

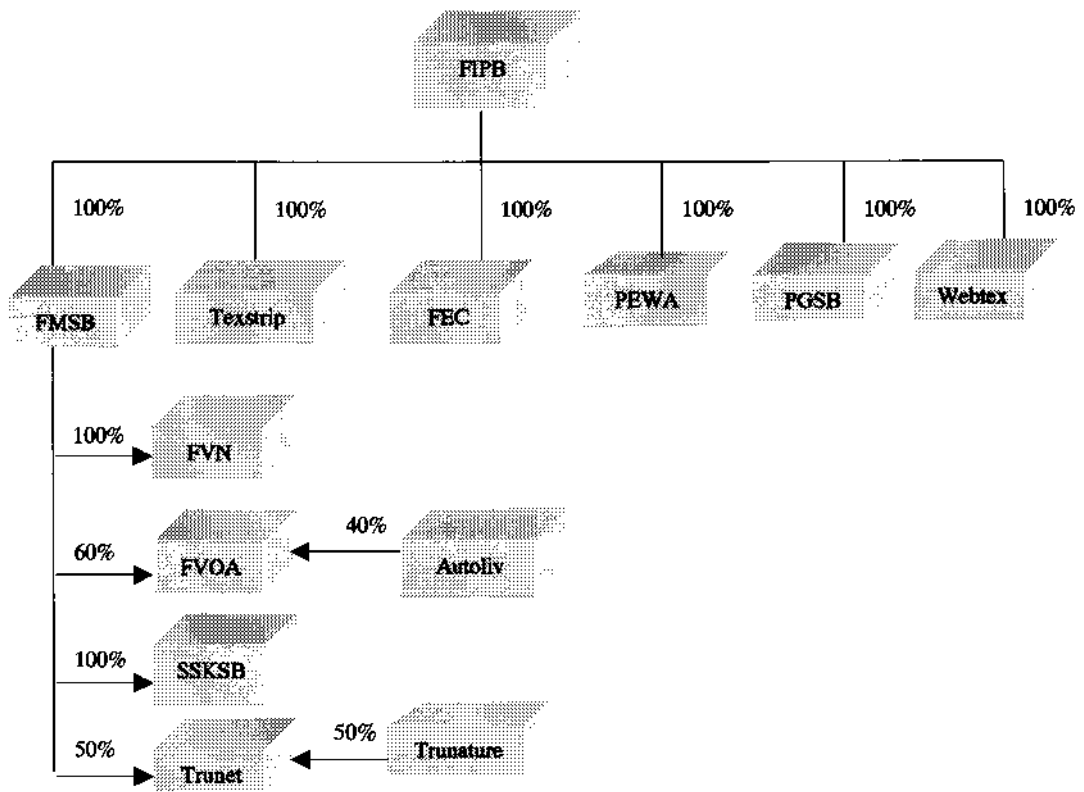
4. INFORMATION ON FIPB GROUP

4.1 History And Business Of FIPB

FIPB was incorporated in Malaysia under the Act on 13 March 2001 as a private limited company under the name of Furniweb Industrial Products Sdn Bhd. The Company was converted to a public limited company and assumed its present name on 16 May 2002.

As an integral part of the Restructuring and Listing Scheme, FIPB proposed to acquire PGSB, PEWA, FEC, FMSB, Textstrip and Webtex, leading to the listing of and quotation for the entire issued and paid-up share capital of FIPB on the Second Board of the KLSE.

The FIPB Group structure pursuant to the Corporate Reorganisation Exercise is set out as follows:



From a modest beginning as a partnership in 1983 by the five (5) founding members of the Group, namely Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng and Chan Kwong Pooi, the FIPB Group has since evolved to become an industrial textile manufacturer, servicing a range of industries in the automotive, furniture-textile and apparel and rubber based sectors. Originally, the Group, through FMSB, was focusing on the production of furniture webbing. Over the years, as part of its products' diversification strategy, the Group has added covered elastic yarn, rigid webbing, rubber strips, narrow fabrics and meat netting to its product range.

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4. INFORMATION ON FIPB GROUP (Cont'd)

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

Table 4.1: Information on FIPB Group

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.*

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4. INFORMATION ON FIPB GROUP (Cont'd)**4.2 Changes In Share Capital**

The present authorised share capital of FIPB is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each. The present issued and paid-up share capital of FIPB is RM36,000,000 comprising 72,000,000 ordinary shares of RM0.50 each.

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

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (RM)	Consideration	Total Issued and Paid-up Capital (RM)
13 March 2001	2	1.00	Cash	2
30 June 2003	21,408,508	1.00	Issued for the Acquisition of FMSB	21,408,510
30 June 2003	3,050,483	1.00	Issued for the Acquisition of Texstrip	24,458,993
30 June 2003	3,568,092	1.00	Issued for the Acquisition of FEC	28,027,085
30 June 2003	1,137,397	1.00	Issued for the Acquisition of Webtex	29,164,482
4 September 2003	6,835,518	1.00	Rights Issue on the basis of approximately 234 : 1000	36,000,000
6 September 2003	72,000,000	0.50	Share split from RM1.00 each to RM0.50 each	72,000,000

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4. INFORMATION ON FIPB GROUP (Cont'd)

4.3 Restructuring and Listing Scheme

4.3.1 Corporate Reorganisation Exercise

4.3.1.1 Acquisition I

(a) Acquisition of FMSB

FIPB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of FMSB comprising 5,827,500 ordinary shares of RM1.00 each based on its audited NTA value as at 31 December 2001 of RM23,121,189. The purchase consideration of RM23,121,189 was satisfied by the issuance of 21,408,508 new ordinary shares of RM1.00 each in FIPB, credited as fully paid, at an issue price of RM1.08 per ordinary share to the following parties:-

