2. PARTICULARS OF THE IPO

This prospectus is dated 17 September 2003. 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, both of whom take no responsibility for its contents.

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

An application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Second Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of RM0.50 each in FIPB, including the IPO Shares, which are the subject of this Prospectus. These ordinary shares will be admitted to the Second Board of the KLSE and official quotation will commence after the 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 the application will be conditional upon permission being granted by the KLSE to deal in and for the quotation for the entire enlarged issued and fully paid-up ordinary shares of FIPB on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applicants will be returned 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 may be specified by the SC, provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

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

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by FIPB. Neither the delivery of this Prospectus nor any offer 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 the FIPB Group since the date hereof.

The distribution of this Prospectus and the sale of the IPO Shares in certain other jurisdiction may be restricted by law. Persons into whose possession of this Prospectus may come 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 invitation of an offer to buy any IPO Shares in any jurisdiction in which such offer or invitation if not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The KLSE 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 of the Second Board of the KLSE is not to be taken as an indication of the merits of the invitation, Company or of its ordinary shares.

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

2. PARTICULARS OF THE IPO *(Cont'd)*

2.1 Opening and Closing of Application Lists

The Application List will open at 10.00 a.m. on 1 October 2003 and will remain open until 8.00 p.m. on the same day or for such further periods as the Directors of FIPB and/or Offerors together with the Managing Underwriter, in their absolute discretion, may decide.

2.2 Special Events

		DATE	DAY
Opening Date of The IPO	:	17 September 2003	Wednesday
Closing Date of The IPO	:	1 October 2003	Wednesday
Tentative Balloting Date	:	6 October 2003	Monday
Tentative Allotment Date	:	13 October 2003	Monday
Tentative Listing Date	:	16 October 2003	Thursday

The application period will remain open until 8:00 p.m. on 1 October 2003 or for such further period or periods as the Directors of FIPB and/or Offerors together with the Managing Director, in their absolute discretion, may decide.

2.3 Number and Type of Securities to be Issued

(i) Proposed Authorised and Issued Share Capital

	RM
Authorised:	
200,000,000 ordinary shares of RM0.50 each	100,000,000
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
	36,000,000
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	500,000
Issued pursuant to the Public Issue of 7,000,000 ordinary shares of RM0.50 each	3,500,000
	40,000,000
Offer for Sale of 22,400,000 ordinary shares of RM0.50 each	11,200,000

(ii) IPO Price RM1.08

(iii) Status of the IPO Shares

There is only one class of shares in the Company, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attached 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 ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person, 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.

2.4 Details of the Initial Public Offering

The IPO of 30,400,000 shares each at an IPO Price of RM1.08 is payable in full on application upon such terms and conditions as set out in this Prospectus. The IPO Shares represent 38% of the enlarged issued and paid-up share capital of FIPB.

The 30,400,000 IPO Shares representing 38% of the enlarged issued and paid-up share capital of FIPB will be allocated in the following manner:-

(i) Eligible Employees, Customers and Suppliers of FIPB Group

4,000,000 Public Issue Shares representing 5.00% of the enlarged issued and paid-up share capital of FIPB to eligible employees, customers and suppliers of the Group;

(ii) Malaysian Public

3,000,000 Public Issue Shares representing 3.75% of the enlarged issued and paid-up share capital of FIPB to the Malaysian public of which at least 30% is to be set aside for Bumiputera investors;

(iii) Identified Placees

1,000,000 Private Placement Shares representing 1.25% of the enlarged issued and paid-up share capital of FIPB reserved for identified placees who are deemed public of which at least 30% is to be set aside for Bumiputera investors; and

(iv) Approved Bumiputera Investors

22,400,000 Offer Shares representing 28% of the enlarged issued and paid-up share capital of FIPB have been reserved for public and non-public Bumiputera investors to be approved by MITI, subject to at least 9,600,000 of the Offer Shares, representing 12% of the enlarged issued and paid-up share capital of FIPB are subscribed by Bumiputera investors who are deemed public.

The Public Issue Shares in respect of paragraph (i) above are allocated based on the following criteria:-

a) The eligible employees of FIPB Group have been allocated an aggregate of 3,700,000 Public Issue Shares. The criteria of allocation of the Public Issue Shares reserved for one hundred (100) eligible employees of the FIPB Group have been based on staff grades and length of services.

b) The eligible customers and suppliers of the FIPB Group who have contributed to the success of the FIPB Group have been allocated an aggregate of 300,000 Public Issue Shares. The criteria of allocation of the Public Issue Shares reserved for fifty (50) eligible customers and suppliers, have been based on their length of relationship and significance of transactions with the FIPB Group.

Any Public Issue Shares not subscribed by the eligible employees, customers and suppliers of the FIPB Group will be made available for excess application by other eligible employees, customers and suppliers of the FIPB Group.

The Public Issue Shares under paragraph (i) above, the Private Placement Shares under paragraph (iii) above and the Offer Shares under paragraph (iv) above need not and will not be underwritten. The identified investors under paragraph (iv) above have provided irrevocable undertakings to subscribe for the said Offer Shares.

