |
| Tay Gee Tiong @ Tay King | Malaysian | 1,446,570 | 1.81 | 976,004 ⁽⁴⁾ | 1.22 |

Notes:

- ¹ The transfer of the 4,324,576 ordinary shares of RM0.50 each to Solid is pending the stamping of the relevant forms by the Stamp Office.
- ² The transfer of the 4 ordinary shares of RM0.50 each to Lee Sim Hak is pending the stamping of the relevant forms by the Stamp Office.
- ³ Deemed interested by virtue of him holding more than 15% equity interest in Solid pursuant to Section 6A of the Act.
- ⁴ Deemed interested by virtue of them holding more than 15% equity interest in Firstex pursuant to Section 6A of the Act.

1. SUMMARY INFORMATION (Cont'd)

1.2.2 Substantial Shareholders

The shareholdings of the substantial shareholders of the Company after the IPO are as follows:-

| Name | Designation / Principal Activities | Nationality / Place of Incorporation | Direct Interest | | Indirect Interest | |
|------------------------|---|--------------------------------------|---------------------------|-------|---------------------------|-------|
| | | | No. of Shares | % | No. of Shares | % |
| Solid | Investment holding | Malaysia | 20,000,002 ⁽¹⁾ | 25.00 | - | - |
| Cheah Eng Chuan | Chairman and Managing Director | Malaysian | 10,943,520 | 13.68 | 20,000,002 ⁽²⁾ | 25.00 |
| Hamzah bin Mohd Salleh | Non-Independent Non- Executive Director | Malaysian | 10,600,000 ⁽³⁾ | 13.25 | - | - |

Notes:

- ¹ The transfer of the 4,324,576 ordinary shares of RM0.50 each to Solid is pending the stamping of the relevant forms by the Stamp Office.
- ² Deemed interested by virtue of him holding more than 15% equity interest in Solid pursuant to Section 6A of the Act.
- ³ Consisting of the 1,600,000 ordinary shares of RM0.50 each currently held and the 9,000,000 ordinary shares of RM0.50 each to be subscribed pursuant to the Offer for Sale of which an irrevocable undertaking has been provided.

1.2.3 Directors

The shareholdings of the Directors of the Company after the IPO are as follows:-

| Name | Designation | Nationality | Direct Interest | | Indirect Interest | |
|------------------------------------|--|-------------|---------------------------|-------|---------------------------|-------|
| | | | No. of Shares | % | No. of Shares | % |
| Cheah Eng Chuan | Chairman and Managing Director | Malaysian | 10,943,520 | 13.68 | 20,000,002 ⁽¹⁾ | 25.00 |
| Lee Sim Hak | Executive Director | Malaysian | 1,966,334 ⁽²⁾ | 2.46 | - | - |
| Ong Lock Hoo | Executive Director | Malaysian | 3,787,966 | 4.74 | - | - |
| Hamzah bin Mohd Salleh | Non-Independent Non-Executive Director | Malaysian | 10,600,000 ⁽³⁾ | 13.25 | - | - |
| Dato' Haji Johar bin Murat @ Murad | Independent Non-Executive Director | Malaysian | 3,800,000 ⁽⁴⁾ | 4.75 | - | - |
| Lim Chee Hoong | Independent Non-Executive Director | Malaysian | - | - | - | - |

Notes:

- ¹ Deemed interested by virtue of him holding more than 15% equity interest in Solid pursuant to Section 6A of the Act.
- ² The transfer of the 4 ordinary shares of RM0.50 each to Lee Sim Hak is pending the stamping of the relevant forms by the Stamp Office.
- ³ Consisting of the 1,600,000 ordinary shares of RM0.50 each currently held and the 9,000,000 ordinary shares of RM0.50 each to be subscribed pursuant to the Offer for Sale of which an irrevocable undertaking has been provided.
- ⁴ Based on the 3,800,000 ordinary shares of RM0.50 each to be subscribed pursuant to the Offer for Sale of which an irrevocable undertaking has been provided.