Name Of Vendors	No. Of FMSB Shares Acquired	%	Purchase Consideration RM	No. Of FIPB Shares Issued
Cheah Eng Chuan	2,651,513	45.50	10,520,141	9,965,662
Lee Sim Hak	582,750	10.00	2,312,119	2,098,034
Ong Lock Hoo	874,125	15.00	3,468,178	3,147,050
Lai Kong Meng	582,750	10.00	2,312,119	2,098,034
Chan Kwong Pooi	582,750	10.00	2,312,119	2,098,034
Gan Ah Cheng	437,062	7.50	1,734,089	1,573,524
Hamzah bin Mohd Salleh	116,550	2.00	462,424	428,170
	5,827,500		23,121,189	21,408,508

(b) Acquisition of Texstrip

FIPB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of Texstrip comprising 2,700,000 ordinary shares of RM1.00 each based on its audited NTA value as at 31 December 2001 of RM3,294,521. The purchase consideration of RM3,294,521 was satisfied by the issuance of 3,050,483 new ordinary shares of RM1.00 each in FIPB, credited as fully paid, at an issue price of RM1.08 per ordinary share to the following parties:-

Name Of Vendors	No. of Shares held	No. of Shares held in Trust	No. Of Shares Acquired	%	Purchase Consideration RM	No. Of FIPB Shares Issued
Cheah Eng Chuan	2,187,000	(494,550)	1,692,450	62.68	2,065,116	1,944,175
Lee Sim Hak	162,000	94,200	256,200	9.49	312,613	283,356
Ong Lock Hoo	162,000	141,300	303,300	11.23	370,085	333,519
Lai Kong Meng	-	94,200	94,200	3.49	114,942	100,327
Chan Kwong Pooi	-	94,200	94,200	3.49	114,942	100,327
Gan Ah Cheng	-	70,650	70,650	2.62	86,207	75,245
Tan Wah Ching	135,000	-	135,000	5.00	164,726	152,524
Hamzah bin Mohd Salleh	54,000	-	54,000	2.00	65,890	61,010
			2,700,000	100.00	3,294,521	3,050,483

4. INFORMATION ON FIPB GROUP (Cont'd)**(c) Acquisition of FEC**

FIPB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of FEC comprising 2,490,000 ordinary shares of RM1.00 each based on its audited NTA value as at 31 March 2002 of RM3,853,540. The purchase consideration of RM3,853,540 was satisfied by the issuance of 3,568,092 new ordinary shares of RM1.00 each in FIPB, credited as fully paid, at an issue price of approximately RM1.08 per ordinary share to the following parties:-

Name Of Vendors	No. Of FEC Shares Acquired	%	Purchase Consideration RM	No. Of FIPB Shares Issued
Tan Wah Ching	1,176,480	47.25	1,820,798	1,685,859
Tay Gee Tioug @ Tay King	784,320	31.50	1,213,865	1,123,906
Firstex	529,200	21.25	818,877	758,327
	<u>2,490,000</u>		<u>3,853,540</u>	<u>3,568,092</u>

(d) Acquisition of Webtex

FIPB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of Webtex comprising 250,000 ordinary shares of RM1.00 each based on its audited NTA value as at 31 December 2001 of RM1,228,388. The purchase consideration of RM1,228,388 was satisfied by the issuance of 1,137,397 new ordinary shares of RM1.00 each in FIPB, credited as fully paid, at an issue price of approximately RM1.08 per ordinary share to the following parties:-

Name Of Vendors	No. Of Webtex Shares Acquired	%	Purchase Consideration RM	No. Of FIPB Shares Issued
Cheah Eng Chuan	132,500	53.00	651,045	613,057
Lee Sim Hak	25,000	10.00	122,839	111,465
Ong Lock Hoo	37,500	15.00	184,258	167,197
Lai Kong Meng	25,000	10.00	122,839	111,465
Chan Kwong Pooi	25,000	10.00	122,839	111,465
Hanzah bin Mohd Salleh	5,000	2.00	24,568	22,748
	<u>250,000</u>		<u>1,228,388</u>	<u>1,137,397</u>

(e) Acquisition of PGSB

FIPB entered into a conditional sale and purchase agreement with FMSB and FEC for the acquisition of the entire issued and paid-up share capital of PGSB comprising 10 ordinary shares of RM1.00 each based on its audited NTA value as at 31 December 2001 of RM10. The purchase consideration of RM10 was satisfied by way of cash.

4. INFORMATION ON FIPB GROUP (Cont'd)**Terms of Acquisitions**

FIPB had on 19 June 2002 entered into four (4) separate conditional Sale and Purchase Agreements with the respective vendors of FMSB, Texstrip, Webtex and FEC, the names of whom is disclosed above, for the acquisition of the respective companies. The terms of the Sale and Purchase Agreements had been agreed on a willing buyer-willing seller basis.

FIPB had on 19 June 2002 entered into a conditional Sale and Purchase Agreement with FMSB and FEC for the acquisition of PGSB, the terms of which had been agreed on a willing buyer-willing seller basis.

Basis of the Purchase Consideration

FIPB acquired the entire issued and paid-up share capital of FMSB, Texstrip, FEC and Webtex, for a total purchase consideration of RM31,497,638 satisfied by the issuance of 29,164,480 fully paid-up new ordinary shares in FIPB of RM1.00 each at an issue price of approximately RM1.08 per share.

The purchase consideration is based on the audited net tangible assets ("NTA") of each respective target company ("Acquiree's") as at 31 December 2001 as set out below:-

Name of Companies acquired	Percentage (%) of the Acquiree's total issued and paid-up share capital Acquired	NTA of the Acquiree's as at 31 December 2001 (RM)	No. of Acquisition Shares to be issued at RM1.08 each
FMSB	100	23,121,189 ¹	21,408,508
Webtex	100	1,228,388	1,137,397
Texstrip	100	3,294,521	3,050,483
FEC	100	3,853,540 ²	3,568,092
PGSB	100	10 ³	-
Total		31,497,648	29,164,480

¹ Based on the consolidated financial statements of FMSB Group.