All Public Issue Shares under paragraph (ii) above have been fully underwritten.

2.5 Basis of Arriving at the IPO Price

The IPO Price of RM1.08 per ordinary share was determined and agreed upon by the Company, Aseambankers and the Underwriters based on various factors after taking into account the following:-

(i) the Group's financial and operating history and conditions as outlined in Section 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.

2.6 Purpose of the Initial Public Offering

The purpose of the IPO are as follows:-

(i) to grant FIPB access to the capital market to raise funds to finance the future growth and expansion of the Group;

(ii) the listing of FIPB 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;

(iii) to provide an opportunity for the Malaysian public, selected parties, customers and employees of the FIPB to participate in the continuing growth of the Group; and

(iv) to obtain a listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE.

2.7 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	Note	Amount RM'000
1. Factory Expansion	(i)	3,500
2. Purchase of Machinery	(ii)	3,000
3. Working Capital	(iii)	7,175
4. Estimated Listing Expenses	(iv)	1,800
Total		**15,475**

(i) Factory Expansion

The Group plans to construct new factory buildings on a new piece of land for Texstrip and for the purpose of PEWA's expansion, which are estimated to cost about RM2.0 million and RM1.5 million, respectively.

Utilisation	RM'000
Purchase of land and/or building and construction of new factory, if necessary	3,500

(ii) Purchase of Machinery

Company	RM'000
FVN	500
FEC	500
PEWA	2,000
Total	3,000

(iii) Working Capital

Generally, working capital is utilised for the purchase of raw materials and to finance daily operating expenses so as to reduce credit granted by suppliers. This will enable the Group to enjoy higher cash discounts from suppliers and to have production cost savings.

(iv) Estimated Listing Expenses

The Company shall bear 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 estimated at RM1.8 million.

2. PARTICULARS OF THE IPO *(Cont'd)*

The estimated listing expenses of RM1.8 million are set out as follows:-

	To be borne by FIPB RM
KLSE's initial and annual listing fee (1)	7,000
Prospectus Lodgement fee with CCM	500
Prospectus Registration fee with SC	5,000
SC processing fee (2)	50,000
Issuing house fee, Registrar's fee, Translation fee	120,000
Advertisement and Public Relations Expense(s)	80,000
Printing of Prospectus, application forms, envelopes and share certificates	200,000
Professional advisory fees	1,000,000
Underwriting Commission (3)	64,800
Brokerage (4)	75,600
Placement Fee(5)	18,900
Contingencies (6)	178,200
Total	**1,800,000**

Notes:

(1) Initial and Annual Listing Fee for Second Board

RM250 per million Ringgit Malaysia or part thereof the issued share capital of the listed issue, subject to a minimum fee of RM1,000 and a maximum of RM5,000

RM250 x (40,000,000/1,000,000)=RM10,000

Therefore, initial listing fee payable is RM5,000.

Annual Listing Fee

RM250 per million Ringgit Malaysia or part thereof of the issued capital of the listed issuer, subject to a minimum of RM500 and a maximum of RM2,000.

RM200 x (40,000,000/1,000,000)=RM8,000

Therefore, annual listing fee payable is RM2,000

(2) Nominal amount + 0.05% of total issue of securities

RM30,000 + (0.05% x 40,000)= RM50,000

(3) 2.0% of the amount of underwritten

2.0% x 3,000,000 Public Issue Shares x RM1.08 per share = RM64,800

(4) 1.0% of the value of Public Issue Shares

1.0% x 7,000,000 Public Issue Shares x RM1.08 per share=RM75,600

(5) 1.75% x 1,000,000 Private Placement Shares x RM1.08

(6) Any other incidental or related expenses in connection with the IPO

There is no minimum subscription to be raised from the Public Issue, however 3,000,000 ordinary shares of RM0.50 each from the Public Issue are fully underwritten.

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.

The utilisation of proceeds by the Group is expected to have a positive financial impact on the Group for the financial year ending 2003 onwards.

2.8 Proceeds from the Offer for Sale

The gross proceeds raised from the Offer for Sale shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by FIPB. The Offerors shall bear all expenses such as brokerage, stamp duty (if any) and share transfer fees relating to the Offer Shares.

2.9 Underwriters

The names of the underwriters are as follows:

Managing Underwriter	:	Aseambankers Malaysia Berhad (15938-H)
Underwriters	:	Mayban Securities Sendirian Berhad (165630-M)
		Affin-UOB Securities Sendirian Berhad (431338-P)

The underwriters may withdraw from their obligations under the said Underwriting Agreement after the opening of the offer in the event any of the warranties, representations, or undertakings given by the Company is breached prior to the listing date and on the occurrence of any unforeseen circumstances beyond the reasonable control of the contracting parties.

