3. DETAILS OF IPO

This Prospectus is dated 9 June 2004.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus together with the Application Form has been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval has been obtained from the SC vide its letter dated 22 March 2004 for the IPO detailed in Section 3.4 of this Prospectus. The approval of the SC shall not be taken to indicate that the SC recommends the IPO. MITI vide its letter dated 9 October 2003, has no objection to the Public Issue, Placement and Offer for Sale and the listing of and quotation for the entire enlarged share capital of Adventa on the Second Board of Bursa Malaysia.

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

Acceptance of applications for the IPO Shares will be conditional upon permission being granted by Bursa Malaysia for the listing of the entire issued and fully paid-up share capital of the Company on the Second Board of Bursa Malaysia. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC), provided that the Company is notified by or on behalf Bursa Malaysia within the aforesaid timeframe.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Malaysia has prescribed the IPO shares as a prescribed security. In consequence thereof, the IPO Shares will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Act and the Rules of MCD.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications **must have** a CDS Account.

Pursuant to the Listing Requirements, 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. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Second Board of Bursa Malaysia. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

The SC and Bursa Malaysia assume no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Second Board of Bursa Malaysia is not to be taken as an indication of the merits of the Company or of its Shares.

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the IPO. If given or made, such information or representation must not be relied upon as having been authorised by the Company and/or the Offerors. Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, in any circumstance and at any time, constitute a representation or create any implication that there has been no change in the affairs of the Company or the Group since the date of this Prospectus.

The distribution of this Prospectus and the sale of the IPO Shares may in certain other jurisdictions be restricted by law. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe all such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to buy or subscribe for any IPO Shares in any jurisdiction in which such invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer and/or invitation.

3. DETAILS OF IPO *(cont'd)*

Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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3. DETAILS OF IPO *(cont'd)*

3.1 CRITICAL DATES OF IPO

The Application will open at 10.00 a.m. on 9 June 2004 and will remain open until 5.00 p.m. on 15 June 2004 or for such further period(s) as the Directors and/or Promoter of Adventa together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

The important IPO events and their dates are as follows:

Opening of Application	:	9 June 2004
Closing of Application	:	15 June 2004
Tentative Balloting Date	:	17 June 2004
Tentative Allotment Date	:	23 June 2004
Tentative Listing Date	:	25 June 2004

In the event the Closing Date for the Applications is extended, investors will be notified of the change in a widely circulated newspaper in Malaysia. Should there be an extension of the Closing Date, the balloting, allotment and listing dates will be extended accordingly.

3.2 PURPOSE OF IPO

The purposes of the IPO are as follows:

(i) To obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of Bursa Malaysia;

(ii) To provide the Company with easier access to capital markets in order to raise funds to finance future expansion, diversification and continued growth of the Group;

(iii) To provide an opportunity for employees of the Group, Malaysian investors and institutions to participate in the continuing growth of the Company by way of equity participation;

(iv) To further enhance the Group's reputation and assist the Group in expanding its customer base both in Malaysia and overseas upon the listing of the shares of the Company on the Second Board of Bursa Malaysia; and

(v) To meet the requirements of the National Development Policy/ National Vision Policy in respect of Bumiputera equity participation.

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3.3 NUMBER AND TYPE OF SECURITIES TO BE ISSUED

Authorised share capital	
1,000,000,000 ordinary shares of RM0.10 each	RM100,000,000
Issued and fully paid-up after Acquisitions	
260,000,000 ordinary shares of RM0.10 each	RM26,000,000
To be issued as fully paid-up pursuant to the Placement	
122,500,000 new ordinary shares of RM0.10 each	RM12,250,000
To be issued as fully paid-up pursuant to the Public Issue	
67,500,000 new ordinary shares of RM0.10 each	RM6,750,000
	RM45,000,000
Offer Shares pursuant to the Offer for Sale	
12,500,000 existing ordinary shares of RM0.10 each	RM1,250,000

There is only one (1) class of shares in the Company being the ordinary shares of RM0.10 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 fully paid-up ordinary shares of the Company, including the voting rights and rights to all dividend and other distributions that may be declared after the issue of those shares subsequent to the date of this Prospectus.

The Directors of Adventa intend to grant Options under the Proposed ESOS subsequent to the IPO which are exercisable up to a maximum of fifteen (15%) of the existing issued and paid-up share capital of Adventa at any one time during the duration of the Scheme. However, such Option is only exercisable after the IPO and in accordance with the terms of the By-Laws constituting the Proposed ESOS.

The new Shares to be issued pursuant to the Proposed ESOS shall, upon allotment and issue, rank pari passu in all respect with the then existing issued and paid-up share capital of Adventa, except that these Shares will not be entitled to participate in such rights, allotments or any distributions, the entitlement date of which is prior to the date of allotment of the said Shares, and will be subject to the provisions of the Articles of Association of the Company.

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

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3.4 DETAILS OF IPO

The IPO shall be subject to the terms and conditions of this Prospectus and, upon acceptance, the IPO Shares shall be allocated in the following manner:

(i) Bumiputera investors

122,500,000 of the Placement Shares and the 12,500,000 Offer Shares held by the Offerors have been reserved for Bumiputera investors approved by MITI for the purpose of meeting the requirements of the National Development Policy/ National Vision Policy and shall be issued by way of private placement.

(ii) Malaysian public

30,000,000 of the Public Issue Shares will be made available for application by the Malaysian public, companies, societies, co-operatives and institutions including Bumiputera individuals, companies, societies, co-operatives and institutions.

(iii) Selected investors

26,500,000 of the Public Issue Shares has been reserved for private placement to selected investors.

(iv) Eligible Directors, employees, customers and suppliers

11,000,000 of the Public Issue Shares have been reserved for eligible Directors, employees, customers and suppliers of the Adventa Group. Any Public Issue Shares not subscribed by the eligible Directors, employees, customers and suppliers of the Group will be made available for application by Malaysian public, companies, societies, co-operatives and institutions.