² Based on the audited accounts as at 31/3/02

³ Based on the nominal paid-up capital as at 30/5/2002

Status of the Acquisition Shares

The 29,164,480 new ordinary shares of RM1.00 each in FIPB issued pursuant to Acquisition I will rank pari passu in all respects with the existing issued and paid-up share capital of two (2) ordinary shares of RM1.00 each.

The acquisition of the entire issued and paid-up share capital of the Acquiree's are free from any encumbrances, liens and charges and with all rights attaching thereto.

Upon completion of the Acquisition I, the issued and paid-up share capital of FIPB will increase from RM2 to RM29,164,482 comprising 29,164,482 ordinary shares of RM1.00 each.

4. INFORMATION ON FIPB GROUP (Cont'd)**4.3.1.2 Acquisition II****(a) Acquisition of PEWA**

The acquisition by FIPB of the entire legal capital of PEWA from PGSB for a total purchase consideration of RM4,081,000 to be satisfied by way of cash.

Terms of Acquisitions

FIPB had on 10 July 2003 entered into a conditional Sale and Purchase Agreement with PGSB for the acquisition of PEWA. The terms of the Sale and Purchase Agreement had been agreed on a willing buyer-willing seller basis.

Basis of the Purchase Consideration

The purchase consideration of PEWA was originally based on the legal capital of PEWA as at 31 May 2002 of RM646,000. In order to be consistent with basis of purchase consideration under Acquisition I, FIPB and the vendor of PEWA, namely PGSB agreed to revise the basis of the purchase consideration to be based on the audited NTA of PEWA as at 31 December 2002. The variation also reflects the increase in the legal capital of PEWA to RM4.56 million as compared to RM646,000 as at 31 May 2002. The variation to the purchase consideration of PEWA has no impact on the profit record and profit forecast of the FIPB Group as it is an internal reorganisation of the corporate structure.

(b) Proposed Acquisition of FVN

The Proposed Acquisition of FVN by FIPB of the entire legal capital of FVN from FMSB for a total purchase consideration of RM7,486,000 to be satisfied by way of cash was approved by the SC vide its letter dated 10 March 2003. However, the Board of Directors of FIPB decided to defer the Proposed Acquisition of FVN to a later date after the completion of the IPO Exercise in order to minimise transaction cost. The purchase consideration will be based on the NTA of FVN at that point in time.

The deferment of the Proposed Acquisition of FVN has no impact on the profit record and profit forecast of the FIPB Group as it is an internal reorganisation of the corporate structure.

4.3.2 Restructuring Exercise**4.3.2.1 Rights Issue****Terms of the 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 credited as fully paid-up on the basis of approximately two hundred thirty four (234) new ordinary shares of RM1.00 each for every one thousand (1,000) existing ordinary shares of RM1.00 each held in FIPB pursuant to the Corporate Reorganisation Exercise, which shall not be renounceable in favour of persons other than the members of FIPB.

4. INFORMATION ON FIPB GROUP (Cont'd)

Status of the Rights Issue Shares

The 6,835,518 new ordinary shares of RM1.00 each in FIPB issued pursuant to the Rights Issue shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and paid-up ordinary shares of FIPB after the Corporate Reorganisation Exercise.

4.3.2.2 Renunciation of Rights Issue

Terms of the Renunciation of Rights Issue

Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng, Chan Kwong Pooi, and Gan Ah Cheng had undertaken the Renunciation of Rights Issue of 5,675,412 rights shares entitlement of RM1.00 each to Solid.

The Renunciation of Rights Issue involved the renunciation of rights issue of a total of 2,855,249 ordinary shares of RM1.00 each by Cheah Eng Chuan; 567,462 ordinary shares of RM1.00 each by Lee Sim Hak; 829,744 ordinary shares of RM1.00 each by Ong Lock Hoo; 524,564 ordinary shares of RM1.00 each by Lai Kong Meng; 524,564 ordinary shares of RM1.00 each by Chan Kwong Pooi; and 373,829 ordinary shares of RM1.00 each by Gan Ah Cheng to Solid.

Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng, Chan Kwong Pooi and Gan Ah Cheng had also undertaken the Renunciation of Rights Issue of a total of 168,088 rights shares entitlement of RM1.00 each to the existing shareholder, Hamzah bin Mohd Salleh.

The Renunciation of Rights Issue also involved the renunciation of rights issue of 79,842 ordinary shares of RM1.00 each by Cheah Eng Chuan; 16,809 ordinary shares of RM1.00 each by Lee Sim Hak; 25,213 ordinary shares of RM1.00 each by Ong Lock Hoo; 16,809 ordinary shares of RM1.00 each by Lai Kong Meng; 16,809 ordinary shares of RM1.00 each by Chan Kwong Pooi; and 12,606 ordinary shares of RM1.00 each by Gan Ah Cheng to Hamzah bin Mohd Salleh.

The renunciation of shares is as follows:-

Shareholders/ Promoters	Shareholding after Acquisition I	Rights Issue	Renunciation of Rights Issue	After the Renunciation of Rights Issue	
	No. of Shares held	No. of Shares Entitled	No. Of Shares Renounced	Enlarged Shareholding	%
Solid	10	3	5,675,412	5,675,425	15.77
Cheah Eng Chuan	12,522,884	2,935,091	(2,935,091)	12,522,884	34.79
Lee Sim Hak	2,492,855	584,271	(584,271)	2,492,855	6.92
Ong Lock Hoo	3,647,766	854,957	(854,957)	3,647,766	10.13
Lai Kong Meng	2,309,826	541,373	(541,373)	2,309,826	6.42
Chan Kwong Pooi	2,309,826	541,373	(541,373)	2,309,826	6.42
Gan Ah Cheng	1,648,769	386,435	(386,435)	1,648,769	4.58
Tan Wah Ching	1,838,383	430,877	-	2,269,260	6.30
Hamzah bin Mohd Salleh	511,928	119,984	168,088	800,000	2.22
Firstex	758,327	177,735	-	936,062	2.60
Tay Gee Tiong @ Tay King	1,123,906	263,419	-	1,387,325	3.85
Total	29,164,480	6,835,518		35,999,998	100.0

4. INFORMATION ON FIPB GROUP (Cont'd)

The Rights Issue was completed on 4 September 2003 and together with the Corporate Reorganisation Exercise, the issued and paid-up share capital of FIPB will be increased from RM29,164,482 to RM36,000,000 comprising 36,000,000 ordinary shares of RM1.00 each.