2.10 Salient Terms of the Underwriting Agreement

An Underwriting Agreement was entered into between the Company and the Underwriters, namely Aseambankers, Mayban Securities Sendirian Berhad and Affin-UOB Securities Sendirian Berhad on 21 August 2003 wherein the Underwriters agreed to underwrite the 3,000,000 Public Issue Shares ("Underwritten Shares") at an underwriting commission of 2.0% of the IPO Price of RM1.08 per FIPB share to the underwriters.

In accordance with the Underwriting Agreement, upon any material breach of the warranties or representations, or any material failure to perform any of the agreements or undertakings or any change rendering any of the said warranties, representations or agreements inaccurate in a material respect coming to the notice of the Underwriters or any of them prior to the closing date of the IPO, the Underwriters or any of them shall be entitled by notice to the Company to elect to treat such breach, failure or change as releasing or discharging the Underwriters or any of them from their respective obligations under the Underwriting Agreement.

The following salient terms are extracted from the Underwriting Agreement and the following capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement and references to ":-

"Closing Date" *means the last date for receipt of applications for the Underwritten Shares being a date which shall not be later than three (3) calendar months from the date of the Underwriting Agreement or on any later date as the Company and the Underwriters may mutually agree upon.*

"Public Issue" *means the 30,400,000 ordinary shares of RM0.50 each in the Company that are offered for subscription at an issue price of RM1.08 per share.*

"Parties" or "Party" *means the Company, the Managing Underwriter and the Underwriters and such one of them as the case may be and includes their respective successors-in-title and permitted assigns.*

Clause 9 - Events Affecting The Issue

9.1 *Subject to prior consultation with the Company, any of the Underwriters acting through the Managing Underwriter shall be entitled to terminate this Agreement by notice in writing delivered to the Company prior to the Closing Date if the business or operations of the FIPB Group taken as a whole, and/or the success of the Public Issue is in the reasonable opinion of such Underwriter(s) acting through the Managing Underwriter giving the aforesaid notice seriously jeopardised by:-*

9.1.1 *the coming into force of or material change in any laws or Governmental regulations policy, ruling or directives which seriously affects or will seriously affect the business of the Company; or*

9.1.2 *any material breach by the Company of any of its representations, warranties, obligations or undertakings under this Agreement or which is contained in any certificate, statement or notice provided under or in connection with this Agreement; or*

9.1.3 *any material and adverse change in the condition (financial or otherwise) of the Company from that described in the Prospectus; or*

9.1.4 *any material and adverse change in the market of the Company's product and / or services; or*

9.1.5 *there having occurred, happened or come into effect any of the following circumstances:-*

9.1.5.1 *a change in the national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God as would in its reasonable opinion materially prejudice the success of 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*

9.1.5.2 *in the event of national disorder, outbreak of war or the declaration of a state of national emergency.*

9.2 On delivery of such a notice this Agreement shall become null and void and of no further force and effect and each Party's rights and obligations hereunder shall cease and none of the Parties (except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 14 incurred prior to or in connection with such termination and/or any antecedent breaches) shall have any claim against each other. Thereafter the Underwriters and the Company shall confer with a view to deferring the Public Issue or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company or the Underwriters shall not be under any obligation to enter into such new agreement.

Clause 10 - Withdrawal Or Non-Procurement Of Approval For Listing By KLSE

"The Underwriters shall have the right to terminate this Agreement by notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company in the event that the approval in principle of KLSE for the admission of the Company to the Official List of KLSE or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE is withdrawn or not procured and upon such termination the liabilities hereto of the Company and the Underwriters shall become null and void and none of the Parties shall have a claim against each other save for any antecedent breaches and each Party shall return any moneys paid to the other or others under this Agreement within forty-eight (48) hours of the receipt of such notice."

Clause 11 - Change In Circumstances

"11.1 Notwithstanding anything herein contained the Underwriters acting through the Managing Underwriter may at any time before the Closing Date, by notice in writing to the Company, propose to terminate its obligations under this Agreement if in its reasonable opinion there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God as would in its reasonable opinion materially prejudice the success of 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 in the event of national disorder, outbreak of war or the declaration of a state of national emergency.

11.2 Upon such notice being given, the Underwriters concerned and the Company shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 14 incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder."

Clause 12 - Cancellation / Lapse Of Agreement

"12.1 Unless terminated earlier, the obligations of the Underwriter(s) herein shall lapse after the expiry of three (3) months from the date of this Agreement unless the Underwriter(s) consent to an extension of time beyond such period."

2.11 Underwriting Commission and Brokerage

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite all the 3,000,000 Public Issue Shares to be made available to the Malaysian public. Underwriting commission is payable by the Company at 2.0% of the IPO Price of RM1.08 per share.

Brokerage relating to the IPO is payable by the Company at the rate of 1.0% of the IPO Price of RM1.08 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

3. RISK FACTORS

Prior to making an investment decision, potential investors should carefully consider the following risk factors (which may not be exhaustive), which may have a significant impact on the future performance of the Group in addition to all the other relevant information contained elsewhere in this Prospectus, before making an application.