The allocation to the eligible employees is based on the following criteria:

(i) the length of service and performance of the eligible employees of the Adventa Group; and
(ii) the designation of the eligible employees who are confirmed employees of the Adventa Group as at 1 April 2004 and remain an employee at the time of issue.

Based on this criteria, there are 612 eligible employees of the Group who are eligible to subscribe for the reserved Public Issue Shares as at 1 April 2004.

The eligible Directors of Adventa are allocated up to 600,000 of the reserved Public Issue Shares each. The details of the allocation to the eligible Directors are as follows:

Name of Directors	No. of Adventa Shares allocated
Kwek Siew Leng	600,000
Abdul Aziz bin Derashid	300,000

The issue/offer price of RM0.30 per Share is payable in full upon application and upon the terms and conditions set out in this Prospectus.

The issue of the 122,500,000 Placement Shares and 12,500,000 Offer Shares referred to in Section 3.4(i) above are not required to be underwritten as the Bumiputera investors approved by MITI have provided their irrevocable undertaking to subscribe for the Placement Shares and Offer Shares.

The issue of the 11,000,000 Public Issue Shares reserved for eligible Directors, employees, customers and suppliers of the Adventa Group referred to in Section 3.4(iv) and the 30,000,000 Public Issue Shares referred to in Section 3.4(ii) are to be issued by way of balloting have been fully underwritten by the Underwriters as set out in Section 1 of this Prospectus (Corporate Information), under the terms and conditions of the Underwriting Agreement dated 14 May 2004 referred to in Section 3.8 of this Prospectus.

Affin Merchant, as the Placement Agent, has entered into various placement agreements to place out the 26,500,000 Public Issue Shares mentioned in Section 3.4(iii) above. The said Public Issue Shares will not be underwritten as arrangement has been made for the shares to be placed out to selected investors.

3.5 BASIS FOR DETERMINATION OF IPO PRICE

The issue/offer price of RM0.30 per Share was determined and agreed upon by the Company and Affin Merchant, as the Adviser and Managing Underwriter, based on various factors including, among others, the following:

(i) Adventa Group's financial information and operating history as outlined in Section 10.1 and Section 6.6 respectively of this Prospectus;

(ii) the prospects of the industry and the Adventa Group as outlined in Section 5.2 and Section 5.4 respectively of this Prospectus;

(iii) the forecast net PE Multiple of 11.41 times based on Adventa's forecast consolidated net EPS for the financial year ending 31 January 2005 of 2.63 sen and the enlarged share capital of 450,000,000 ordinary shares of RM0.10 each in Adventa; and

(iv) the proforma consolidated NTA per share of Adventa as at 31 January 2004 of RM0.20 based on the enlarged share capital of 450,000,000 ordinary shares of RM0.10 each in Adventa.

The issue/offer price is considered by the Company and Affin Merchant to be fair and reasonable in light of the factors mentioned above. However, investors should also note that the market price of Adventa Shares upon listing on Bursa Malaysia is subject to the vagaries of market forces and other uncertainties which may affect the price of Adventa Shares being traded.

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3.6 UTILISATION OF PROCEEDS

The Offer for Sale is expected to raise gross proceeds of approximately RM3,750,000. This amount shall accrue to the Offerors and no part of the proceeds is receivable by Adventa. The Offerors shall bear all expenses and fees incidental to the Offer for Sale.

The gross proceeds of RM57,000,000 from the Public Issue and Placement shall be utilised in the following manner:

Utilisation	Note	Amount (RM'000)	Expected timeframe for utilisation
Capital expenditure	(i)	14,700	1st quarter 2005
Repayment of bank borrowings	(ii)	10,000	3rd quarter 2004
Research and development	(iii)	500	1st quarter 2005
Estimated listing expenses	(iv)	2,000	2nd and 3rd quarter 2004
Working capital		29,800	Progressive
Total		**57,000**	

The Company will bear all expenses and fees incidental to the listing of and quotation for the entire share capital of Adventa on the Second Board of Bursa Malaysia, which include underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees estimated at an aggregate of RM2.0 million.

The 41,000,000 Public Issue Shares are to be underwritten under the Underwriting Agreement in the manner as described in Section 3.8 of this Prospectus. As such, subject to the underwriting obligations under the Underwriting Agreement taking effect in accordance with the terms of that agreement, there is otherwise no applicable minimum subscription to be raised from the Public Issue.

Brief details of the utilisation of the proceeds from the Public Issue and Placement are as follows.

(i) Capital expenditure

An amount of RM14.7 million will be utilised by Adventa for the Group's capital expenditure, which can be categorised as follows:

Capital expenditure	RM'000
Expansion of surgical glove production lines	
• Extension of existing factory building	2,000
• Purchase of plant and machinery	4,500
Part finance the construction of biomass power plant	5,200
Development of surgical disposable products	
• Surgical tapes and electrocardiogram electrodes	3,000
Total	**14,700**

The Group has set aside RM6.5 million from the proceeds reserved for capital expenditure for the expansion of its surgical glove business. This is in line with the Group's strategy of emphasising on its surgical glove business as well as in meeting growing demands for surgical gloves. The expansion will involve an extension of the existing factory in Kota Bharu with additional investments in machinery and other equipment. Two more surgical glove production lines will be added to the current four surgical production lines, thereby increasing the production capacity of surgical gloves by 35% per annum . The expansion has commenced in the first quarter of 2004 at an estimated construction cost of RM2.0 million for the expansion of factory and stores with an additional RM4.5 million estimated for purchase of machinery and equipment. Expansion and addition to the surgical glove production lines are anticipated to complete by the third quarter 2004 and upon full production are expected to contribute to approximately RM23.0 million in revenue per annum thereafter.