4.3.2.3 Transfer of Acquisition Shares**Terms of the Transfer of Acquisition Shares**

Upon completion of Acquisition I but before the Rights Issue, certain shareholders namely Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Lai Kong Meng and Chan Kwong Pooi ("Transferors") had entered into a sale and purchase agreement with Solid for the transfer of 4,324,586 ordinary shares of RM1.00 each in FIPB. Pursuant to the sale and purchase agreement, Cheah Eng Chuan has undertaken the Transfer of Acquisition Shares of 10 ordinary shares of RM1.00 each in FIPB to Solid before the Rights Issue. The remaining Acquisition Shares under the Transfer of Acquisition Shares would only be effected upon completion of the Rights Issue and Renunciation of Rights Issue.

(i) Cheah Eng Chuan

Disposed his 2,270,910 shares for a disposal consideration of RM2,270,910 satisfied by issuance of 548 ordinary shares of RM1.00 each in Solid and RM2,270,362 by way of cash.

(ii) Lee Sim Hak

Disposed his 632,538 shares for a disposal consideration of RM632,538 satisfied by issuance of 120 ordinary shares of RM1.00 in Solid and RM632,418 by way of cash.

(iii) Ong Lock Hoo

Disposed his 470,256 shares for a disposal consideration of RM470,256 satisfied by issuance of 130 ordinary shares of RM1.00 in Solid and RM470,126 by way of cash.

(iv) Lai Kong Meng

Disposed his 475,436 shares for a disposal consideration of RM475,436 satisfied by issuance of 100 ordinary shares of RM1.00 in Solid and RM475,336 by way of cash.

(v) Chan Kwong Pooi

Disposed his 475,436 shares for a disposal consideration of RM475,436 satisfied by issuance of 100 ordinary shares of RM1.00 in Solid and RM475,336 by way of cash.

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4. INFORMATION ON FIPB GROUP (Cont'd)

The Transfer of Acquisition Shares can be summarised in the following table:-

Shareholders	No. of FIPB Shares Held Pursuant to the Renunciation of Rights Issue	No. of Acquisition Shares Transferred to Solid	Enlarged Issued and Paid-Up Share Capital*	
			No. of Shares	%
Solid	5,675,425	4,324,576	10,000,001	27.78
Cheah Eng Chuan	12,522,884	(2,270,910)	10,251,974	28.48
Lee Sim Hak	2,492,855	(632,538)	1,860,317	5.17
Ong Lock Hoo	3,647,766	(470,256)	3,177,510	8.82
Lai Kong Meng	2,309,826	(475,436)	1,834,390	5.10
Chan Kwong Pooi	2,309,826	(475,436)	1,834,390	5.10
Gan Ah Cheng	1,648,769	-	1,648,769	4.58
Tan Wah Ching	2,269,260	-	2,269,260	6.30
Hamzah bin Mohd Salleh	800,000	-	800,000	2.22
Firstex	936,062	-	936,062	2.60
Tay Gee Tiong @ Tay King	1,387,325	-	1,387,325	3.85
Total	35,999,998	-	35,999,998	100.0

* Based on an enlarged paid-up share capital of 36,000,000 ordinary shares of RM1.00 each pursuant to the Corporate Reorganisation Exercise

4.3.2.4 Brief Information on Solid

Solid was incorporated in Malaysia under the Companies Act, 1965 on 7 May 2002. The principal activity of Solid is investment holding.

The directors and substantial shareholders of Solid and their direct and indirect shareholdings are as follows:-

Directors/Substantial Shareholders	Direct		Indirect	
	No. of Shares of RM1.00 each	%	No. of Shares of RM1.00 each	%
Cheah Eng Chuan	550	55.0	-	-
Lee Sim Hak	120	12.0	-	-
Ong Lock Hoo	130	13.0	-	-
Lai Kong Meng	100	10.0	-	-
Chan Kwong Pooi	100	10.0	-	-
Total	1000	100.0	-	-

4. INFORMATION ON FIPB GROUP (Cont'd)

4.3.3 Share Split

FIPB had on 6 September 2003 undertaken a Share Split of its 36,000,000 ordinary shares of RM1.00 each into 72,000,000 ordinary shares of RM0.50 each.

4.3.4 IPO Exercise

4.3.4.1 Private Placement and Public Issue

To facilitate the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE and to comply with the listing requirements of the KLSE and the SC with regards to shareholding spread, FIPB will undertake a Private Placement and Public Issue of 8,000,000 new ordinary shares of RM0.50 each at an indicative IPO Price of RM1.08 per new ordinary share.

Upon completion of the Private Placement and Public Issue, the enlarged issued and paid-up share capital of FIPB will be further increased from RM36,000,000 to RM40,000,000.

Allocation of the Private Placement Shares and Public Issue Shares

The Private Placement Shares and Public Issue Shares will be allocated as follows:-

- i) 1,000,000 Private Placement Shares to the identified placees who are deemed public, of which at least 30% is to be set aside strictly for Bumiputera investors;
- ii) 3,000,000 Public Issue Shares the Malaysian public, which includes any Malaysian citizens, companies, co-operatives, societies and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions; and
- iii) 4,000,000 Public Issue Shares will be reserved for eligible employees, customers and suppliers of the Group (excluding employees who are not deemed public).

Status Of The Private Placement Shares and Public Issue Shares

The 8,000,000 new ordinary shares of RM0.50 each in FIPB to be issued pursuant to the Private Placement and Public Issue shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and paid-up ordinary shares of FIPB after the Corporate Reorganisation Exercise and Restructuring Exercise.

4.3.4.2 Offer For Sale

In conjunction with the Private Placement and Public Issue, certain existing shareholders of FIPB will undertake an Offer for Sale to Bumiputera investors to be nominated or otherwise approved by MITI at an IPO Price of RM1.08. The Offer Shares represent 28% of the enlarged share capital of FIPB of 80,000,000 ordinary shares of RM0.50 each.

4. INFORMATION ON FIPB GROUP (Cont'd)

The Offer For Sale which will be undertaken by the Offerors is as follows:

Offerors	Pursuant to Share Split	Shares to be Offered for Sale	After Offer for Sale	
	No. of Shares	No. of Shares	No. of Shares	%*
Cheah Eng Chuan	20,503,948	9,560,428	10,943,520	13.68
Lee Sim Hak	3,720,638 [^]	1,754,304	1,966,334	2.46
Ong Lock Hoo	6,355,020	2,567,054	3,787,966	4.74
Lai Kong Meng	3,668,780	1,625,500	2,043,280	2.55
Chan Kwong Pooi	3,668,780	1,625,500	2,043,280	2.55
Gan Ah Cheng	3,297,538	897,216	2,400,322	3.00
Tan Wah Ching	4,538,520	2,145,798	2,392,722	2.99
Firstex	1,872,124	896,120	976,004	1.22
Tay Gee Tiong @ Tay King	2,774,650	1,328,080	1,446,570	1.81
Total	50,339,998	22,400,000	27,999,998	35.00

* Based on the enlarged paid-up share capital of 80,000,000 ordinary shares of RM0.50 each pursuant to the IPO Exercise

[^] Including the four (4) ordinary shares of RM0.50 each transferred from the owners of the two (2) subscriber shares.

Allocation of the Offer for Sale Shares

The Offer for Sale of 22,400,000 ordinary shares of RM0.50 each in FIPB at an indicative 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.

4.3.5 Listing On The KLSE

Concurrently, the listing of 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 will be sought on the Second Board of the KLSE.

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4. INFORMATION ON FIPB GROUP (Cont'd)

4.4 Subsidiaries and Associated Company

4.4.1 FMSB

History and Business

The furniture webbing business started from a partnership in 1983. In a move for wider market share whilst utilizing the accumulated technical expertise gained, FMSB, a company that was incorporated in Malaysia on 3 October 1987, took over the business in January 1998. Over the years, FMSB has expanded its products range to include covered elastic yarn, industrial webbing and seat belt webbing. Subsequently on 23 October 1996, FMSB entered into an agreement with Marling Industries PLC (*now known as Autoliv*) to transfer its seat belt webbing operations to FVOA.

Currently, FMSB operates from two factories with total built-up area of approximately 51,475 sq. ft., situated on two parcels of leasehold land owned by the Group, of approximately 108,158 sq. ft., located in Kampung Baru Balakong, Cheras.

Current production for furniture webbing and covered elastic yarn takes up about 99% and 85% of the total production capacity, based on 3 shifts and 299 working days respectively.

Current production for the industrial webbing operation takes up about 70% of the production capacity, based on 3 shifts and 299 working days.

Share Capital

The authorised capital of FMSB is RM10,000,000 comprising of 10,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM5,827,500.

The changes in FMSB's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
3 October 1987	2	1.00	Cash	2
2 November 1987	249,998	1.00	Cash	250,000
10 September 1988	100,000	1.00	Cash	350,000
22 June 1989	350,000	1.00	Bonus Issue	700,000
7 January 1991	350,000	1.00	Bonus Issue	1,050,000
12 July 1991	1,050,000	1.00	Bonus Issue	2,100,000
12 October 1995	1,050,000	1.00	Bonus Issue	3,150,000
6 August 1996	2,677,500	1.00	Bonus Issue	5,827,500

Major Shareholder

FMSB is a wholly-owned subsidiary of FIPB.

4. INFORMATION ON FIPB GROUP (Cont'd)

Subsidiaries and Associated Company

Subsidiaries and Associated Company	Date and Place of Incorporation	Issued and Paid-up Share Capital / Legal Capital	Effective Equity Interest (%)	Principal Activities
Subsidiaries				
FVN	16 January 1997/ Vietnam	USD1,300,000	100.0	Manufacturing and marketing of furniture webbing and covered elastic yarn
FVOA	19 June 1996/ Malaysia	RM2,500,000	60.0	Manufacturing and sale of safety webbing ¹
SSKSB	5 December 1974/ Malaysia	RM50,000	100.0	Property investment and rental income
Associated Company				
Trunet	15 February 2001/ Vietnam	USD300,000	50.0	Manufacturing and marketing of meat netting

1 Safety webbing here refers to seat belt webbing

As at the date of this Prospectus, FMSB has three (3) subsidiary companies, namely FVN, FVOA and SSKSB and one (1) associated company, namely Trunet.

4.4.2 *FVOA**History and Business*

FVOA was incorporated in Malaysia on 19 June 1996 as a private limited company under the Companies Act 1965. In order to streamline its seat belt webbing operations, FMSB entered into an agreement with Marling Industries PLC on 23 October 1996 to transfer its seat belt webbing operations to FVOA. FVOA commenced operations in June 1997 to produce seat belt webbing. In 1998, Marling Industries PLC was acquired by Autoliv Inc. of Sweden and was renamed to Autoliv on 21 July 1998. The Fortune 500 magazine for the year 2000 ranked Autoliv Inc. as number 422 and specifically within the motor vehicles and parts industry sector, number 11 for the year 2000. This in turn indicates that Autoliv Inc. is amongst the largest motor vehicles and parts manufacturers in the world.