3.1 Risks Relating to the IPO Shares

3.1.1 There has been no prior market for the IPO Shares

The IPO Shares comprise a new issue and offer of securities for which there is currently no public market. There can be no assurance as to the liquidity of any market that may develop for the IPO Shares, the ability of holders to sell their IPO Shares or the prices at which holders would be able to sell their IPO Shares. Application will be made to list the ordinary shares of the Company (including the IPO Shares) on the Second Board of the KLSE. There can be no assurance that the ordinary shares of the Company will be accepted for trading on the Official List. In the event that the ordinary shares of the Company are not admitted to the Official List within 6 weeks from the date of this Prospectus or such longer period may be specified by the SC, provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe, then the Company will withdraw its application for listing and monies paid in respect of any applications for IPO Shares will be returned to applicants without interest.

There can be no assurance that the IPO Price will correspond to the price at which FIPB's ordinary shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for FIPB's ordinary shares will develop or, if developed, that such market will be sustained. The IPO Shares could trade at prices that may be lower than the IPO Price depending on many factors, including prevailing economic and financial conditions in Malaysia, FIPB's operating results and the market for similar securities. FIPB and the Underwriters have no obligation to make a market in the IPO Shares on the Second Board of the KLSE.

The IPO Price of RM1.08 per share have been determined after taking into consideration a number of factors, including but not limited to, FIPB's financial history and operating conditions, its prospects and the prospects for the industry in which FIPB operates, the management of FIPB and the prevailing market conditions at the time of the listing application by FIPB.

3.1.2 Ownership and Control by the Substantial Shareholders

Upon completion of the IPO Exercise, Solid and Cheah Eng Chuan will have a combined equity interest of approximately 38.68% (Please refer to Section 5.1 for more details) in FIPB. By virtue of their respective major shareholdings in the Company, Solid and Cheah Eng Chuan therefore will have the ability to indirectly exercise control over the Company and its affairs and business, including the election of directors and the approval of most actions requiring the approval of its shareholders, unless they are required to abstain from voting by law and/or the relevant authorities.

FIPB complies with the KLSE requirements for independent directors in the Board of Directors and the Audit Committee.

3.1.3 The Company may not be able to realise dividends and/or other distributions from its subsidiaries

The Company conducts all of its operations through its subsidiaries and associated company. Accordingly, an important source of the Company's income, and consequently an important factor in the Company's ability to pay dividends and other distributions will be dependent on receipts from its subsidiaries and associated company. The Company's subsidiaries' ability to pay dividends or make other distributions to it are subject to restrictions contained in their loan agreements and to their having sufficient funds which are not needed to fund their operations, other obligations or business plans. As the Company is a shareholder of its subsidiaries and associated company, its claims as such will generally be subordinated to all other creditors and claimants against its subsidiaries and associated company.

For a description of the Company's dividend policy, refer to Section 9.11 of this Prospectus.

3.1.4 Delay in or Abortion of the IPO

The occurrence of any one or more of the following events may cause a delay in or abortion of the IPO :-

a) the identified placees and Bumiputera investors failing to subscribe to the portion of Private Placement Shares and Offer Shares respectively allocated to them;

b) the eligible employees, suppliers and customers of FIPB Group failing to subscribe to the portion of Public Issue Shares allocated to them and the excess shares resulting thereof are not subscribed by other eligible employees, suppliers, and customers of FIPB Group;

c) the Underwriters exercising their rights pursuant to the Underwriting Agreement discharging themselves from their obligations thereunder; or

d) the Company is unable to meet the public spread requirement, that is, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO, and at the point of listing of the ordinary shares of the Company on the Second Board of the KLSE.

Although the Directors of FIPB will endeavour to ensure compliance by FIPB of the various listing requirements, including, inter-alia, the public spread requirement imposed by the SC and KLSE, for the successful listing of the ordinary shares of the Company on the Second Board of the KLSE, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the IPO.

3.2 Risks Relating to FIPB

3.2.1 Business Risks

The FIPB Group is subject to certain risks inherent in the industry that they operate in, including those, which govern their customers, specifically, the furniture, automotive, transportation services, and the textile and apparel industries. The risks include constraints in supply of raw materials and labour, changes in the global, regional and national economy, entry of new players, changes in law and tax legislation affecting the said industries, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and new substitutes, as well as shifts in customer preference for the products of the FIPB Group.

Although the FIPB Group seeks to limit these risk through, inter-alia, increasing the efficiency of operations, diversifying the pool of suppliers, expanding the business through increasing its range of products and customers for both the local and export market, no assurance can be given that any change in these factors will not have a material effect on FIPB's business.

3.2.2 Supply and Cost of Raw Materials

The FIPB Group sources the bulk of its raw materials from more than ten (10) local and foreign suppliers, some of which the Group has had stable long term business relationship of more than ten (10) years.