The Group intends to utilise part of the proceeds reserved for capital expenditure to part finance the construction of a biomass plant under its subsidiary, Nusaco, for the purpose of supplying energy and electricity using biomass technology. The biomass plant will be situated on an adjacent piece of land to the factory in Kota Bharu, and its construction has commenced in early 2004. It will measure approximately 40,800 square feet and is expected to produce 10.0 megawatts of energy and 1.5 megawatts of electricity upon the first year of its full operations.

Total construction cost for the biomass power plant is estimated at RM7.2 million and includes costs of machinery, equipment and other installation costs required to set up the biomass plant. The biomass plant is currently 80% completed and commissioning of the plant is expected to complete by mid 2004. Sales of the energy and electricity supplied from the biomass plant are expected to contribute to revenue of approximately RM2.0 million per annum for the Adventa Group.

In line with the Group's plans to expand its medical products range, RM3.0 million of the IPO proceeds have been allocated for the development of new products by the Group, namely surgical tapes and electrocardiogram electrodes. This is synergistic with the products being marketed by the Group and is part of the Group's plans to diversify into other disposable surgical Operating Room ("OR") products. The IPO proceeds will be utilised for the purchase of surgical tapes equipment as well as surgical coating equipment which are needed for the production of the tapes and electrodes. Production of the surgical tapes and electrodes for sale are anticipated to commence by the third quarter of 2004. With the additional new products, the revenue of the Group is expected to increase by RM3.5 million in the first year of full production.

(ii) Repayment of bank borrowings

The Company intends to use RM10.0 million of the IPO proceeds to repay the following borrowings:

Lender	:	Bumiputra Commerce Bank Berhad
Facility	:	Term Loan
Purpose of borrowing	:	To part finance the construction of biomass plant as well as machinery and equipment and/or for conversion of bills drawn under Letters of Credit
Amount approved	:	RM18,000,000
Amount outstanding as at 30 April 2004	:	RM17,343,392
Amount to be repaid	:	RM10,000,000

The repayment of borrowings is expected to result in interest savings to the Group of approximately RM800,000 per annum based on the average cost of borrowing of 8% per annum.

(iii) Research and development

In line with the emphasis placed by the Group on R&D, RM500,000 from the IPO proceeds have been set aside for additional R&D expenditure. The proceeds will be utilised towards the upgrade and expansion of the existing R&D equipment in the Group.

(iv) Estimated listing expenses

The estimated listing expenses amounting to RM2.0 million, include the following:

Expenses	RM'000
Estimated professional fees	550
Authorities' fees	60
Registrar, translation, etc.	20
Brokerage (1%)	202
Underwriting commission and placement fees	408
Printing and advertising expenses	350
Miscellaneous	410
Total	**2,000**

Where the IPO proceeds that have been set aside for the aforementioned purposes are not fully utilised, the remaining proceeds shall be used as working capital for the Group.

3.7 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to the Public Issue Shares and Offer Shares is payable by the Company and Offeror at the rate of 1% of the issue price of RM0.30 per share in respect of successful applications which bear the stamps of Affin Merchant, member companies of Bursa Malaysia, member of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

Underwriting commission

The Underwriters as stated in Section 1 of this Prospectus (Corporate Information) have, under the Underwriting Agreement dated 14 May 2004 referred to in Section 3.8, agreed to underwrite 41,000,000 of the Public Issue Shares. Underwriting commission is payable by the Company for the Shares at the rate of 2.5% of the offer price of RM0.30 per Share.

Placement fee

The Placement Agent's fee is payable by the Company at the rate of 1.25% of the placement price of RM0.30 per Share.

3.8 SALIENT TERMS OF UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 14 May 2004 entered into between the Company, Managing Underwriter and Underwriters, extracted from the Underwriting Agreement are as follows:

"Clause 2 : Underwriting Committment

*2.1 Agreement To Underwrite: In consideration of the Underwriting Commission hereof to be paid to the Underwriters in accordance with Clause 10.1 hereof and more particularly specified against each Underwriter's name in the **FOURTH COLUMN OF THE SCHEDULE** hereto, and relying upon each of the warranties and representations by the Company as set out in Clause 3.1 hereof, the Managing Underwriter agrees to act as Managing Underwriter and the Underwriters agree to severally but not jointly underwrite the number of Underwritten Shares in the respective numbers and proportions as set out opposite under each Underwriter's name in the **SECOND COLUMN OF THE SCHEDULE** hereto subject to Clause 6.1 hereof, and upon the terms and conditions hereinafter contained.*

2.2 Several Commitment: The obligations of each Underwriter hereunder is several and no Underwriter shall be responsible for any failure by the other Underwriter to meet its obligations hereunder nor shall such failure relieve the Company or the other Underwriters of its respective obligations hereunder and nothing in this Agreement shall be construed as constituting or evidencing a partnership between the Underwriters.

Clause 4 : Conditions Precedent for Underwriting

4.1 Conditions Precedent: The obligations of the Underwriters under this Agreement shall further be conditional upon:-

(i) Bursa Malaysia having agreed in principle on or prior to the Closing Date to the listing of and quotation for all the Issued Shares of the Company and the Underwriters being reasonably satisfied that such listing and quotation will be granted two (2) Market Days (or such other days as Bursa Malaysia may permit) after Bursa Malaysia has received all the necessary supporting documents and the receipt of confirmation from Malaysian Central Depository Sdn Bhd that all Securities Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

(ii) the registration of the Prospectus with the SC in accordance with the requirements of the Securities Commission Act 1993 (as amended), together with all documents required by the aforesaid Act and the issue by the SC of the relevant certificate of registration of the Prospectus or any like document;

(iii) the lodgement with the CCM of the Prospectus in accordance with the requirements of the Securities Commission Act 1993 (as amended) and the Companies Act, 1965 together with copies of all documents required by the Companies Act, 1965 and the issue by the Companies Commissioner of the relevant certificate of lodgement of the Prospectus or any like document, if any;

(iv) the issuance of the Prospectus within ninety (90) days from the date hereof or such extended period of time as the Company and the Underwriters may mutually agree in writing;

(v) in the reasonable opinion of the Underwriters, there not having been on or prior to the Closing Date any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of the Company from that set out in the Prospectus which is material in the context of the Public Issue or offering of the Public Issue Shares thereunder or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations in clause 3.1 hereof as though given or made on such date; and

(vi) the execution of this Agreement by the parties hereto.