1. SUMMARY INFORMATION (Cont'd)**1.2.4 Key Management**

The shareholdings of the key management of the Company after the IPO are as follows:-

| Name | Designation | Nationality | Direct Interest | | Indirect Interest | |
|---------------------------|---|-------------|------------------------|------|------------------------|------|
| | | | No. Of Shares | % | No. Of Shares | % |
| Lai Kong Meng | Director of FMSB Director of FVN Director of Webtex | Malaysian | 2,043,280 | 2.55 | - | - |
| Chan Kwong Pooi | Director of FMSB Director of FVN | Malaysian | 2,043,280 | 2.55 | - | - |
| Tan Wah Ching | Managing Director of FEC | Malaysian | 2,392,722 | 2.99 | 976,004 ⁽¹⁾ | 1.22 |
| Tan Chee Weng | Financial Controller of FMSB | Malaysian | 52,000 ⁽²⁾ | 0.07 | - | - |
| Lee Chee Keong | Finance Manager of FMSB | Malaysian | 55,000 ⁽²⁾ | 0.07 | - | - |
| Ang Beng Choon | Technical and Development Manager of FMSB | Malaysian | 88,000 ⁽²⁾ | 0.11 | - | - |
| Chan Weng Soong | Quality Assurance Manager of FMSB | Malaysian | 88,000 ⁽²⁾ | 0.11 | - | - |
| Siangalimuthu s/o Retinam | Dye House Manager of FVOA | Malaysian | 94,000 ⁽²⁾ | 0.12 | - | - |
| Rangith Jinadasa | General Director of FVN | Malaysian | 52,000 ⁽²⁾ | 0.07 | - | - |
| Lee Hon Yip | General Manager of Texstrip | Malaysian | 70,000 ⁽²⁾ | 0.09 | - | - |
| Ravindran A/L Arumugam | Production Manager of Texstrip | Malaysian | 111,000 ⁽²⁾ | 0.14 | - | - |
| Lee Nyat Fah | Factory Manager of Texstrip | Malaysian | 55,000 ⁽²⁾ | 0.07 | - | - |
| Kok Weng Keng | Administrative Manager of Texstrip | Malaysian | 88,000 ⁽²⁾ | 0.11 | - | - |

Notes:

1. Deemed interested by virtue of him holding more than 15% equity interest in Firstex pursuant to Section 6A of the Act.
2. Based on the assumption that the relevant key management subscribe to their respective entitlements pursuant to the allocation of shares to eligible employees of FIPB Group

1. SUMMARY INFORMATION (Cont'd)**1.3 Financial Highlights**

The following table sets out a summary of the pro forma turnover and profit records of FIPB for the past five (5) financial years ended 31 December 1998 to 2002 and the four (4) month period ended 30 April 2003. This summary has been extracted from the Accountants' Report as set out in Section 10 of this Prospectus and prepared based on the assumption that FIPB has been in existence since 1998. The pro forma consolidated results have been prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions thereto as included in the Accountants' Report.