The raw materials procured includes rubber thread, textured nylon yarn, polyester textured yarn, spun polyester yarn, spandex bare yarn, polypropylene multifilament yarn, flat polypropylene monofilament yarn, hook tape fastener, loop tape fastener, paper cone, nylon filament yarn, polyester filament yarn and acrylic yarn.

The typical financial arrangement with suppliers is either by cash with discount or credit terms of 30-120 days. The FIPB Group has no long term contract or agency agreement with its suppliers, however, the Group enjoys cordial relationships with its raw materials suppliers, and has good support from its suppliers. The FIPB Group is not dependent on any single supplier for its raw materials and in addition the Group may source its raw materials from its trading arm, Webtex.

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 maintain its competitive edge as any fluctuations would similarly affect its competitors.

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.

3.2.3 Contracts with Customers and Suppliers

FIPB Group does not have any long-term contracts with its customers, comprising of end-users, distributors, agents and suppliers.

However, the Group has built and retained good relationships with its existing customers and at the same time, is expanding its customer base through a combination of continuous market penetration as well as market and product development strategies.

Furthermore, the FIPB Group has a large base of customers, from both the export and local market. There is a level of mutual dependence between the Group and its customers as the Group's customers are mainly involved in manufacturing of furniture, textile and apparel and automotive parts and accessories and the Group's products are used as raw materials by its customers.

FIPB's products are manufactured to meet its customer's specification and standards. It attempts to meet optimum customer satisfaction through quality products, minimum order quantity and shorter turnaround time for product delivery.

The Group enjoys steady and long-term relationships with a number of suppliers, both local and overseas, and does not depend solely on one supplier for its raw materials' supply. FIPB's largest local and foreign supplier does not constitute more than 10% of the FIPB Group total purchases respectively. In addition, as part of its upstream/downstream diversification strategy, the Group shall also be producing selective raw materials such as rubber threads for its own and third party consumption.

The Directors of FIPB believe that the Group's focused efforts in maintaining and expanding its customer and supplier base shall enable the Group to reduce its dependence on any particular customer or supplier.

3.2.4 Competition

Although the FIPB Group seeks to maintain and improve its competitiveness through R&D, optimisation of its manufacturing efficiencies, providing quality products and services, products diversification, expanding its operations to Vietnam where cost of production is lower (Please refer to Section 3.2.14 for more details), and adopting a product differentiation strategy, there is no assurance that FIPB Group will not be affected by other new or current manufacturers and traders within the same industry, both domestic and foreign.

The Directors believe that FIPB will be able to maintain and improve its market position due to its ability in meeting the requirements of the market with consistent product quality, good customer services as well as competitive pricing of its products.

3.2.5 Dependence on Key Personnel

The Group believes that its continuing success will depend, to a significant extent, upon the abilities and continued efforts of its existing directors and key management team. The Company's future success will also depend on its ability to attract and retain skilled personnel. At present, efforts are made by the Group to groom other members of the management team to assume more responsibilities, hence ensuring a smooth transition should changes occur. A management committee, which consists of representatives from companies in the Group has been formed. In addition, there will be sub-committees at the individual subsidiaries level which is made up of the respective Heads of Departments. The setting up of committees allows collective decision- making and participation, hence corporate decisions are not dependent on one key personnel. Based on this, the Board of Directors of FIPB has the ability to assess and identify potential corporate leaders for the future. Hence, the loss of any of the Group's directors or key management personnel will not materially affect the Group's performance.

3.2.6 Technology

The Group has entered into technical assistance agreements for its covered spandex yarn, seat belt webbing, meat netting and rubber strips operations. (Please refer to Section 4.5 for more details on its products).

Even though the Company takes the necessary steps to acquire as much technical skills as possible from its technical partners, no assurance can be given on the extensiveness and adequacy of the technical knowledge transferred, in the event of a pre-mature termination or expiration and non-renewal of the technical assistance agreement.

The following are the technical assistance agreements that had been entered into by the FIPB Group, whether subsisting or expired:-

i. The technical assistance agreement between FMSB and Touei Co. Ltd. ("Touei") of Japan dated 1 March 2001 has expired. Touei provided FMSB with information and knowledge on the manufacturing of covered spandex yarn and recommended improvements and training on technical knowledge. As at 30 April 2003, the export sale of covered elastic yarn, including covered spandex yarn, contributed approximately RM5.9 million (or 29.0%) to the Group's turnover.

   The Directors do not expect that the quality or the production of its covered spandex yarn product to be materially affected by the expiry of the abovementioned technical assistance agreement. However, FMSB continues to be a supplier to Touei and should the need arise for further assistance, the Directors do not expect any hindrance from entering into another technical assistance agreement with Touei.

ii. The technical assistance agreement between VOAH, VOAW and FVOA dated 23 October 1996 has also expired. VOAH and VOAW jointly provided FVOA technical assistance pertaining to the manufacturing of car seat belt webbing and other industrial webbing related products for a period of five (5) years since the commencement date of operations, being June 1997. As at 30 April 2003, the sale of seat belt webbing contributed approximately RM2.55 million (or 12.5%) to the Group's turnover.