*4.2 **Right To Terminate:** The Underwriters shall have the right to terminate this Agreement by notice in writing on or before the Closing Date, in the event that any of the conditions stated in Clause 4.1 is not satisfied on or before the Closing Date or the approval in principle of Bursa Malaysia for the listing of and quotation for all the Issued Shares on the Second Board of Bursa Malaysia is withdrawn or not procured; and upon such termination, the parties shall be released and discharged from their obligations under this Agreement and none of the parties shall have any claim against each other for compensation, costs, expenses or otherwise save that each party shall return any moneys paid in advance to the other under this Agreement within seventy-two (72) hours of the receipt of such notice, provided that the Company shall remain liable for the payment of the cost and expenses referred to in Clause 14.1 hereof.*

Clause 13 : Termination of Agreement by Underwriter

*13.1 **Force Majeure:** Notwithstanding anything herein contained, each of the Underwriters, with the consent of the Managing Underwriter, may at any time be entitled to terminate their respective obligations under this Agreement by delivering a notice through the Managing Underwriter in writing to the Company on the occurrence of all or any of the matters stated in this Clause 13.1 hereof on or before the Closing Date if the success of the Public Issue is, in the reasonable opinion of the Underwriters and Managing Underwriter, seriously jeopardised by:-*

(a) any Government requisition or other occurrence of any nature whatsoever which in the reasonable opinion of the Underwriters seriously affects or will seriously affect the business and/or financial position of the Company; or

(b) any change or any development involving a prospective change in national or international monetary, financial, (including stockmarket conditions and interest rates) political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the Underwriters and Managing Underwriter prejudice materially the success of the Public Issue and their distribution or sale (whether in the primary or in respect of dealings on the secondary market); or

(c) any material breach of the warranties and undertakings referred to in Clause 3.1 and Clause 5.1 hereof or withholding of information of a material nature from the Underwriters the occurrence or effect of which would in the reasonable opinion of the Underwriters prejudice materially the success of the Public Issue and their distribution or sale (whether in the primary or in respect of dealing on the secondary market); or

(d) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the reasonable opinion of the Underwriters and Managing Underwriter has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company; or

3. DETAILS OF THE IPO *(cont'd)*

(e) *any acts of government, acts of war, or acts of God which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the Public Issue or pursuant to the underwriting hereof; or*

(f) *the imposition of any moratorium, suspension or material restriction on trading in securities generally in the Second Board of BMSB due to exceptional financial circumstances or otherwise.*

On delivery of such a notice by the Managing Underwriter to the Company and confirmation of such a notice by facsimile or by hand this Agreement shall be terminated and the obligations of the Underwriters under this Agreement shall be discharged accordingly. In the event of any such termination under this Clause 13.1 hereof, the Company shall bear all the cost and expenses incurred under this Agreement including but not limited to those stated in Clause 14.1 hereof.

13.2 ***Continued Obligations****: If any of the obligations of the Underwriters under this Agreement shall cease under Clause 13.1 hereof, no party shall have any claim against any other party hereto for compensation, costs, damages, or otherwise, save that the Company shall pay to the Underwriters, the costs and expenses referred to in Clause 14.1 which have been incurred prior to or in connection with such rescission."*

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE GROUP AS OUTLINED IN THIS PROSPECTUS, PLACEES AND APPLICANTS FOR THE IPO SHARES SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS (WHICH MAY NOT BE EXHAUSTIVE) WHICH MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR THE IPO SHARES.

4.1 BUSINESS RISKS

(a) Dependence on Directors, key management and key technical personnel

The continuing success of the Group is to a certain extent dependent upon the combined abilities and efforts of its Directors, key management and key technical personnel, who have significant experience in the business activities of the Group. The loss of any of these person from the Group may affect the management of the Group to effectively compete against its competitors.

The Group's future success also depends on its ability to attract and retain qualified and skilled management and technical personnel. The Group recognises the importance of its staff as a central element of any successful organisation and aims to build an experienced, capable and dynamic team. As part of the Group's human resource planning, members of its staff are required to attend staff training programs consisting of Basic Skill Training, Skill Enhancement, Refresher Training and Ultra Departmental Training. Furthermore, all staff are required to undergo a minimum of 16 hours (4 sessions of 4 hours each) refresher training each year apart from other designated training hours.

All training are conducted in-house except for certain Skill Enhancement and Ultra Departmental programs that are conducted by third parties. These include annual Quality Assurance seminars and congresses that highlight new developments and progress in the field of standards, regulatory requirements and international quality assurance.

In addition, the Company had set aside a portion of the Public Issue Shares to eligible Directors and employees of the Group and proposes to implement an ESOS in order to provide an opportunity for eligible Directors and employees to participate in the continuing growth of the Company by way of equity participation as well as to inculcate loyalty amongst the employees of the Group.

(b) Competition

The Group faces competition from various competitors including local and foreign companies in the glove manufacturing industry. The main industry players in the global market include amongst others Ansell, Allegiance and Sempermed while the main industry players in the local scene include listed companies such as Top Glove Corporation Berhad, Supermax Corporation Berhad, Kossan Rubber Industries Berhad, Englotechs Berhad and Seal Polymer Industries Berhad.

The glove manufacturing industry has recently faced several challenges including price undercutting, labour shortages, tighter quality standards and increases in prices of raw materials and fuel costs. Further, the local glove manufacturers would continue to face competition from other regional countries like Thailand and Indonesia, the two largest producers of natural latex.