FVOA operates from FMSB's premises located at Kampung Baru Balakong, Cheras. The current production for seat belt webbing takes up approximately 80% of the total production capacity, based on 3 shifts and 299 working days.

Share Capital

The authorised capital of FVOA is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM2,500,000.

4. INFORMATION ON FIPB GROUP (Cont'd)

The changes in FVOA's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
19 June 1996	2	1.00	Cash	2
30 May 1997	1,299,998	1.00	Other ¹	1,300,000
22 December 2000	1,200,000	1.00	Bonus	2,500,000

Footnote: ¹ FVOA shares were issued to FMSB as purchase consideration for the transfer of the car seat belt machinery from FMSB to FVOA, based on the NTA of the said machinery as at 30 November 1996.

Major Shareholders

The major shareholders of FVOA and their respective shareholdings in the Company are as follows:-

Name	No. of Ordinary Shares Held	%
FMSB	1,500,000	60.00
VOAH*	1,000,000	40.00

* A wholly-owned subsidiary of Autoliv

Subsidiary and Associated Companies

As at the date of this Prospectus, FVOA has no subsidiary or associated company.

4.4.3 FVN

History and Business

As part of FMSB Group's expansion exercise, FVN was incorporated in Vietnam on the 16 January 1997 as a private limited company, with 100% foreign capital in accordance to the regulations of Law on Foreign Investment in Vietnam to manufacture covered elastic yarn and furniture webbing. FVN has an operation term of 47 years commencing from 16 January 1997.

At present, FVN is subjected to a corporate income tax rate of 10% of its profit earned, with an exemption of 4 years from the first profit-making year in 2000 and a 50% reduction of corporate income tax for a further period of 4 years. FVN is also liable to a withholding tax of 3% on the profit that is remitted outside Vietnam.

Additionally, FVN is subjected to a fixed land rental charge of USD2.25 per square meter per annum for the initial period leading up to June 2029. Thereon, the rental rate is subjected to conformity to the Vietnam government requirements at that point in time and the land rental shall be negotiated based on the prevailing market price. In May 1998, FVN commenced operation to produce covered elastic yarn and furniture webbing.

Presently, FVN operates from two adjacent factories with a total built-up area of approximately 114,497 sq. ft situated on a parcel of land of approximately 150,544 sq. ft that is leased from the Corporation for the Development of Bien Hoa Industrial Zone, at Bien Hoa Industrial Zone II, Bien Hoa City, Dong Nai Province, Vietnam.

4. INFORMATION ON FIPB GROUP (Cont'd)

Current production for furniture webbing and covered elastic yarn operations takes up about 99% and 85% of its total production capacity, based on 3 shifts and 305 working days, respectively.

Legal Capital

The legal capital of FVN being USD1,300,000 was contributed by FMSB. The changes in FVN's legal capital since its incorporation are as follows:-

Period	Legal Capital (USD)	Consideration	Total Legal Capital (USD)
1 January 1996 to 31 December 1996	1,500	Cash	1,500
1 January 1997 to 31 December 1997	612,000	Cash	613,500
1 January 1998 to 31 December 1998	686,500	Cash	1,300,000

Major Owner

FVN is a wholly-owned subsidiary of FMSB.

Subsidiary and Associated Companies

As at the date of this Prospectus, FVN has no subsidiary or associated company.

4.4.4 *Trunet*

History and Business

Trunet was incorporated on 15 February 2001 in Vietnam as a private limited company with 100% foreign capital, in accordance to regulations of Law on Foreign Investment in Vietnam. Trunet was formed as part of FMSB Group's product diversification strategy when FMSB entered into a joint venture agreement with Trunature on 5 February 2001 for the production and sale of meat netting. Since its inception in 1987, Trunature has grown to become one of the leading suppliers for meat netting products in over 50 countries. The Group, via Trunet, is targeting to tap on an existing distribution channels for meat netting via its association with Trunature for the European market as well as the Asian region. Trunet has an operation licence term of 44 years commencing from 15 February 2001.

At present, Trunet is subjected to a corporate income tax rate of 10% of its profit earned, with an exemption for 4 years from the first profit-making year and a 50% reduction of corporate income tax for a further period of 4 years. Trunet is also liable to pay a withholding tax at a rate of 3% of the profit remitted outside Vietnam.

Trunet has commenced production of meat netting in the final quarter of 2001. Trunet is renting FVN's double-storey factory located at Bien Hoa, Industrial Zone II, Bien Hoa City, Vietnam for its operation with the area of approximately 1,200 m²

The current production for meat netting takes up approximately 75% of the total production capacity, based on 3 shifts and 305 working days.

4. INFORMATION ON FIPB GROUP (Cont'd)

Legal Capital

The legal capital of Trunet being USD266,500 was contributed by FMSB and Trunature. Trunet's legal capital since its incorporation is as follows:-

Period	Legal Capital (USD)	Consideration	Total Legal Capital (USD)
June 2001	60,000	Cash	60,000
July 2001	60,000	Cash	120,000
August 2001	80,000	Cash	200,000
March 2002	50,000	Cash	250,000
April 2002	16,500	Cash	266,500
September 2002	33,500	Cash	300,000

Major Owners

The major owners of Trunet and their respective legal capital commitment in the Company are as follows:

Name	Legal Capital Commitment (USD)	%
FMSB	150,000	50.00
Trunature Ltd	150,000	50.00

Subsidiary and Associated Companies

As at the date of this Prospectus, Trunet has no subsidiary or associated company.

4.4.5 SSKSB

History and Business

SSKSB was incorporated in Malaysia on 5 December 1974 as a property investment company holding a piece of land under P.T. 7179 joining to FMSB's land P.T. 208. FMSB constructed a building on P.T. 7179 and is paying RM4,200 per annum to SSKSB for the use of this land. On 14 March 1992, SSKSB became a wholly-owned subsidiary of FMSB, and has since operated as a property investment company.