The Directors do not expect that the quality or the production of its seat belt webbing product to be materially affected by the expiry of the abovementioned technical assistance agreement.

iii. In October 2001, Texstrip and Star Corporation of Japan ("Star Corp") had entered into a technical assistance agreement, in which Star Corp shall provide full technical assistance, expertise and related knowledge to Texstrip in rubber sheets production for producing diaper threads and other purposes in order to achieve the level of quality evaluated and accepted by Japan market. Upon request, Star Corp shall provide all technical data and information of production process, facilities and chemical formulations for a period of two (2) years and will automatically be renewed for each successive two (2) year period as long as the required quality of the products is achieved.

3.2.7 Environmental Issues

Most of the Group's production processes do not produce harmful waste products, with the exception of the waste water from the dyeing process under the production of rigid webbing and narrow fabrics. FVOA has a dye processing waste water treatment plant which is used for treatment of chemicals before it is discharged into drains in the most efficient and effective method.

In addition, FEC has also upgraded the existing waste water treatment plant for the treatment of chemicals before it is discharged into drains.

3.2.8 Certificate of Fitness for Occupation Issues

(i) Absence of the Certificate of Fitness for Occupation ("CF") in Texstrip (P.T. 73813)

Texstrip is the registered owner of the industrial land together with the factory building erected thereon known as H.S. (M) 33413, P.T. No. 73813, Mukim and District of Klang, Selangor. The CF for the buildings have yet to be obtained by Texstrip due to delays in obtaining sub-division of the abovementioned land title.

There is no assurance that the operations of Texstrip will not be affected arising from the enforcement of the local authorities due to absence of the CF.

Nevertheless, Texstrip is currently in the advanced stages of compliance with the conditions for issuance of CF by Majlis Bandaraya Shah Alam. Barring unforeseen circumstances, the CF for the buildings is estimated to be obtained by December 2003.

(ii) Absence of CF in FMSB (P.T. 7179)

Currently, the detached single storey industrial factory of FMSB erected on H.S. (M) 943, P.T.7179, Mukim of Cheras, District of Hulu Langat, Selangor has not been issued a CF by Majlis Perbandaran Kajang ("MPKJ"). There is no assurance that the operations of FMSB will not be affected arising from the enforcement of the local authorities due to the absence of the CF.

Nevertheless, FMSB has taken the necessary steps to obtain the CF and has submitted an application to MPKJ on 25 April 2002. The property has been inspected by the appointed departments of MPKJ and is currently being processed. The Directors of FIPB envisage that the CF will be obtained by end of January 2004.

3.2.9 New Business Venture

In line with the Group's policy of seeking synergised diversification, the Group has ventured into the production of narrow fabrics via PEWA.

PEWA was incorporated in Vietnam on 23 January 2002 as a private limited company with 100% foreign capital in accordance with the Law of Foreign Investment in Vietnam. The principal activity of the company is manufacturing of narrow fabrics for the undergarment industries and PEWA has an operation licence term of 46 years commencing 23 January 2002.

PEWA commenced commercial operations in February 2003.

Even though PEWA has taken the necessary steps to ensure that the business venture will be successful, no assurance can be given on the timing and rate of returns that PEWA can generate for the Group. As at the date of this Prospectus, the Group has invested a total of RM4.56 million in PEWA.

3.2.10 New Products

As part of its market expansion and diversification strategies, the Group is continuously engaged in the research and development of new products (Please refer to Section 4.10 & 4.17.2 for more details). Although the Group conducts market surveys and market-testing procedures for its new products to ensure market acceptance, there is no assurance that these new products will be able to capture a sizeable market nor will it enhance the profitability of the Group.

3.2.11 Compliance with International Standards/Requirements

As most of the products manufactured by the FIPB Group are targeted at the overseas markets, the Company's turnover and smooth business operations may be disrupted in the event that the Company fails to comply with various international standards required by its customers such as the Oeko-Tex Standard 100 for rubber strips and the various stringent standards in Malaysia, Australia/New Zealand and Japan for seat belt webbing. (Please refer to Section 4.14 for more details)

The management of the Company continuously strives to ensure that these standards and requirements are fully complied with.

3.2.12 System Interruptions

The Group did not experience any disruption in business having significant effect on its operations for twelve (12) months prior to the date of this Prospectus.

3.2.13 Political, Economic and Regulatory Considerations

The Group's future growth and level of profitability may depend to some degree on the political, economic and regulatory conditions in Malaysia, Vietnam as well as other countries that the FIPB Group import from and/or export to. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, risk of war, changes in interest rates and inflation rates, methods of taxation, tariffs and duties and currency exchange controls and contracts. In addition, the Group is subjected to risk associated with foreign operations, namely currency fluctuations and trade liberalization under AFTA as set out in (i) and (ii) below.

Whilst the Group will continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect the Group.