Despite the increasing competition and challenges faced by the glove manufacturing industry, the Directors of the Company are confident that the Group will be able to strengthen itself against other manufacturers given its established business track record and primary focus on surgical gloves in comparison to other manufacturers whose main focus are mainly in examination gloves.

In 2003, the Group's products were accepted by the SingHealth Group of Hospitals ("SingHealth Group"), thereby enabling the Group to supply to hospitals in Singapore under the SingHealth Group. In addition, it received an invitation to bid and was subsequently accepted as a supplier to Novation Corporation, Healthtrust Purchasing Group and Premier Incorporated, three of the largest Group Purchasing Organisations ("GPO") in USA that are supplying to various hospitals in the US. Effective 15 April 2004, the Group was accepted as a supplier to the Department of Veteran Affairs, USA, the administrator of all Veteran Affairs Hospitals in the USA. The Group is also the supplier of medical gloves to the Defence Department of USA since 2001.

Furthermore, the Group through its marketing efforts, have built its brand recognition for its surgical gloves under the brand names Maxitex, Nugard and Sensiflex.

The Group also places greater importance on the needs of its customers and has over the years, maintained close relationship with its valued customers. Thus, by exceeding its customers' expectations through its continuous R&D and policy to create new products every year, the Group is able to enhance its competitiveness.

However, there can be no assurance that the Group will continue to compete so successfully with its existing competitors or new competitors in the future. In addition, there can be no assurance that the competitors will not develop products that are superior to the Group's products or that will achieve greater market acceptance. Given the competitive environment for the glove manufacturing industry, only manufacturers providing value added products and services with economics of scale would remain competitive.

(c) Licensing

The activities of the Adventa Group are governed by various licenses which are held by its subsidiaries. The Group's surgical and examination glove businesses are governed by the Manufacturing License that was issued by MITI to two of its subsidiaries, namely TNSB and PPM. TNSB had obtained its Manufacturing License from MITI since 1989 while PPM had obtained its Manufacturing License from MITI since 1991.

In addition to the conditions imposed by MITI for the issuance of its Manufacturing License to TNSB, the Malaysian Industrial Development Authority ("MIDA") had also imposed certain conditions as follows:

- The shares of the company are to be held solely by Malaysian citizens and the approval of MITI is required for any disposal of the company's shares;
- The company is required to train Malaysian citizens in order that expertise and technological transfer is channeled to all levels of management; and
- The company is required to export all its examination gloves and at least 80% of its surgical gloves.

No conditions were imposed by MIDA for PPM, save for the conditions on the Manufacturing License issued by MITI.

The licenses impose conditions which may result in revocation should these subsidiary companies fail to meet the conditions. In the event that these licenses are revoked, this would result in an adverse impact on the operations of the Group.

Notwithstanding the above, the Group has always endeavoured to ensure that all conditions of the licenses imposed by MITI and MIDA are adhered to. The Group has not experienced any problems over the past 10 years in relation to its licenses and do not foresee any potential problems in relation to them.

(d) Availability of resources

The main components of raw materials and resources used by the Group are latex, fuel, specialty chemicals and labour, which are subject to risks inherent within the industry such as volatility in supply and prices of these raw materials and resources.

(i) Latex

The Group has not experienced any shortage in supply of latex, given its established relationship with existing suppliers and coupled with its adequate bulk storage facility. In addition, the Company has long term relationships with most of its existing suppliers for latex, specialty chemicals and fuel oil. The Group has short term supply contracts with its latex suppliers in order to hedge itself, to a certain extent, against fluctuating latex prices.

(ii) Fuel

Fuel is one of the major components in the production of latex gloves. In view of the volatility of fuel prices and in order to ensure adequate heat and electricity for use in the production process, the Company has ventured into the generation of energy and electricity supply using biomass technology via its wholly-owned subsidiary, Nusaco. Commissioning is expected to complete by mid 2004. The use of energy and electricity supplied by the biomass plant to TNSB is expected to contribute to cost savings of approximately RM1.0 million per annum for the Adventa Group.

(iii) Labour

The glove industry requires manual labour in areas such as stripping, quality control and packaging. However, the Company does not foresee any difficulty in the procurement of labour as labour supply is not a major problem in the state of Kelantan. As well, the Group is not overly reliant on foreign workers as a source of labour. Based on the Group's existing 807 employees as at 30 April 2004, only 20% are foreign workers.

In addition, the Company is constantly reviewing its processes to reduce its dependency on manual labour by automating many of its processes such as automatic stripping and more efficient conveyor systems.

Notwithstanding the above, there is no assurance that the operations of the Group will not be affected by any increases in costs, as well as inadequate and/or delays in the supply of raw materials and other resources.

(e) Insurance coverage

The Group's operations are very much dependent on its assets, including its production factory, plant and equipment. As large sums of investment have been put into these assets, the Group has ensured that they are adequately covered by insurance. This is done via the Group's insurance brokers who will advise and manage the insurance coverage on the Group's assets on a yearly basis.

The Group has insurance coverage for consequential loss of profits, fire, burglary, general risks, goods in transit, public liability and its manufacturing equipment. Further details on the insurance coverage of the Group can be found in Section 16.8 of this Prospectus.

(f) Patents and trademarks

As a part of the Group's strategy to increase its market share, the Group has always placed emphasis on its own brand of products in order to create an identity and hence demand for its surgical and examination gloves. In meeting this objective, the Group aims to reduce its manufacturing of original equipment manufacturer ("OEM") products, whilst increasing manufacturing of its own brand of products.

The Group's products are known under the brand names of Maxitex, Sensiflex, Nugard, Depro and Sur-G-Glov. Maxitex, Sensiflex and Nugard have been registered as trademarks while the trademark for Depro and Sur-G-Glov are currently pending. Additionally, the Group has patents that have been filed and are pending for its orthopaedic surgical double glove set for orthopaedic and trauma surgery ("Orthopedic Glove").

The patents and trademarks have ensured that the Group's products are protected to a certain extent from duplication. This has given the Group a competitive edge and as a result, the Group is able to command a certain premium for its products. While every endeavor has been taken to ensure protection of the Group's patents and trademarks, there can be no assurance however that this would continue to ensure the future viability and profitability of the Group.

Further details on the Group's patents and trademarks are set out in Section 6.10 of this Prospectus.

(g) Breakout of fire and energy crisis

The breakout of fire or an energy crisis could adversely impact the operations of the Group due to business distruption. In the unlikely event of a fire or energy crisis, the Group may not be able to adequately meet its sales demand. As a result, profitability would be adversely impacted. In order to mitigate this risk, the Group has taken adequate care by engaging the services of AON Insurance Brokers Malaysia Sdn Bhd to manage its insurance coverage and the risks are assessed and underwritten by AVIVA Insurance Berhad. Further, workers are trained to follow proper procedures while working in order to minimise the incidence of accidents.

However, there can be no assurance that despite the insurance coverage, the Group may be able to recoup losses from the business disruption or that the Group would be able to recover from the adverse impact of the fire or energy crisis in a relatively short period of time.

(h) Foreign currency risk

For the period ended 31 January 2004, 98% of the Group's gloves are exported and approximately 16% of raw materials are imported, which results in the Group's exposure to foreign currency fluctuations. A mitigating factor is the fact that the Group's sales are denominated in USD, thereby eliminating volatility to a certain extent due to currency movements.

While the impositions of currency controls in 1998 and the pegging of the RM to the USD at an exchange rate of RM3.80 to USD1.00 has, to a certain extent, reduced the risks related to foreign currency fluctuations, there is no assurance that the currency controls will remain or that the adjustments to the pegging of the RM to USD will not adversely affect the Adventa Group. In view of this, the management of Adventa is constantly monitoring the RM exposure and hedging foreign exchange risks, where possible.

(i) Compliance with international standards and/or requirements

As previously mentioned, 98% of the Group's gloves are exported, thereby subjecting the Group to regulations or standards of the respective administrative authorities of the importing countries. The Group's products are mainly exported to US, South America, Europe and Middle-East. In countries such as US, Australia, Turkey, Czech Republic and the European Union, the Group is required to comply with the respective countries regulations/standards as follows:

Countries/region	Standards/regulations
USA	US Food and Drugs Administration (FDA)
European Union	• ISO 13488/EN485 for medical devices • CE Mark
Australia	Therapeutic Goods Administration (TGA)
Turkey	Turkish Standards Institute (TSI)*
Czech Republic	Electrotechnical Testing Institute (EZU)*

Note:

* *Equivalent of ISO standards*

In the event that these standards or regulations imposed by the importing countries are not met, the Group's revenue and business operations may be adversely impacted. In order to mitigate this risk, the Group ensures that its Quality Assurance personnel are sent for annual Quality Assurance seminars and congresses that highlight new developments and progress in the field of standards, regulatory requirements and international quality assurance.

(j) New products and services

The markets for the Company's products are characterised by evolving industry standards and changes in customer requirements. The Company's future depends substantially on its ability to address the increasingly sophisticated needs of its customers. While the examination glove industry is relatively mature with minimal risk of rapid technological changes, the same cannot be said for the surgical glove industry.

As such, the Company has constantly emphasised on enhancing the quality of its surgical gloves through R&D in order that they meet changing customer needs and demands. Todate, the Group has managed to design and develop several new types of gloves that are aimed at specific end-users such as those involved in orthopaedic and trauma surgery, micro-surgery and neuro-surgery.

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(k) Long term supply contracts

The top 10 suppliers for the Group for the financial year ended 31 January 2004, were as follows:

No	Supplier	Products/ services	% of purchases	Length of relationship
1	Felda Rubber Industries Sdn Bhd	Latex	23.1	13 years
2	K.L. Trading & Agency House Sdn Bhd	Latex	15.9	6 years
3	Petronas Dagangan Bhd	Fuel Oil	10.1	12 years
4	Medipack Medical Trading Co., Ltd	Packaging	4.8	2 years
5	Salfic-Alcan (M) Sdn Bhd	Latex	3.2	5 years
6	Sterilgamma (M) Sdn Bhd	Sterilization	2.4	7 years
7	R1 International Malaysia Sdn Bhd	Latex	2.3	1 year
8	United Packaging Industries Sdn Bhd	Packaging	2.2	3 years
9	Trendy Prints Sdn Bhd	Packaging	1.3	13 years
10	Sin Huat Press (Melaka) Sdn Bhd	Packaging	1.1	6 years

The Group does not have any long term contracts with its suppliers. However, this risk is mitigated to a certain extent by the long term relationship that the Group enjoys with most of its suppliers, which has ensured that the Group would not have any major problem in obtaining supplies. To ensure that the Group is not overly dependent on any single supplier, the Group sources the raw materials on average, from more than three (3) suppliers. In addition, the lack of long term contracts is mitigated to a certain extent by short term contracts which the Group enters into with its suppliers, specifically for latex and fuel oil, which forms more than 60% of total purchases by the Group.

(l) Long term sales contracts

For the financial year ended 31 January 2004, the top 10 customers for the Group were as follows:

No	Customer	% of sales	Length of relationship
1	Medik Medical	11.1	4 years
2	J. Ruette Com. Import Export	9.3	1 year
3	B. Braun Medical Industries	5.2	3 years
4	Emerson & Co. SRL	3.7	13 years
5	Nitritex Asia Ptd Ltd	3.5	3 years
6	Sensible Healthcare Products Inc.	3.5	6 years
7	Wurth UK Ltd	3.3	13 years
8	Guillermo Harding Y Compania	2.0	9 years
9	Van Oosteen Medical B.V	1.7	2 years
10	Abook SP Z.O.O.	1.7	3 years

Although the Group does not have any long term contracts with its customers, this risk is mitigated to a certain extent by the Group's long term relationships with most of its customers which ranges from around four (4) years to more than 10 years. The Directors are of the opinion that the non-availability of long term contracts would not have any material adverse effect on the financial performance and operations of the Group in view of the Group's established track record. In addition, the Group has, for more than 10 years, built up its branding power for its surgical gloves. The Group's key achievement and milestones as shown in Section 6.18 of this Prospectus and the Group's brands which are distributed in numerous countries in the world as shown in Section 6.14 of this Prospectus are testimonies of the Group's product acceptance.

Further, the Group adopts various strategies including the following to maintain its long term relationship with its customers and securing potential customers:

(i) focusing on customers' requirements through its continuous R&D to ensure high quality standards for its products and creating new products as particularly described in Section 6.11 of this Prospectus;

(ii) intensify marketing efforts by expanding its present market and penetrating into new markets. In 2003, the Group's products were accepted by the SingHealth Group, thereby enabling access to supply to more than 60% of hospitals in Singapore under the SingHealth Group of Hospitals. In the same year, the Group was successful in its bid to supply to Novation Corporation, Healthtrust Purchasing Group and Premier Incorporated, three of the largest Group Purchasing Organisations (GPO) in USA. The Group is also the supplier of medical gloves to the Defence Department of USA since 2001 and since April 2004, was accepted as a supplier to the Department of Veteran Affairs, USA, the administrator of Veteran Affairs Hospitals; and

(iii) to venture further into medical related products. In line with the Group's plans, the Group will be developing surgical tapes and electrocardiogram electrodes. This would enhance the Group's capability to diversify its product range and meeting its customers' requirements.

Although there are no assurance that the Group will be able to continue to maintain the supply relationship as there are no long term contracts maintained with its customers, the Group believes that its continuous efforts to ensure that the acceptance of and demand for its products amongst the end users namely the surgeons and medical specialists in the hospitals would mitigate this risk.

(m) Security and systems distruptions

The Group's production facilities are substantially dependent on the uptime of its glove manufacturing lines. As such, there is a risk that there might be distruptions to such systems/automation, which would affect the Group's overall operations and ability to meet demand. The Group mitigates this risk through periodic review of it processes and by ensuring that any possible distruptions are reasonably pre-empted or quickly rectified. The Group has not experienced any major service distruption for the past years, and will continue to ensure viability of services by taking necessary preventive measures.

(n) Rapid technological change

To a certain extent, the Group is subject to the risks related to rapid technological change. The Group seeks to minimise this risk by actively and continuously pursuing technological innovations. This is evident through the Group's emphasis on research and development, which is aimed at new product development, process and product improvement and new materials development.

(o) Fluctuations in commodity prices of latex

The glove manufacturing industry is sensitive to the fluctuations in the commodity price of latex. The second half of the financial year ended 31 January 2004 saw a hike in the price of latex by approximately 24%, the highest in 12 years. This had consequently resulted in an increase in the average selling prices of gloves.

The Company will continue to review its development strategies in response to the ever changing economic conditions, market demand and supply of latex.

4.2 INVESTMENT RISKS

(a) Investment and new ventures

The Group's investment in its subsidiaries is expected to result in an increase in revenue by approximately 34% in the financial year ending 31 January 2005. Thereafter, it is anticipated that revenue from subsidiaries will continue to contribute positively to the Group's results. New ventures that the Group will embark on which would contribute to increase in revenue, include the supply of energy and electricity using biomass technology as well as the manufacturing of medical devices such as surgical tapes, surgical drapes and electrocardiogram electrodes.

Whilst the Group foresees that its investment in its subsidiaries will have a positive impact financially, there can be no assurance that this can be sustained. Factors that may affect the Group in its investment and new venture include amongst others global economic outlook, competition, prospects of businesses within the Group and substitute products. The Group to a certain extent has taken steps to mitigate these risks by ensuring the viability and profitability of each investment or new venture prior to entering into such businesses. However, there can be no assurances that these will be adequate in the foreseeable future.

(b) No prior market for Adventa Shares

Prior to the IPO, there has been no market for Adventa Shares. Consequently, there can be no assurance that an active market for the shares will be developed upon their listing on the Second Board of Bursa Malaysia, or if developed, that such market will be sustained. The IPO price of RM0.30 has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market price for shares of companies involved in businesses similar to that of the Group and prevailing market conditions. However, there can be no assurance that the IPO price will correspond to the price at which Adventa Shares will trade on the Second Board of Bursa Malaysia upon or subsequent to its listing or that an active market for Adventa Shares will develop and continue upon or subsequent to its listing.

(c) Ownership and control issues by substantial shareholders

After the completion of the IPO, 55% of Adventa's equity will be directly and indirectly controlled by the Promoter and persons connected to him, as substantial shareholder. As such, these controlling shareholders of the Company will be able to exercise the voting rights attached to their shares in respect of matters requiring shareholders' approval including election of directors. Depending on how they choose to vote and the size of their shareholdings, the controlling shareholders will have a significant influence over matters that require the passing of ordinary resolutions from the Company's shareholders, unless they are required to abstain from voting by law and/or relevant authorities.

(d) Dependence on particular markets and geographical location

The Group supplies its products mainly to North and South America (38%), Europe (26%) and Middle-East (23%). The Groups does not particularly rely upon one country for export of its products as the Group's brand of products is distributed in numerous countries globally. As well, the Group is looking at new markets for the coming years which include Africa and East Asia.

(e) Delay in listing

The listing exercise of Adventa is also exposed to the risk that it may fail or be delayed should any of the following events occur:

- The Bumiputera investors approved by MITI fail to subscribe to the IPO Shares allocated to them;
- The Managing Underwriter and Underwriters of the IPO fail to honour its obligations under the Underwriting Agreement;
- The placees under the private placement fail to subscribe to the IPO Shares allocated to them; and/or
- Adventa is unable to meet the public spread requirement of at least 25% of the issued and paid-up share capital of the Company being held by a minimum of 1,000 public shareholders.

(f) Related party transactions and conflict of interests

As disclosed in Section 9 of this Prospectus, there are certain related party transactions involving the Promoter, director and substantial shareholders of Adventa Group and/or persons connected to the Promoter, director and substantial shareholders. These are recurrent transactions of a revenue or trading nature between TNSB and related parties, which are necessary for the day-to-day operations of TNSB.

In order to ensure that all business transactions between TNSB and the related parties are on arms length basis and on commercial terms that shall not be disadvantageous to the Group, the Audit Committee shall review all terms of such transactions and the Group shall make the relevant disclosures of the related party transactions in its annual report.

The Group is not aware of any conflict of interests arising as a result of directors or substantial shareholders of the Group having interests, whether direct or indirect, in any business carrying out similar trades as the Company or its subsidiaries.

4.3 OTHER RISKS

(a) Geopolitical, legal and economic conditions

The Group's business, prospects, financial conditions and level of profitability may be affected by the development of the political, legal and economic environment of the countries in which it operates. Any adverse development in the political, legal and economic conditions could materially and adversely affect the financial performance of the Group. These risks include risk of war, global economic downturn, changes in rates of interest, unfavourable changes in Government policies and introduction of new regulations, duties and tariffs.

Whilst the Group practices prudent financial management and efficient operating procedures, there is no assurance that adverse political, legal and economic conditions, which are beyond the Group's control, will not materially affect the Group.

(b) Environmental concerns

The Malaysian Government has imposed stringent standards on environmental protection. This has been met by the Group in wastewater treatment and solid waste management. The Group has a good record with the Department of Environment in their quarterly inspection of the factory. The Group has also met all atmospheric pollution standards required by the authorities.

However, in the event that the relevant environmental regulations are changed in Malaysia, there is no assurance that the ensuing steps to be taken by the Group to comply with such regulations will not have a material impact on its operating results.

(c) Government controls and/or regulations

Government controls and/or regulations are an important factor as the Group exports 98% of its products overseas. Hence, the products are subject to various government controls and/or regulations that are pertinent to the country in which the product is being exported. As an example, registrations must be made with the Ministry of Health in various countries such as Russia, US, Iran and those in the European Union, in order to supply to government hospitals and this process alone takes approximately two (2) years for all relevant approvals to be in place.

While there were no adverse material impact of government controls and/or regulations on the operations of the Group, there can be no assurance however that this will not be the case in the future.

In this regard, the Group has always ensured compliance with government controls and/or regulations of the countries in which it exports its products.

(d) Recoverability of trade debtors

For the financial year ended 31 January 2004, the Group's trade debtors amounted to RM26.8 million. Provisions for doubtful debts amounting to RM2.5 million were made for trade debtors with accounts outstanding for more than six (6) months, disputed amounts or where legal action has been taken against the trade debtor, for financial year ending 31 January 2005. As part of its procedures in mitigating the risk of late payment by trade debtors, the Group conducts its own credit checks on new customers before accepting orders on credit terms.

In respect of recoverability of doubtful debts from foreign customers, the Group will usually assess the credit terms of foreign trade debtors who are unable to meet their commitments and subsequently negotiate and/or restructure the terms of repayment. In the event the Group is unable to recover the amounts owing even after negotiations and restructuring of the debts, the Group will take legal action against such trade debtors.

However, there is no assurance that despite the steps taken in mitigating the risks of bad debts, that the Group's other present and future clients would be able to meet their commitments. However, the Group regularly evaluates and reviews the payment terms and recoverability of its trade debtors and will provide for such bad and/or doubtful debts in its financial statements, as needed.

(e) Working capital, borrowings, contingent liabilities and capital commitments

The Directors of the Company are of the opinion that, after taking into account the cashflow projections, loans and banking facilities available and gross proceeds from the Public Issue, and Placement, the Group will have adequate working capital for its current and immediate future requirements.

Save as disclosed in Section 10.6 of this Prospectus, the Group does not have any material commitments, borrowings, material ligitation and contigent liabilities that may affect the financial performance and operations of the Group.

While the Group has endeavoured to ensure that it will continue to maintain its cashflows, borrowings, material commitments and other indebtedness at manageable levels, there is no assurance however that these can be maintained in the foreseeable future.

(f) Estimates and forecasts

This Prospectus contains estimates and forecasts that are based on assumptions which are deemed by the Directors to be reasonable at this point in time. However, there can be no assurance that the estimates and forecasts contained herein will be realised. As the actual results may be materially different from these estimates and forecasts, investors are advised to read and understand the assumptions and uncertainties underlying the estimates and forecasts.

(g) Disclosures regarding forward looking statements

This Prospectus contains certain forward-looking statements based on historical data which may not be reflective of the future results of the Group, and any forward looking statements are subject to uncertainties and contingencies. All forward looking statements are based on forecasts and assumptions made by the Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and factors which may cause the actual results, performance and achievements to differ materially from the future results, performance or achievements implied by such forward looking statements. As such, in the light of these and other undertainties, the inclusion of any forward looking statements in this Prospectus should not be taken to be conclusive that the plans and objectives of the Group will be achieved. Although the Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct in the future. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performances and plans being materially different from those anticipated.

(h) Material litigation / legal uncertainties

As at 30 April 2004, save as disclosed in Section 16.6 of this Prospectus, the Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material impact on its financial position.

The Group has purchased public liability insurance which would affort the Group protection to a certain extent, from liability claims arising in respect of its products. However, the Group has never been sued for any product liability claims and further, the risks is reasonably remote as the onus to establish a cause of action is high.