| | ←----- For the Financial Year Ended 31 December -----→ | | | | | 4-month period ended 30 April 2003 RM'000 |
|--|--|----------------|----------------|----------------|----------------|--|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 | |
| Turnover | 26,169 | 33,075 | 42,136 | 43,560 | 59,393 | 20,353 |
| EBITDA | 5,915 | 8,295 | 9,205 | 10,409 | 13,868 | 5,463 |
| Share of (loss)/profit in jointly controlled entity | - | - | - | (2) | 302 | - |
| Interest expense | (1,004) | (837) | (748) | (581) | (738) | (238) |
| Depreciation | (1,651) | (1,760) | (1,754) | (2,121) | (2,415) | (975) |
| Exceptional Item: Gain on disposal of investment | - | - | - | 66 | - | - |
| Profit before taxation | 3,260 | 5,698 | 6,703 | 7,771 | 11,017 | 4,250 |
| Extraordinary item | - | - | - | - | - | - |
| Taxation | (832) | - | (1,242) | (945) | (1,748) | (631) |
| Profit after taxation but before minority interest | 2,428 | 5,698 | 5,461 | 6,826 | 9,269 | 3,619 |
| Extraordinary Items | - | - | - | - | - | - |
| Minority interest | (1) | (401) | (355) | (276) | (621) | (235) |
| Profit after taxation and minority interest | 2,427 | 5,297 | 5,106 | 6,550 | 8,648 | 3,384 |
| Based on number of ordinary shares of RM1 pursuant to the Corporate Reorganisation Exercise ('000) | 29,164 | 29,164 | 29,164 | 29,164 | 29,164 | 29,164 |
| Gross EPS (sen) ⁽¹⁾ | 11.17 | 18.16 | 21.77 | 25.70 | 35.65 | 13.77 |
| Net EPS (sen) ⁽²⁾ | 8.32 | 18.16 | 17.50 | 22.46 | 29.65 | 11.60 |

Footnotes:⁽¹⁾ Calculated based on profit before taxation and after minority interest⁽²⁾ Calculated based on profit after taxation and minority interest

Please refer to Section 9.1 to Section 9.4 for more details on the pro forma consolidated income statement of FIPB for the past five (5) financial years ended 31 December 1998 to 2002 and the four (4) month period ended 30 April 2003.

1. SUMMARY INFORMATION (Cont'd)**1.4 Summary of Pro forma Balance Sheet as at 30 April 2003**

The table below sets out the Pro forma Consolidated Balance Sheets of FIPB as at 30 April 2003. This summary has been extracted from the Reporting Accountants' letter as set out in Section 9.12 of this Prospectus and prepared based on the assumptions that the following events had been completed on 30 April 2003.

| | At 30 April 2003 | (a) After the Corporate Reorganisation Exercise | (b) After (a) and the Restructuring Exercise | (c) After (b), the Share Split and the IPO Exercise |
|--|---------------------|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, Plant and Equipment | - | 32,856 | 32,856 | 39,356 |
| Investment in Jointly Controlled Entity | - | 1,064 | 1,064 | 1,064 |
| Other Investment | - | 18 | 18 | 18 |
| Deferred Tax Asset | - | 61 | 61 | 61 |
| Deferred expenditure | 20 | 20 | 20 | 20 |
| CURRENT ASSETS | * | 35,480 | 42,316 | 42,656 |
| CURRENT LIABILITIES | (27) | 24,560 | 24,560 | 24,560 |
| NET CURRENT (LIABILITIES)/ASSETS | (27) | 10,920 | 17,756 | 18,096 |
| | (7) | 44,939 | 51,775 | 58,615 |
| FINANCED BY: | | | | |
| Share Capital | * | 29,164 | 36,000 | 40,000 |
| Share Premium | - | 2,333 | 2,333 | 5,173 |
| Reserves | (7) | 7,161 | 7,161 | 7,161 |
| SHAREHOLDERS' FUNDS | (7) | 38,658 | 45,494 | 52,334 |
| MINORITY INTERESTS | - | 1,738 | 1,738 | 1,738 |
| LONG TERM LIABILITIES | - | 4,543 | 4,543 | 4,543 |
| | (7) | 44,939 | 51,775 | 58,615 |
| Net Tangible Assets (RM'000) | (27) | 38,638 | 45,474 | 52,314 |
| Number of ordinary shares of RM1.00 each / RM0.50 each** | ^ | 29,164 | 36,000 | 80,000** |
| Net Tangible Assets per share (RM) | (13,500) | 1.32 | 1.26 | 0.65 |

Footnote: * Denotes RM2.00

^ Denotes 2 ordinary shares of RM1.00 each

** Denotes ordinary shares of RM0.50 each

Please refer to Section 9.12 of this Prospectus for more details on the pro forma consolidated balance sheet as at 30 April 2003.