Share Capital

The authorised capital of SSKSB is RM1,000,000 comprising of 1,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM50,000.

The changes in SSKSB issued and paid-up share capital since its incorporation is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
5 December 1974	3	1.00	Cash	3
2 June 1983	10,000	1.00	Cash	10,003
29 November 1986	26,097	1.00	Cash	36,100
10 February 1988	13,900	1.00	Cash	50,000

4. INFORMATION ON FIPB GROUP (Cont'd)***Major Shareholder***

SSKSB is a wholly-owned subsidiary of FMSB.

Subsidiary and Associated Companies

As at the date of this Prospectus, SSKSB has no subsidiary or associated company.

4.4.6 *Texstrip****History and Business***

Texstrip was incorporated in Malaysia on 13 June 1988 as a private limited company under the Companies Act, 1965, and commenced operations to manufacture rubber strips and square cut rubber threads in March 1989.

Presently, Texstrip operates from its factory with total built-up area of approximately 32,688 sq. ft situated on freehold land of approximately 50,444 sq. ft located at Lot No. 1908, Batu 7, Jalan Bukit Kemuning, Klang. Current production for rubber strips takes up about 80% of its total capacity, based on 3 shifts and 299 working days.

Share Capital

The authorised capital of Texstrip is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM2,700,000.

The changes in Texstrip's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
13 June 1988	2	1.00	Cash	2
9 September 1988	1,199,998	1.00	Cash	1,200,000
19 January 1991	500,000	1.00	Cash	1,700,000
29 November 1991	1,000,000	1.00	Cash	2,700,000

Major Shareholder

Texstrip is a wholly-owned subsidiary of FIPB.

Subsidiary and Associated Companies

As at the date of this Prospectus, Texstrip has no subsidiary or associated company.

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4. INFORMATION ON FIPB GROUP (Cont'd)

4.4.7 FEC

History and Business

FEC was incorporated in Malaysia on 29 December 1994 as a private limited company under the Companies Act, 1965. It was formerly known as E.C.I. Elastic Corporation (M) Sdn Bhd. FEC has grown to be one of the largest elastic exporters in Malaysia. Their products range from shoulder straps to trimmings and crochet elastics, which are suitable for the undergarment as well as garment industries. Currently, FEC is supplying to local undergarment producers throughout Malaysia, and also exporting regularly to customers in Sri Lanka, Vietnam, Singapore and the United States.

Share Capital

The authorised capital of FEC is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM2,490,000.

The changes in FEC's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
29 December 1994	3	1.00	Cash	3
13 March 1995	999,997	1.00	Cash	1,000,000
29 March 1997	1,000,000	1.00	Cash	2,000,000
26 June 2001	490,000	1.00	Cash	2,490,000

Major Shareholder

FEC is a wholly-owned subsidiary of FIPB.

Subsidiary and Associated Companies

As at the date of this Prospectus, FEC has no subsidiary or associated company.

4.4.8 PGSB

History and Business

PGSB is an investment holding company. PGSB was incorporated in Malaysia on 13 October 2001 as a private limited company under the Companies Act, 1965.

Share Capital

The authorised share capital of PGSB is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM10.

4. INFORMATION ON FIPB GROUP (Cont'd)

The changes in PGSB's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
13 October 2001	2	1.00	Cash	2
30 May 2002	8	1.00	Cash	10

Major Shareholder

PGSB is a wholly-owned subsidiary of FIPB.

Subsidiary and Associated Companies

As at the date of this Prospectus, PGSB has no subsidiary or associated company.

4.4.9 PEWA

History and Business

As part of the Group's expansion and downstream diversification policy, PEWA was incorporated in Vietnam on the 23 January 2002 as a private limited company with 100% foreign capital in accordance with the Law of Foreign Investment in Vietnam. The principal activities of the Company is manufacturing of narrow fabrics for the undergarment industries. The legal capital commitment of PEWA is USD1.2 million with 46 years of investment period from the date of Investment Licence.

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

PEWA commenced commercial operations in February 2003.

Legal Capital

The changes in PEWA's legal capital since its incorporation are as follows:-

Period	Legal Capital (USD)	Consideration	Total Legal Capital (USD)
22/2/02	20,000	Cash	20,000
29/4/02	150,000	Cash	170,000
20/9/02	295,400	Machinery	465,400
23/9/02	96,000	Machinery	561,400
28/9/02	25,324	Machinery	586,724
1/10/02	49,350	Machinery	636,074
9/10/02	57,250	Machinery	693,324
26/10/02	7,000	Machinery	700,324
31/10/02	142,400	Machinery	842,724
5/11/02	12,300	Machinery	855,024
9/11/02	21,530	Machinery	876,554
12/11/02	100,000	Cash	976,554
31/12/02	223,446	Cash	1,200,000

4. INFORMATION ON FIPB GROUP (Cont'd)

Major Owner

PEWA is a wholly-owned subsidiary of FIPB.

Subsidiary and Associated Companies

As at the date of this Prospectus, PEWA has no any subsidiary or associated company.

4.4.10 *Webtex*

History and Business

Webtex was incorporated in Malaysia on 23 November 1984 as a private limited company under the Companies Act, 1965. Webtex began to trade in machinery and accessories and commission agent in August 1988. Presently, Webtex acts as a distributor and agent for various knitting machineries, textile raw materials such as textured nylon yarn, polypropylene multifilament yarn, Lycra elasthane yarn, and rubber related products such as rubber bands, rubber strips and harness cords.

Share Capital

The authorised capital of Webtex is RM500,000 comprising of 500,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM250,000.

The changes in Webtex's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (per share in RM)	Consideration	Total Issued and Paid-up Capital (RM)
23 November 1984	2	1.00	Cash	2
25 January 1985	199,998	1.00	Cash	200,000
16 April 1987	50,000	1.00	Cash	250,000

Major Shareholder

Webtex is a wholly-owned subsidiary of FIPB.