(i) Foreign Exchange Risks

For the period ended 30 April 2003, over 54% of the Group's products were exported. The Group imports approximately 51% of its raw materials. Hence, the Group is subject to possible fluctuations in foreign exchange risk.

The Group's Vietnam operations are mainly transacted in USD and Euro, as these operations mainly export their products. The companies within the Group that are operating in Vietnam are FVN, Trunet and PEWA.

The RM peg set on 1 September 1998 of RM3.80 to USD1.00 has, to some extent, reduced foreign currency fluctuations for the Group. In addition, as most of its overseas' sales and raw material imports are transacted in USD, it will act as a natural hedging of the USD exchange exposure to the Group.

Nevertheless, there is no assurance that any change to the foreign exchange rates will not have a material impact on the Company's business, and there is no assurance that the exchange rate will remain pegged. In this aspect, the management of the Group is constantly monitoring its RM exposure and hedging foreign exchange risks, whenever deemed appropriate.

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(ii) **ASEAN Free Trade Area ("AFTA")**

With the liberalisation of domestic markets arising through Malaysia's commitments to AFTA, textiles and apparels would be subjected to tariff reductions of 0% to 5% by 2008. The import duties for goods are also substantially reduced with the implementation of AFTA in 2005. This is expected to have a positive impact on the Group as a portion of its raw materials is imported from the ASEAN countries. *(Source: Infocredit D&B Report).*

Notwithstanding the foregoing, the elimination of tariffs could result in more players emerging from ASEAN, with existing ones competing to gain or maintain market share. Although every effort has been taken by the Group to maintain its competitiveness through leveraging its operations in Vietnam and Malaysia, and adopting product innovation and market diversification strategies, there is no assurance that AFTA will not have any adverse effect on the Group's business and financial conditions in the long run.

3.2.14 Foreign Operations

At present, FIPB has two subsidiaries, FVN and PEWA, and one associated company, Trunet, operating in Vietnam. The growth and level of profitability of FVN, PEWA and Trunet are dependent on the local political and economic conditions such as changes in political leadership, expropriation, nationalization, changes in interest rates and inflation rates, methods of taxation, tariffs, duties and currency exchange rules and contracts, currency fluctuations, trade restrictions and sovereignty.

The Vietnam economy is currently in transition towards a market-led economy. Whilst the economy has favourable export-led growth prospects, a conservative policy management and favourable government and external debt positions, its public finances and monetary flexibility are limited, thus providing a challenge towards becoming a market-led economy.

Despite success in achieving moderate levels of inflation, Vietnam's monetary policy is still developing and its various risks with regards to the inconvertibility of the VND, the high level of foreign currency deposits and a developing capital market, may affect the general economy of Vietnam.

(i) **Operational Incentives**

FVN has an operation licence term of 47 years from 16 January 1997 and PEWA has an operation licence term of 46 years from 23 January 2002 while Trunet has an operation licence term of 44 years commencing from 15 February 2001. The operational incentives allowed under the investment licence terms are as follows:-

(a) Corporate income tax rate of 10% of the profit earned with a waiver from tax charges for 4 years from the first profit-making year and a 50% reduction of corporate income tax for a further period of 4 years thereafter. Withholding tax on profit remitted outside Vietnam is 3%. These incentives apply to both FVN and Trunet.

    PEWA is subject to corporate income tax rate of 15% of the profit earned with an exemption from tax charges for 2 years from the first profit making year and a 50% reduction of corporate income tax for a further period of 3 years. PEWA is also liable to a withholding tax of 3% on the profit remitted outside Vietnam.

(b) The rental of land per annum is USD2.25 per m^2 and the infrastructure cost is USD1.00 per m^2 per annum (for the first five years) and thereafter USD0.5 per m^2 per annum for the Bien Hoa Industrial Zone II (FVN's and Trunet's operations are located here), until 2029 and the rental rate and infrastructure cost are subject to conformity with the Vietnamese government regulations at that point in time. PEWA's land rental and infrastructure cost per annum at the Nhon Trach Industrial Zone is USD$1.54 per m^2 subject to not more than 15% increase every 5 years and USD1.10 per m^2 from 2007 onwards.

As at 30 April 2003, FVN contributed RM6.27 million (or 30.8%) of the Group's turnover while Trunet has contributed 7% of the Group's PAT. PEWA commenced commercial operation in February 2003 and has yet to contribute to the Group.

Whilst all these factors serve as attractive incentives for the Group to have a presence in Vietnam today, no assurance can be given such favourable policies will continue in future.

(ii) **Structural Reforms Program In Vietnam**

The Vietnam government will, over the next three (3) years commencing year 2002, implement certain measures under its trade liberalisation program. The reforms are aimed at reducing costs of exporters, enhancing options for private investors, position Vietnam as a safe and productive place to invest and to tap the US and Chinese export markets.

Specific actions to assist the private sector such as modifying laws on banks to reduce their constraints on providing credit to small medium enterprises, modifying the land law to provide easier access to land, removing existing business licensing restrictions in various sub-sectors and facilitating the formation of domestic private business associations are proposed to be taken now.

In addition, a number of policy changes such as reduction in personal income taxes, movements on interest rate caps, new procedures for the conversion of foreign invested companies into joint-stock companies have resulted in a generally improved business sentiment among foreign investors, and a significant number of new investments and expansions of existing operations.

The ratification and implementation of the US Bilateral Trade Agreement with Vietnam will also assist labour intensive and export oriented sectors. The lower US tariffs on Vietnamese manufactured exports present a great opportunity, in particular the textile and garment sector will benefit from the enhanced market access.

To further open Vietnam's market, the Vietnam Government committed to remove Quantitative Restrictions multilaterally and reduce tariffs on ASEAN imports to less than 20 percent by 2003 and less than 5 per cent by 2006. These scheduled reductions will see the average tariff on goods from countries (eligible for the Common Effective Preferential Tariff ("CEPT") fall from 14 per cent in 2000 to 8.5 percent in 2003 and 4 per cent in 2006.

(Source: Vietnam Development Report 2002, The World Bank in Vietnam)

Whilst all these reform programmes serve as an attractive incentive for the Group to have a presence in Vietnam today, no assurance can be given that such reforms will successfully attract and retain new and existing foreign investments in Vietnam.

3.2.15 Financial Risks

Borrowings

As at 31 August 2003 (being the latest practicable date prior to the printing of this Prospectus), FIPB Group's total short-term and long-term borrowings amounted to approximately RM10.264 million. All the bank borrowings of FIPB Group are interest bearing. Given that the interest charged on bank borrowings is dependent on interest rates and the total outstanding loans, future fluctuations of the interest rates could have material effects on FIPB Group's profitability.

There can be no assurance that the performance of FIPB Group would remain favourable in the event of adverse changes in the interest rates. However, based on its prudence cash management, FIPB Group is expected to be able to generate sufficient funds in the future to meet the repayment of the bank borrowings.

Restrictive Covenants

The subsidiaries of the FIPB Group have entered into various credit facility agreements with banks or financiers to finance their operations and business activities. These agreements contain, inter-alia, covenants, which may limit the FIPB Group's operating and financial flexibility. Any act by the FIPB Group falling within the ambit or scope of such covenants may give rise to a right by the bank or financier to terminate the relevant credit facility and/or enforce any securities granted, in relation to that credit facility which may also cause a cross-default on other facilities. There can be no assurance that the aforesaid enforcement of the right by the banks or financiers will not have any adverse impact on the FIPB Group's operations and financial results.

The Board of Directors of FIPB is aware of such covenants and shall take all precautions necessary to prevent any breach of these agreements.

3.2.16 Other General Risks

The Group is also subject to other general risks associated with the business of the Group which may affect the operation and financial performance of the Group, such as breakout of fire, energy crisis, flood, theft and others.

In order to minimize disruption to the operations of the Group, the Directors have put in place certain risk-management plans and pre-emptive measures as follows:-

i) the Group carries out regular service and maintenance of machinery to ensure the machines are in good condition and minimize the frequency of machinery breakdown. Annual inspection is also conducted by the Malaysian Department of Occupational Safety and Health to ensure the working environment at the manufacturing plants is safe for its employees;

ii) the manufacturing plants are also equipped with sprinkler systems and fire fighting equipment such as fire extinguishers and hose reels. Regular fire prevention exercise and fire drills are also conducted to train the employees on the use of these equipment and basic fire-fighting techniques; and

iii) Several main products of the Group are produced in different manufacturing plants of Malaysia and Vietnam. For example, furniture webbing, covered elastic yarn and narrow fabrics are produced both in Malaysia and Vietnam. This shall provide a good leverage against risk in the event that any of the manufacturing plant operation is disrupted.

In addition, the respective companies in the FIPB Group have also obtained insurance policies from various insurance agencies such as fire, theft and burglary insurance to mitigate losses which may arise as a result of insured contingencies.

3.3 Risks Relating to Future Information

3.3.1 Profit Forecast

This Prospectus contains forecast that are based on certain assumptions deemed reasonable by Directors of FIPB, but which nevertheless subject to uncertainties and contingencies. Because of inherent uncertainties, events and circumstances may not occur as expected, there can be no assurance that the forecast as contained herein will be realized. Actual results may be materially different from forecast results arising 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 description of the assumptions and uncertainties underlying the forecast that are contained herein.

3.3.2 Forward-Looking Statements

Certain statements contained in this Prospectus, statements made in press releases and oral statements that may be made by FIPB, Directors or employees acting on the Company's behalf, that are not statements of historical fact, constitute "forward-looking statements". Investors can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, investors should note that these words are not exclusive means of identifying forward-looking statements. All statements regarding the FIPB Group's expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the FIPB Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties that may cause the FIPB Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, FIPB or any of its advisers does not warrant or represent to prospective investors that the actual consolidated future results, performance or achievements of FIPB will be as discussed in those statements.

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