1.5 Audit Qualifications for the Past Five (5) Financial Years And Four (4) Months Period Ended 30 April 2003

The audited accounts of the Company and its subsidiaries were not subject to any qualifications throughout the relevant years/periods under review.

1. SUMMARY INFORMATION (Cont'd)

1.6 Summary of Material Risk Factors

An investment in the shares listed/to be listed on the KLSE involves a number of risks some of which including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and are inherent in the business of the Group.

Investors should rely on their own evaluations and to carefully consider the risk factors, before subscribing to any of the IPO Shares, which are the subject of this Prospectus.

The risk factors that should be considered includes, but are not limited to, the following:-

Risks Relating to the IPO Shares

- i) There has been no prior market for the IPO Shares;
- ii) Ownership and control by the Substantial Shareholders;
- iii) The Company may not be able to realise dividends from its subsidiaries; and
- iv) Delay in or Abortion of the IPO.

Risks Relating to FIPB

- i) FIPB is subject to certain business risks inherent in the industrial textile industry;
- ii) FIPB is exposed to any shortage of supply and variations in the costs of raw materials;
- iii) FIPB is exposed to increasing competition;
- iv) FIPB has, to a certain extent, a dependency to its key management personnel;
- v) FIPB is subject to changes in technological advancements;
- vi) FIPB may be exposed to potential environmental action;
- vii) The certificate of fitness for occupation has not been issued for certain premises of the FIPB Group;
- viii) FIPB may not be able to successfully launch new products or break into new markets;
- ix) The FIPB Group is highly dependent on the local political and economic conditions as well as that of Vietnam; and
- x) General risks associated with the business of the Group which may affect the operation and financial performance of the Group

Risks Relating to Future Information

- i) Forward looking statements; and
- ii) FIPB's results may vary significantly from the profit forecast set forth herein.

Please refer to Section 3 for further information concerning the abovesaid risk factors, which should be considered by prospective investors. Investors are advised to carefully consider the risk factors, together with other information contained in this Prospectus before subscribing to any of the IPO Shares, which are the subject of this Prospectus.

1. SUMMARY INFORMATION *(Cont'd)*

1.7 Highlights of the Consolidated Profit and Dividend Forecast

1.7.1 Profit Forecast

| Financial Year Ending 31 December | Forecast 2003 RM'000 |
|--|-------------------------------------|
| Consolidated profit before taxation | 13,522 |
| Less : Taxation | (2,101) |
| Consolidated profit after taxation | <u>11,421</u> |
| Less : Minority Interest | (604) |
| Profit after tax and minority interest | <u>10,817</u> |
| Less: Pre-acquisition profits | (5,409) |
| Proforma post-acquisition consolidated profit after taxation and minority interest | <u>5,408</u> |
| | |
| Weighted average number of shares in issue ('000) | 35,055 ⁽¹⁾ |
| Number of enlarged shares in issue ('000) | 80,000 |
| | |
| Gross EPS (sen) | 36.85 ⁽²⁾ |
| Net EPS (sen) | 30.86 ⁽²⁾ |
| Fully diluted gross EPS (sen) | 16.15 ⁽³⁾ |
| Fully diluted net EPS (sen) | 13.52 ⁽³⁾ |
| | |
| Based on IPO Price of RM1.08 per ordinary shares | |
| Gross price earnings multiple (times) | 2.93 ⁽²⁾ |
| Net price earnings multiple (times) | 3.50 ⁽²⁾ |
| Fully diluted gross price earnings multiple (times) | 6.69 ⁽³⁾ |
| Fully diluted net price earnings multiple (times) | 7.99 ⁽³⁾ |
| | |
| Dividend | |
| Gross dividend per ordinary share (sen) | 1.5 |
| Net dividend (tax exempt) per ordinary share (sen) | 1.5 |
| Gross dividend yield based on the IPO Price of RM1.08 per ordinary share (%) | 1.39 |
| Net dividend yield based on the IPO Price of RM1.08 per ordinary share (%) | 1.39 |
| Net dividend cover (times) | 4.51 |

Notes:

⁽¹⁾ Weighted average number of shares in issue was computed based on the assumption that Acquisition 1 was completed on 30 June 2003, the Rights Issue was completed on 4 September 2003 and the IPO will be completed on 31 October 2003

⁽²⁾ Based on weighted average number of shares in issue of 35.055 million ordinary shares of RM0.50 each

⁽³⁾ Based on the enlarged share capital in issue of 80 million ordinary shares of RM0.50 each.