Subsidiary and Associated Companies

As at the date of this Prospectus, Webtex has no subsidiary or associated company.

4.5 **Business Overview**

4.5.1 Manufacturing Division

FIPB Group produces a wide range of semi-finished quality products including furniture webbing, covered elastic yarn, seat belt webbing, narrow fabrics, industrial webbing, rubber strips, meat netting and trading of machinery and accessories. It also acts as a commission agent in other manufacturing industries, primarily the textile, furniture and automotive industry.

4. INFORMATION ON FIPB GROUP (Cont'd)

Table 4.2: List of Principal Products of FIPB Group

COMPANY NAME	PRINCIPAL PRODUCTS	CATEGORY
FMSB	Manufacturing of furniture webbing, rigid webbing and covered elastic yarn	Industrial Textile
FVN	Manufacturing of furniture webbing and covered elastic yarn	Industrial Textile
FVOA	Manufacturing of seat belt webbing	Industrial Textile
Trunet	Manufacturing of meat netting for food industries	Industrial Textile
PEWA	Manufacturing of narrow fabrics	Industrial Textile
FEC	Manufacturing of narrow fabrics	Industrial Textile
Texstrip	Manufacturing of rubber strips and rubber sheets	Rubber Based Products

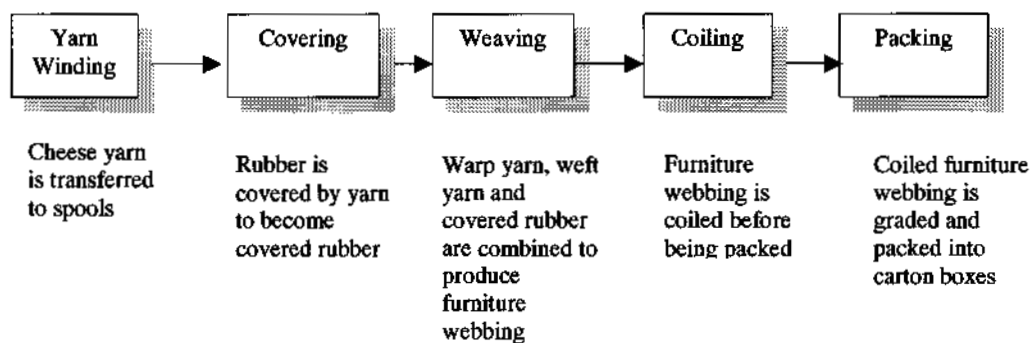
Note: Excludes investment holding and trading companies

i) Furniture Webbing

FMSB and FVN are the companies in the FIPB Group undertaking the manufacturing of furniture webbing.

Furniture webbing is an elastic webbing used in the furniture industry, mainly as support in the seat and back areas of sofas. In recent years, webbing products has been gradually introduced as a substitute for springs, used as support in sofas. Advantages of using webbing products over springs include lower costs and easier installation. The elastic webbing is in different widths and stretch, used in the production of divans, sofas, chairs, armchairs, etc.

Figure 4.1: Production Flow for Furniture Webbing



Source: FIPB/ Infocredit D&B Report

4. INFORMATION ON FIPB GROUP (Cont'd)

ii) Rigid Webbing

FMSB is also a manufacturer of rigid webbing products; particularly the industrial webbing category, whilst FVOA is involved in the seat belt webbing category. Industrial webbing can be further divided into cargo sling, tie down webbing and helmet strap. Products that are classified under industrial webbing consist of the following:-

Table 4.3: Product Applications

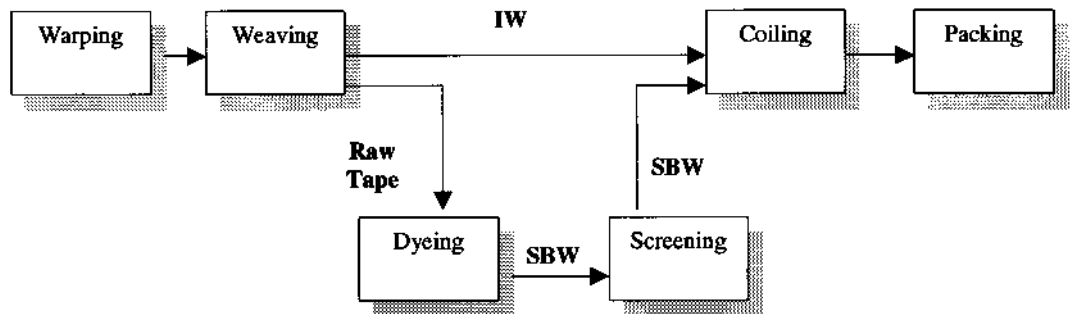
Types of Industrial Webbing	Common Usage / Application
Cargo Sling	Bulkgag Lifting Sling
Tie-down Webbing	Tie Downs
Helmet Strap	Safety Helmet

Source: FIPB / Infocredit D&B Report

Seat belt webbing is used mainly in car seat belts. The material used is 100% synthetic yarn. The seat belt webbing is customised to make the “catch” of the seat belt soft and at the same time minimizing the rebound effect. There are currently two types of seat belt webbing produced, namely, car seat belt webbing and child seat belt webbing.

The two main methods of producing rigid webbing are the Beam System and the Direct Creel System.

Figure 4.2: Production Flow for Rigid Webbing (Beam System)



Raw yarn is transferred to the beaming machine to become warp yarn under the Beam System only

Warp yarn, weft yarn and lock yarn are combined to produce Raw Tape and IW

Raw yarn is transferred to the beaming machine to become warp yarn under the Beam System only

SBW is checked and marked for defects

Both IW and SBW are coiled before being packed. For SBW, identified defects are removed during this process

Coiled rigid webbing is either packed into carton boxes or pallets

Note: IW = Industrial Webbing, SBW = Seat Belt Webbing

Source: FIPB / Infocredit D&B Report