Further notes and assumptions on the Profit and Dividend Forecast are set out in Section 9.8 and Section 9.11 respectively of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)

1.8 Principal Statistics of the IPO Price

The following statistics relating to the IPO are derived from the full text of this Prospectus in Section 2 and should be read in conjunction with the text.

(i) Proposed Authorised and Issued Share Capital

| | RM |
|---|--------------------|
| Authorised: | |
| 200,000,000 ordinary shares of RM0.50 each | <u>100,000,000</u> |
| Issued and fully paid-up: | |
| 2 ordinary shares of RM1.00 each | 2 |
| Issued pursuant to the Acquisition I of 29,164,480 ordinary shares of RM1.00 each | 29,164,480 |
| Issued pursuant to the Rights Issue of 6,835,518 ordinary shares of RM1.00 each | 6,835,518 |
| | <u>36,000,000</u> |
| Pursuant to the Share Split of 36,000,000 ordinary shares of RM1.00 each to 72,000,000 ordinary shares of RM0.50 each | 36,000,000 |
| Issued pursuant to the Private Placement of 1,000,000 ordinary shares of RM0.50 each | <u>500,000</u> |
| Issued pursuant to the Public Issue of 7,000,000 ordinary shares of RM0.50 each | 3,500,000 |
| | <u>40,000,000</u> |
| Offer for Sale of 22,400,000 ordinary shares of RM0.50 each | <u>11,200,000</u> |

(ii) Public Issue/Offer Price

| | |
|------------------------------|--------|
| IPO Price per ordinary share | RM1.08 |
|------------------------------|--------|

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. SUMMARY INFORMATION (Cont'd)**1.9 Pro forma Group NTA as at 30 April 2003**

| | Note | NTA RM'000 | NTA per ordinary share RM |
|---|------|---------------|------------------------------------|
| Pro forma Group NTA after the Corporate Reorganisation Exercise | (1) | 38,638 | 1.32 |
| Pro forma Group NTA after the Corporate Reorganisation Exercise and Restructuring Exercise | (2) | 45,474 | 1.26 |
| Pro forma Group NTA after the Corporate Reorganisation Exercise, Restructuring Exercise, Share Split and IPO Exercise | (3) | 52,314 | 0.65 |

Notes:

- (1) Based on the issued and paid-up share capital of 29,164,482 ordinary shares of RM1.00 each after Acquisition I.
- (2) Based on the issued and paid-up share capital of 36,000,000 ordinary shares of RM1.00 each after Acquisition I and Rights Issue.
- (3) Based on the enlarged and paid-up share capital of 80,000,000 ordinary shares of RM0.50 each after Acquisition I, Rights Issue, Share Split, Private Placement, Public Issue and after deducting estimated listing expenses of RM1.80 million.

1.10 Basis of Arriving at the IPO Price

The IPO Price of RM1.08 were determined and agreed upon by the Company, Aseambankers and the Underwriters based on various factors including the following:-

- (i) the Group's financial and operating history as well as the financial information as outlined in Sections 4 and 9 of this Prospectus;
- (ii) the future plans and prospects of the Group as outlined in Section 4.17 and Section 4.18 of this Prospectus;
- (iii) the pro forma forecast net PE multiple of 7.99 times based on the forecast net EPS of 13.52 sen and the IPO price of RM1.08 per share; and
- (iv) the pro forma Group NTA per share of RM0.65 as at 30 April 2003.

1.11 Proposed Utilisation of Proceeds

The Rights Issue, Private Placement and Public Issue will raise RM6.835 million and RM8.64 million respectively, which shall accrue to the Company. The total gross proceeds of RM15.475 million arising from the Rights Issue, Private Placement and Public Issue will be utilised as follows:-

| Utilisation | FMSB (RM'000) | Texstrip (RM'000) | FVN (RM'000) | FEC (RM'000) | PEWA (RM'000) | Total (RM'000) |
|-------------------------------|------------------|----------------------|-----------------|-----------------|------------------|-------------------|
| 1. Factory Expansion | - | 2,000 | - | - | 1,500 | 3,500 |
| 2. Purchase of Machinery | - | - | 500 | 500 | 2,000 | 3,000 |
| 3. Working Capital | 3,175 | - | 2,000 | 1,000 | 1,000 | 7,175 |
| 4. Estimated Listing Expenses | - | - | - | - | - | 1,800 |
| Total | 3,175 | 2,000 | 2,500 | 1,500 | 4,500 | 15,475 |

1. SUMMARY INFORMATION (Cont'd)

The estimated listing fees of RM1.8 million consist of all expenses such as underwriting commission, placement fee, brokerage, registration and share transfer fee relating to the Rights Issue, Private Placement and Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of FIPB on the Second Board of the KLSE, which is to be borne by the Company. The Offerors shall bear the brokerages and stamp duty (if any) relating to the Offer Shares.

The proceeds from the Rights Issue, Private Placement and Public Issue are expected to be fully utilised by the financial year ending 31 December 2004, assuming the proceeds are received by October 2003.

Please refer to Section 2.7 of this Prospectus for more details of the proposed utilisation of Rights Issue, Private Placement and Public Issue proceeds.

1.12 Material Commitments, Borrowings, Contingent Liabilities and Material Litigation**(i) Material Commitments For Capital Expenditure**

As at 11 September 2003 (being the latest practicable date prior to the printing of this Prospectus), there are no material commitments for capital expenditure incurred or known to be incurred by FIPB Group, which may have a substantial impact on the results or the financial position of the Group.

(ii) Borrowings

As at 31 August 2003, (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group's total outstanding bank borrowings of RM10.264 million are divided into the following categories:-

| Types of borrowings | Foreign Currencies Equivalent (USD) | RM | RM |
|-------------------------------------|---|-----------|-------------------|
| Local | | | |
| Long term borrowings: | | | |
| - Interest bearing | - | 1,510,063 | |
| - Non-interest bearing | - | - | |
| Short term borrowings: | | | |
| - Interest bearing | - | 2,969,915 | |
| - Non-interest bearing | - | - | |
| Sub-total | - | | 4,479,978 |
| Foreign | | | |
| Long term borrowings: | | | |
| - Interest bearing | 506,117 | 1,923,246 | |
| - Non-interest bearing | - | - | |
| Short term borrowings: | | | |
| - Interest bearing | 1,015,987 | 3,860,749 | |
| - Non-interest bearing | - | - | |
| Sub-total | 1,522,104 | | 5,783,995 |
| Total outstanding borrowings | | | 10,263,973 |

Save as disclosed above, the FIPB Group does not have any other borrowings, indebtedness in the form of borrowings, including bank overdraft, liabilities under acceptances and hire purchase.

1. SUMMARY INFORMATION (Cont'd)

There is no default on payment of either interest nor principal sum in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

(iii) *Contingent Liabilities*

Save for the corporate guarantees given for credit facilities to the companies in the Group amounting to approximately RM21,660,000, the FIPB Group does not have any other contingent liabilities as at 31 August 2003 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus).

(iv) *Material Litigation*

As at 11 September 2003 (being the latest practicable date prior to the printing of this Prospectus), the Company, its subsidiaries and associated company are presently not engaged in any litigation whether as plaintiff or defendant which has a material effect on the financial position of the Company or any of its subsidiaries and associated company, and the Directors do not know of any proceedings which might materially and adversely affect the position or business of the Company, its subsidiaries and associated company.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK