

DPS RESOURCES BERHAD
(Company No. 630878-X)
(Incorporated in Malaysia under the Companies Act, 1965)

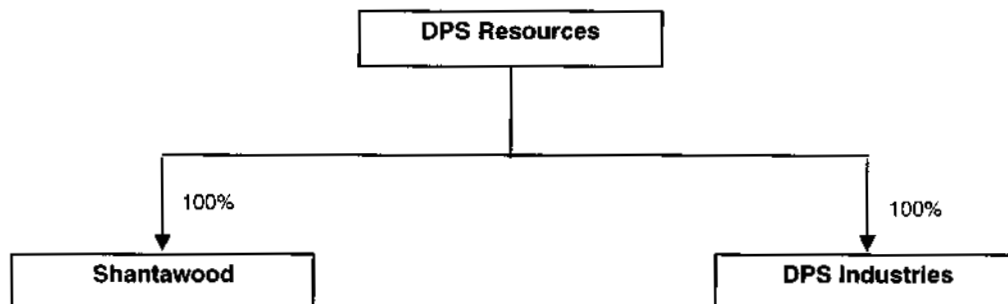
1. INFORMATION SUMMARY

THE FOLLOWING INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION RELATING TO DPS RESOURCES GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

1.1 History And Business

DPS Resources was incorporated in Malaysia under the Companies Act, 1965 on 9 October 2003 as a private limited liability company. On 3 November 2003, DPS Resources was converted to a public company. DPS Resources is an investment holding company, and the management company providing management services to its subsidiaries. Its subsidiaries are principally involved in the manufacturing of rubberwood furniture, furniture components and rooftruss, and provision of kiln drying services. DPS Resources does not have any associated company.

The corporate structure of DPS Resources Group is set out below:-



The details of the subsidiaries of DPS Resources are as follows:-

Company	Date And Place Of Incorporation	Issued And Fully Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activity
Shantawood (215539-H)	9.4.1991 Malaysia	8,662,140	100	Manufactures rubberwood furniture, furniture components and rooftruss, and provides kiln drying services
DPS Industries (35439-A)	14.10.1977 Malaysia	3,000,000	100	Manufactures rubberwood furniture and furniture components

Recognising the lucrative opportunities ahead in the wood-based industry, Datuk Dr Sow Chin Chuan, together with his spouse, Datin Chu Kim Guek, acquired the entire equity interest in DPS Industries and Shantawood in 1992 and 1995 respectively. Under the resourceful stewardship of Datuk Dr Sow, involvement of these companies in wood-based products expanded tremendously.

Further details on the history and business of DPS Resources Group are set out in section 4.

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1. INFORMATION SUMMARY (CONT'D)**1.2 Promoters, Substantial Shareholders, Directors, And Key Management And Key Technical Personnel****1.2.1 Promoters**

The Promoters of DPS Resources are Datuk Dr Sow Chin Chuan and Datin Chu Kim Guek. Their designations and shareholdings in DPS Resources upon completion of the IPO are as follows:-

Name	Designation	No. Of Shares Held			
		Direct	%	Indirect	%
Datuk Dr Sow Chin Chuan	Executive Chairman and Managing Director	* 58,966,816	49.14	¹ 4,419,097	3.68
Datin Chu Kim Guek	Executive Director	* 4,348,097	3.62	¹ 59,037,816	49.20

Note:-

* Based on the assumption of subscription of all his/her entitlement pursuant to the pink form allocation as set out in section 2.4.3.

¹ Deemed interest through his/her spouse and/or parents and/or child.

1.2.2 Substantial Shareholders

The substantial shareholders of DPS Resources and their designations and shareholdings in DPS Resources upon the completion of the IPO are as follows:-

Name	Designation	No. Of Shares Held			
		Direct	%	Indirect	%
Datuk Dr Sow Chin Chuan	Executive Chairman and Managing Director	* 58,966,816	49.14	¹ 4,419,097	3.68
Datin Chu Kim Guek	Executive Director	* 4,348,097	3.62	¹ 59,037,816	49.20
Eric Sow Yong Shing	-	* 71,000	0.06	¹ 63,314,913	52.76
Ismail Harith Merican	Non-Independent Non-Executive Director	* 12,060,000	10.05	-	-
Yayasan Melaka	-	10,000,000	8.33	-	-

Note:-

* Based on the assumption of subscription of all his/her entitlement pursuant to the pink form allocation as set out in section 2.4.3. DPS Resources has proposed to allocate 35,000 DPS Resources Shares to Eric Sow Yong Shing.

¹ Deemed interest through his/her spouse and/or parents and/or child.

1.2.3 Board Of Directors

The Directors of DPS Resources and their designations and shareholdings in DPS Resources upon the completion of the IPO are set out below.

Name	Designation	No. Of Shares Held			
		Direct	%	Indirect	%
Datuk Dr Sow Chin Chuan	Executive Chairman and Managing Director	* 58,966,816	49.14	¹ 4,419,097	3.68
Datin Chu Kim Guek	Executive Director	* 4,348,097	3.62	¹ 59,037,816	49.20
Fong Hui Fong	Executive Director	* 125,500	0.10	-	-
Ismail Harith Merican	Non-Independent Non-Executive Director	* 12,060,000	10.05	-	-
Yusof Bin Hj Jantan	Non-Independent Non-Executive Director	* 60,000	0.05	-	-
Fazrin Azwar Bin Dato' Md Nor	Independent Non-Executive Director	* 4,060,000	3.38	-	-
Datuk Haji Jaafar Bin Haji Lajis	Independent Non-Executive Director	* 60,002	0.05	-	-
Tee Lay Peng	Independent Non-Executive Director	* 60,002	0.05	-	-
Leong Pooi Wah	Independent Non-Executive Director	* 60,000	0.05	-	-

Note:-

* Based on the assumption of subscription of all his/her entitlement pursuant to the pink form allocation as set out in section 2.4.3.

¹ Deemed interest through his/her spouse and/or parents and/or child.

1. INFORMATION SUMMARY (CONT'D)**1.2.4 Key Management And Key Technical Personnel**

The designations and shareholdings of the key management and key technical personnel of DPS Resources upon the completion of the IPO are set out below.

Name	Designation	No. Of Shares Held			
		Direct	%	Indirect	%
Chok Joon Heng	Accountant	* 50,000	0.04	-	-
Low Yoke Sin	Personal Assistant	* 100,000	0.08	-	-
Choy Sook Fen	Senior Marketing Executive	* 20,000	0.02	-	-
Betty Chew	Senior Human Resource Executive	* 12,500	0.01	-	-
Poh Queek Min	Assistant Factory Manager	* 50,000	0.04	-	-
Lim Hai Noi	Accounts Manager	* 100,000	0.08	-	-
Wong Choi Lin	Head Of Purchasing Department	* 34,000	0.03	-	-
Wong Chiu Yin	Head Of Shipping Department	* 40,000	0.03	-	-
Gan Lih Ching	Head Of R&D (Technical Development) Department	* 50,000	0.04	-	-
Calvin Chai Soon Keong	Head Of R&D (Truss) Department	* 25,000	0.02	-	-
Tan Hock Siong	Head Of R&D (Sampling) Department	* 20,000	0.02	-	-

Note:-

* Based on the assumption of subscription of all his/her entitlement pursuant to the pink form allocation.

Detailed information on the Promoters, substantial shareholders, Directors, and key management and key technical personnel are set out in section 5.

1.3 Brand Names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights

Whilst DPS Resources Group's rubberwood furniture is mainly manufactured in accordance to customers' specifications, DPS Resources Group also manufactures rubberwood furniture under Shantawood's three-leaves green trademark. This trademark is registered with the Intellectual Property Corporation Of Malaysia under certificate of registration of a trademark dated 12 June 2003 with trademark no. 00011929, for class 20 in respect of wooden-based furniture/products. Further details of this trademark are set out in section 4.6.4.

For manufacture of rooftruss, Shantawood had, on 6 May 1997, entered into a fabricator licence agreement with Gang-Nail (Malaysia) Sdn Bhd, a company which is part of a global group of companies involved in provision of prefabricated rooftruss technology and system. Further details of this agreement are set out in section 4.6.4. *(DPS Resources Group's revenue and profit contributions are principally derived from manufacturing of rubberwood furniture and furniture components. For the financial year ended 31 December 2003, manufacturing of rooftruss only contributed 5.92% and 10.04% of revenue and profit after taxation respectively.)*

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1. INFORMATION SUMMARY (CONT'D)**1.4 Financial Statistics For The Five (5) Financial Years Ended 31 December 2003 And The Three (3) Months Ended 31 March 2004**

The following information is extracted from the Accountants' Report set out in section 10 and should be read in conjunction with the notes thereto.

The information was extracted and prepared based on the audited financial statements of the companies in DPS Resources Group. The information is presented for illustrative purposes only, based on the assumption that the current corporate structure of DPS Resources Group has been in place since 1 January 1999.

	Financial Year Ended 31 December					3 Months Period Ended 31.3.2004 (RM'000)
	1999	2000	2001	2002	2003	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	32,591	53,911	56,913	55,210	65,806	17,084
Profit before amortization, depreciation, interest and taxation	7,958	10,647	11,206	12,512	14,427	4,020
Amortization and depreciation	(982)	(1,724)	(1,955)	(2,195)	(2,788)	(873)
Interest expense	(1,544)	(1,679)	(2,322)	(2,278)	(2,222)	(477)
Profit before exceptional items	5,432	7,244	6,929	8,039	9,417	2,670
Exceptional items	-	-	-	-	-	-
PBT	5,432	7,244	6,929	8,039	9,417	2,670
Taxation	(856)	(433)	19	(409)	(359)	(447)
Profit from ordinary activities	4,576	6,811	6,948	7,630	9,058	2,223
Extraordinary items	-	-	-	-	-	-
Net profit	4,576	6,811	6,948	7,630	9,058	2,223
Assumed number of Shares in issue ('000)	120,000	120,000	120,000	120,000	120,000	120,000
Net EPS (Sen)	3.81	5.68	5.79	6.36	7.55	

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1. INFORMATION SUMMARY (CONT'D)**1.5 Summary Of Proforma Balance Sheet As At 31 March 2004**

The following information is extracted from the Proforma Consolidated Balance Sheets of DPS Resources set out in section 9.9 and should be read in conjunction with the notes thereto.

	DPS Resources Per Audited Financial Statements As At 31.3.2004 (RM'000)	Proforma 1 (After Declaration Of Dividends And Acquisitions) (RM'000)	Proforma 2 (After Proforma 1 And Restricted Issue) (RM'000)	Proforma 3 (After Proforma 2 And Public Issue And Offer For Sale) (RM'000)	Proforma 4 (After Proforma 3 And Utilization Of Proceeds Of Restricted Issue And Public Issue) (RM'000)
Property, plant and equipment	-	63,237	63,237	63,237	66,737
Deferred expenditure	454	454	454	454	-
Current assets	*	24,233	35,533	44,158	29,312
Current liabilities	(485)	(35,277)	(35,277)	(35,277)	(25,777)
	(31)	52,647	63,947	72,572	70,272
Financed by:-					
Share capital	*	42,950	54,250	60,000	60,000
Reserves	(31)	3,241	3,241	6,116	3,816
	(31)	46,191	57,491	66,116	63,816
Non-current liabilities	-	6,456	6,456	6,456	6,456
	(31)	52,647	63,947	72,572	70,272
NTA (RM'000)	(485)	45,737	57,037	65,662	63,816
NTA per Share (RM)	(121,250)	0.53	0.53	0.55	0.53

Note:-

* RM2.

1.6 Auditors' Qualifications

The audited financial statements of DPS Resources and its subsidiaries were not subject to any auditors' qualification for the five (5) financial years ended 31 December 2003, and the three (3) months ended 31 March 2004.

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1. INFORMATION SUMMARY (CONT'D)

1.7 Risk Factors

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited the general and specific risks set out below.

1.7.1 Risks In Respect Of The Listing Scheme

- i) Valuation involved in the Acquisitions
- ii) No prior market for DPS Resources Shares
- iii) Capital market risk
- iv) Delay in or abortion of the listing of DPS Resources on Bursa Securities

1.7.2 Risks In Respect Of Operations Of DPS Resources Group

- i) Control by substantial shareholders
- ii) Dependence on Directors and key management
- iii) Political, economic and regulatory considerations
- iv) Competition
- v) Substitutes
- vi) Major suppliers and raw materials
- vii) Dependence on labour
- viii) Dependence on major customers
- ix) Dependence on overseas markets
- x) Compliance with requirements of international accreditation bodies
- xi) Foreign exchange fluctuations
- xii) Recoverability of debts
- xiii) Financial risks
- xiv) New and proposed products
- xv) Dependence on protection of intellectual property
- xvi) Environmental concerns
- xvii) Material litigation, claim or arbitration, contingent liability and legal uncertainties
- xviii) Registered ownership of properties
- xix) Building plans and certificates of fitness
- xx) Changes in technology
- xxi) System disruption
- xxii) Insurance coverage
- xxiii) Achievability of financial forecasts
- xxiv) Forward-looking statements

Elaboration on these risk factors is set out in section 3.

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1. INFORMATION SUMMARY (CONT'D)**1.8 Principal Statistics Relating To The IPO**

The following information are extracted from sections 2 and 9.

1.8.1 Share Capital

	No. Of Shares	Share Capital (RM)
Authorised Share Capital	200,000,000	100,000,000
Issued And Fully Paid-Up Share Capital		
As at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus	108,500,000	54,250,000
New Shares to be issued pursuant to the Public Issue	11,500,000	5,750,000
	120,000,000	60,000,000
Existing Shares to be offered pursuant to the Offer For Sale	11,000,000	5,500,000

There is only one (1) class of shares in DPS Resources, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the existing DPS Resources Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

1.8.2 IPO Price

RM0.75 per Share

1.8.3 Proforma NTA As At 31 March 2004

	NTA (RM'000)	NTA Per Share (RM)
Based on enlarged issued and fully paid-up share capital of 120,000,000 Shares and after utilization of proceeds of the Restricted Issue and Public Issue	63,816	0.53

1.8.4 Consolidated Profit Forecast

	Financial Year Ending 31.12.2004
Revenue (RM'000)	69,607
PAT (RM'000)	9,647
Number of Shares upon completion of IPO ('000)	120,000
Net EPS (sen)	8.04
PE multiple based on IPO Price of RM0.75 per Share (times)	9.33

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1. INFORMATION SUMMARY (CONT'D)**1.8.5 Dividend Forecast**

	Financial Year Ending 31.12.2004
Gross dividend per Share (sen)	3.0
Net dividend per Share (sen)	3.0
Gross dividend yield based on IPO Price of RM0.75 per Share (%)	4.0
Net dividend yield based on IPO Price of RM0.75 per Share (%)	4.0
Net dividend cover (times)	2.7

1.9 Utilization Of Proceeds

As further detailed in section 2.6, the gross proceeds of RM19,924,998 accrued/accruing to DPS Resources from the Restricted Issue and Public Issue will be utilised in the following manner:-

Purpose	RM	Expected Utilization Period After Listing Of DPS Resources
Repayment of bank borrowings	9,500,000	Within six (6) months
Working capital	4,624,998	Not applicable
Capital expenditure	3,500,000	Within 12 months
Estimated listing expenses	2,300,000	Within six (6) months
	19,924,998	

The gross proceeds of the Offer For Sale of RM8,250,000 shall accrue to the Offerors. No part is receivable by DPS Resources.

1.10 Working Capital, Borrowings, Material Litigation And Arbitration, Contingent Liabilities And Material Commitments

As at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus:-

- i) the Directors of DPS Resources are of the opinion that, after taking into account the current cash flow position, the banking facilities available and the net proceeds from the Listing Scheme, DPS Resources Group will have adequate working capital for a period of 12 months from the date of issue of this Prospectus;
- ii) the total outstanding borrowings of DPS Resources Group, amounted to approximately RM15 million. Further details on these borrowings are set out in section 9.4.2;
- iii) neither DPS Resources or its subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business or financial position of DPS Resources Group, and the Directors of DPS Resources have no knowledge of any proceeding pending or threatened against DPS Resources Group or of any fact likely to give rise to any proceeding which might materially and adversely affect the business or financial position of DPS Resources Group;
- iv) the Directors of DPS Resources are not aware of any contingent liability which, upon becoming enforceable, may materially impact the profit or net asset value of DPS Resources Group; and
- v) save for capital commitment of RM3,531,600 for construction of buildings and acquisition of plant and machineries, as detailed in section 9.4.5, DPS Resources Group has no material commitments.

2. DETAILS OF THE IPO

This Prospectus is dated 26 July 2004.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the forms of application, has also been lodged with the ROC who takes no responsibility for its contents.

The approval of the SC for the Listing Scheme as set out in section 6.1, obtained via its letter dated 28 April 2004, shall not be taken to indicate that the SC recommends the IPO. Investors should rely on their own evaluation to assess the merits and risks of the IPO.

Application will be made to Bursa Securities within three (3) market days after the issue of this Prospectus for admission to the Official List and for the listing of and quotation for the entire issued and fully paid-up share capital of DPS Resources on the Second Board of Bursa Securities. These Shares will be admitted to the Official List on the Second Board of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository 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 Securities to deal in and for the quotation of the entire issued and fully paid-up share capital of DPS Resources on the Second Board of Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that DPS Resources is notified by or on behalf of Bursa Securities within the aforesaid timeframe.

Bursa Securities assumes no responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission to the Official List of the Second Board of Bursa Securities is not to be taken as an indication of the merits of DPS Resources or of its Shares.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed DPS Resources Shares as a prescribed security. In consequence thereof, the IPO Shares issued or offered through this Prospectus will be deposited directly with Bursa Depository, and any dealings in these Shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

In the case of an application by way of an Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In a case of an application by way of Electronic Share Application, only an applicant who is an individual can make an Electronic Share Application, and the applicant shall furnish his CDS Account number to the Participating Financial Institutions by keying his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by DPS Resources and the Offerors. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of DPS Resources Group since the date hereof.

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

2. DETAILS OF THE IPO (CONT'D)

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2.1 Critical Dates Of The IPO

Event	Tentative Date
Issue of Prospectus/opening date of the IPO	26 July 2004
Closing date of the IPO *	2 August 2004
Tentative date for balloting of applications	4 August 2004
Tentative listing date on Bursa Securities	12 August 2004

* The closing date of the IPO may be extended at the absolute discretion of the Directors of DPS Resources, together with the Managing Underwriter. Any extension of the closing date of the IPO would be announced to the public via notices in a daily Bahasa Malaysia newspaper and a daily English newspaper. Should there be an extension of the closing date, the balloting, allotment of IPO Shares, and listing of DPS Resources may be extended accordingly.

2.2 Purposes Of The IPO

The purposes of the IPO are as follows:-

- i) To obtain a listing of and quotation for the entire issued and fully paid-up share capital of RM60,000,000 of DPS Resources on the Second Board of Bursa Securities;
- ii) To provide an opportunity for Malaysian investors and institutions, and the eligible Directors and employees, and business associates of DPS Resources Group, to participate in the equity and continuing growth of DPS Resources Group;
- iii) To comply with the National Development Policy requirements in respect of Bumiputera equity participation in DPS Resources Group;
- iv) To raise funds for use in the operations of DPS Resources Group, details of which are elaborated in section 2.6;
- v) To enhance the corporate reputation of DPS Resources Group, and to assist DPS Resources Group in expanding its customer base; and
- vi) To enable DPS Resources Group to gain access to the capital markets for funds, for its future expansion and continued growth.

2.3 Share Capital

	No. Of Shares	Share Capital (RM)
Authorised Share Capital	200,000,000	100,000,000
Issued And Fully Paid-Up Share Capital		
As at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus	108,500,000	54,250,000
New Shares to be issued pursuant to the Public Issue	11,500,000	5,750,000
	120,000,000	60,000,000
Existing Shares to be offered pursuant to the Offer For Sale	11,000,000	5,500,000

There is only one (1) class of shares in DPS Resources, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the existing DPS Resources Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

2. DETAILS OF THE IPO (CONT'D)

Subject to any special rights attaching to any shares which may be issued by DPS Resources in the future, the holders of DPS Resources Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions, and the whole of any surplus in the event of liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of DPS Resources in person or by proxy or by attorney. On show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote. On a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one (1) vote for each Share held.

2.4 Details Of The IPO

Pursuant to the Public Issue, DPS Resources will issue 11,500,000 new Shares representing approximately 9.58% of its enlarged issued and fully paid-up share capital at an issue price of RM0.75 per Share.

In aggregate, the Offerors, will offer for sale, 11,000,000 DPS Resources Shares, representing approximately 9.17% of the enlarged issued and fully paid-up share capital of DPS Resources, at an offer price of RM0.75 per Share.

The IPO Shares shall be subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares will be allocated in the manner set out below.

2.4.1 Allocations To Bumiputera Investors Approved By MITI

14,000,000 DPS Resources Shares representing approximately 11.67% of the enlarged issued and fully paid-up share capital of DPS Resources, are reserved for Bumiputera investors approved by MITI.

2.4.2 Allocations Via Balloting To The Malaysian Persons

6,000,000 DPS Resources Shares representing 5.00% of the enlarged issued and fully paid-up share capital of DPS Resources, will be made available for application by the Malaysian Persons, to be allocated via ballot, of which at least 30% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

2.4.3 Pink Form Allocations To Eligible Directors And Employees, And Business Associates Of DPS Resources Group

2,500,000 DPS Resources Shares representing approximately 2.08% of the enlarged issued and fully paid-up share capital of DPS Resources, will be reserved for nine (9) Directors, 118 eligible employees, and 18 business associates of DPS Resources Group. The Shares to be allocated to the eligible Directors and employees of DPS Resources Group, are allocated based on criteria approved by the Directors of DPS Resources, which include position, length of service and contribution to DPS Resources Group. Non-Malaysian employees are not eligible.

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2. DETAILS OF THE IPO (CONT'D)

The details of the pink form allocations to the Directors of DPS Resources Group are as follows:-

Name	No. Of Shares
Datuk Dr Sow Chin Chuan	130,000
Datin Chu Kim Guek	125,500
Fong Hui Fong	125,500
Ismail Harith Merican	60,000
Yusof Bin Hj Jantan	60,000
Datuk Haji Jaafar Bin Haji Lajis	60,000
Fazrin Azwar Bin Dato' Md Nor	60,000
Tee Lay Peng	60,000
Leong Pool Wah	60,000
	741,000

Any of these DPS Resources Shares that are not subscribed for by the eligible Directors and employees, and business associates of DPS Resources Group, will be made available for application by the Malaysian Persons and the allocation will be made on a fair and equitable manner.

Save for the 14,000,000 DPS Resources Shares allocated to Bumiputera investors approved by MITI set out in section 2.4.1, the IPO Shares have been fully underwritten.

The allocations of the IPO Shares take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening the shareholding base of DPS Resources, to meet the public spread requirements of the SC and Bursa Securities, and to establish a liquid and adequate market for DPS Resources Shares.

2.5 Basis Of Arriving At The IPO Price

The IPO Price is RM0.75 per Share. The price was determined and agreed upon by DPS Resources, the Offerors, and AmMerchant Bank as the Adviser and Managing Underwriter, based on various factors which include the following:-

- i) the forecast net PE multiple of approximately 9.33 times, based on the forecast net EPS of 8.04 sen for the financial year ending 31 December 2004, and the enlarged issued and fully paid-up share capital of 120,000,000 Shares;
- ii) the forecast gross dividend yield of 4.0%, based on the forecast gross dividend of 3.00 sen for the financial year ending 31 December 2004, and the enlarged issued and fully paid-up share capital of 120,000,000 Shares;
- iii) the future plans and strategies, and prospects of DPS Resources Group as outlined in section 4.8;
- iv) the proforma consolidated NTA per Share of DPS Resources as at 31 March 2004 based on the enlarged issued and fully paid-up share capital of 120,000,000 Shares and after utilization of proceeds of the Public Issue, of RM0.53; and
- v) the proforma historical performance of DPS Resources Group for the five (5) financial years ended 31 December 2003, and the three (3) months ended 31 March 2004, details of which are set out in the Accountants' Report in section 10.

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2. DETAILS OF THE IPO (CONT'D)

The Directors of DPS Resources, the Offerors and AmMerchant Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, shareholders should note that the market price of DPS Resources Shares upon listing on Bursa Securities is subject to the vagaries of the market forces and other uncertainties which may affect the price of the Shares when they are traded.

Investors should form their own views on the valuation of the securities and the reasonableness of the bases used.

2.6 Proceeds Of The Listing Scheme

There is no minimum subscription to be raised from the IPO. All the IPO Shares, save for the 14,000,000 DPS Resources Shares allocated to Bumiputera investors approved by MITI, have been fully underwritten.

2.6.1 Restricted Issue And Public Issue

All proceeds of the Restricted Issue and Public Issue after deducting the related expenses, have accrued/will accrue to DPS Resources. No part is receivable by the Offerors. The gross proceeds of the aforesaid issues is RM19,924,998. The Company shall bear all expenses relating to the Restricted Issue and Public Issue, and all other expenses and fees incidental to the listing of and quotation for the entire issued and fully paid-up share capital of DPS Resources on the Second Board of Bursa Securities, estimated at RM2,300,000.

In summary, the gross proceeds of RM19,924,998 accrued/accruing to DPS Resources from the Restricted Issue and Public Issue will be utilised in the following manner:-

Purpose	RM	Expected Utilization Period After Listing Of DPS Resources
Repayment of bank borrowings	9,500,000	Within six (6) months
Working capital	4,624,998	Not applicable
Capital expenditure	3,500,000	Within 12 months
Estimated listing expenses	2,300,000	Within six (6) months
	19,924,998	

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2. DETAILS OF THE IPO (CONT'D)

2.6.1.1 Repayment Of Bank Borrowings

Lender/Type Of Borrowing	Limit (RM)	Amount Outstanding As At 15.7.2004 (RM)	Amount Proposed To Be Settled Using Proceeds From The Restricted Issue And Public Issue (RM)	Interest Rate	Terms Of Repayment	Purpose Of Borrowings
AmMerchant Bank						
Revolving credit	3,500,000	* -	* 3,400,000	6.91% p.a.	#	For working capital
Bankers' acceptance/ revolving credit	4,500,000	* 1,369,000	* 4,500,000	Average of 6.91% p.a.	#	To finance trade transactions
			7,900,000			
Bumiputra Commerce Bank Berhad						
Bankers' acceptance	4,200,000	* 3,011,000	* 1,600,000	5.05% p.a.	#	To finance trade transactions
			9,500,000			

Note:-

- * At time of receipt of the proceeds from the Restricted Issue and Public Issue, part of the outstanding amount of the aforesaid borrowings could have been repaid using internally generated funds. Any amount of internally generated funds used to repay the aforesaid balances would be replenished using the proceeds from the aforesaid issues.
- # There is no fixed terms of repayment. Repayment is required as and when required by the lender.

2.6.1.2 Working Capital

The utilization of approximately 23% of the aggregate proceeds to DPS Resources for working capital is consistent with the nature of DPS Resources Group's business and strategies. As DPS Resources Group aims to strengthen its position via continued economies of scale and enhanced market penetration, increased working capital is imperative to support the higher purchase of raw materials and the higher level of trade receivables that would likely result from increased sales.

2.6.1.3 Capital Expenditure

DPS Resources Group has allocated RM3,500,000 of the proceeds for acquisitions of plant and machineries for the manufacture of rubberwood furniture. Further details of the plant and machineries are as follows:-

	Amount (RM'000)
Computer numerical control (CNC) router machines	1,100,000
Sanding machines	280,000
Moulding machines	200,000
Auto sanding, slotting, drilling, spraying and tenoning machines	1,610,000
Other tools and equipment	310,000
	3,500,000

These capital expenditures are expected to result in increased capacity and efficiencies of the operations of DPS Resources Group.

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2. DETAILS OF THE IPO (CONT'D)**2.6.1.4 Estimated Listing Expenses**

The estimated listing expenses for the listing of and quotation for the enlarged issued and fully paid-up share capital of DPS Resources on the Second Board of Bursa Securities are as follows:-

Major Cost Items	Total Estimated Costs (RM)
Estimated professional fees	* 1,550,000
Underwriting commission	127,500
Brokerage	45,000
SC fees	60,000
Issuing house fees	60,000
Initial and annual listing fee	7,000
Registration and lodgement of Prospectus	5,500
Printing of Prospectus, Application Forms and envelopes	105,000
Advertising of Prospectus	36,500
Miscellaneous	** 303,500
	*** 2,300,000

Note:-

* The estimated professional fees include among others, fees of Adviser, Reporting Accountants, Solicitors, Valuers and Independent Market Researcher.

** Other incidental or related expenses in connection with the IPO.

*** Any unutilised amount from the above stated purposes shall be used for working capital.

2.6.1.5 Financial Impact Of Utilization Of Proceeds Of Restricted Issue And Public Issue

At the prevailing interest rates, DPS Resources Group's income statement is expected to be enhanced by RM320,000 in the financial year ending 31 December 2004. The proposed utilization of proceeds as working capital and for capital expenditure is expected to contribute positively to the profitability of DPS Resources Group. The consolidated profit forecast of DPS Resources Group for the financial year ending 31 December 2004 is set out in section 9.5. The payment of listing expenses would be debited against the share premium account of the Company.

2.6.2 Offer For Sale

The gross proceeds of the Offer For Sale of RM8,250,000 shall accrue to the Offerors. No part is receivable by DPS Resources. The Offerors shall bear the incidental costs relating to the Offer Shares.

2.7 Underwriting Commission And Brokerage

AmMerchant Bank and AmSecurities Sdn Bhd, as the Underwriters, have agreed to underwrite the 8,500,000 IPO Shares to be offered to eligible Directors and employees, and business associates of DPS Resources Group, and the Malaysian Persons via balloting. Underwriting commission of 2.0% of the IPO Price of RM0.75 per Share is payable by the Company, to the Underwriters.

Brokerage is payable by DPS Resources in respect of the Public Issue Shares and by the Offerors in respect of the Offer Shares made available for application by the Malaysian Persons at the rate of 1.0% of the IPO Price of RM0.75 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

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2. DETAILS OF THE IPO (CONT'D)

2.8 Salient Terms Of The Underwriting Agreement

The salient terms of the Underwriting Agreement dated 24 June 2004 between DPS Resources, the Managing Underwriter and the Underwriters, including escape clauses, which may allow the Underwriters to withdraw from obligations under the agreement after the opening of the offer, are as follows:-

1. Representations, Warranties And Undertakings

1.1 In consideration of the Underwriters agreeing at the request of the Company to underwrite the Underwritten Shares, the Company hereby represents, warrants and undertakes to the Underwriters as follows:-

1.1.1 the Directors have made all reasonable enquiries to ensure all facts material for disclosure in the Prospectus have been disclosed, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, no material fact has been omitted therefrom.

1.1.2 the Prospectus:-

- (a) will comply in all material respects with the Act, the SC Act and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to the SC, Bursa Securities and all other relevant authorities;
- (b) will contain all information which is material in the context of the Public Issue and Offer For Sale, and such information as contained therein will be true, complete, and accurate in all material respects;
- (c) will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the Public Issue and Offer For Sale and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;

1.1.3 the Public Issue and Offer For Sale, and compliance by the Company with the terms of this Agreement:-

- (a) do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or any of its subsidiaries or any existing law, regulation or listing requirements applicable to or affecting the Company or any of its subsidiaries or the Public Issue and Offer For Sale; and
- (b) do not and will not infringe the terms of, or constitute a default under, any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any part of the undertakings, assets, properties or revenues of the Company or any of its subsidiaries is bound or affected;

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2. DETAILS OF THE IPO (CONT'D)

- 1.1.4 save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriters prior to the date hereof:-
- (a) there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by Bursa Securities and the SC), criminal charge or investigation current or pending, or to the knowledge of the Company (after due and careful enquiry), threatened against the Company or any of its subsidiaries, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto; and
 - (b) neither the Company nor any of its subsidiaries is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, directive, legislation or regulation of any relevant authority (including Bursa Securities and the SC) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole;
- 1.1.5 no circumstances or situations have arisen and/or are existing, which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Public Issue and Offer For Sale;
- 1.1.6 each of the Company and its subsidiaries will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;
- 1.1.7 save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriters prior to the date hereof, neither the Company nor any other company in the Group has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Public Issue and Offer For Sale, might be material for disclosure;
- 1.1.8 all necessary consents, waivers, approvals, authorizations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the issue of the Issue Shares and any other matters contemplated hereby:-
- (a) have been or will be unconditionally obtained by the due date therefor; or
 - (b) if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Underwriters by the due date therefor; and
 - (c) are or will remain in full force and effect and will constitute valid, binding and enforceable obligations of the Company in accordance with their respective terms;
- 1.1.9 all information furnished or supplied or to be furnished or supplied to the Underwriters for the purpose of or in connection with the Public Issue and Offer For Sale is true, complete and accurate in all respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information untrue, incomplete, inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriters' decision to underwrite the Underwritten Shares;

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2. DETAILS OF THE IPO (CONT'D)

- 1.1.10 every statement of forecast, opinion, intention and expectation (including the profit forecast) made in the Prospectus and the documents (if any) attached thereto are truly, fairly, reasonably, and honestly held by the Directors of the Company and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions those assumptions are reasonable;
- 1.1.11 the Public Issue and Offer For Sale or as the case may be, the execution and delivery by the Company, of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate action of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent it is required) and upon due execution of this Agreement, the obligations assumed hereunder will constitute the legally valid, binding and enforceable obligations of the Company in accordance with their terms;
- 1.1.12 each of the Company and each of its subsidiaries is a company duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation, no petition presented nor any step taken for the winding-up of the Company nor has any order/resolution passed for winding-up of the Company nor a notice of resolution given, no member of the Group has convened a meeting of their respective creditors nor has any of them proposed or made any arrangement or composition with or any assignment for the benefit of their respective creditors including any schemes pursuant to section 176 of the Companies Act 1965, and no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and/or manager or judicial manager of the Company or any of its subsidiaries or of any of their respective assets or undertakings;
- 1.1.13 the Accounts have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and the Group as a whole for the financial years ended 31 December 1999 to 31 December 2003, and the three (3) months ended 31 March 2004, and as at 31 March 2004 as the case may be, and the Company and the Group have made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent, of the Company and the Group as a whole as at such dates and have complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 31 March 2004 there has been no material adverse change in the financial position of the Company or the Group taken as a whole, save as may be disclosed in the Prospectus and the documents (if any) attached thereto, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Underwriters prior to the date of this Agreement;
- 1.1.14 other than indebtedness contested in good faith by the Company or any of its subsidiaries as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or any of its subsidiaries has become or is likely to become payable by reason of default by the Company or any such subsidiary and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time, or the fulfillment of any condition, or the giving of any notice, may result in any such indebtedness becoming so payable;

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2. DETAILS OF THE IPO (CONT'D)

- 1.1.15 all taxes (whether income tax, property tax or otherwise) of the Company and the Group, in particular but not limited to, all taxes which are material in the context of the Public Issue and Offer For Sale, for which the Company and/or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the Accounts; all the returns, notices or information which are required to be made or given by the Company or the Group for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;
- 1.1.16 the records, statutory books and books of accounts of the Company and the Group are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the Companies Commission of Malaysia or the Registrar of Companies (as the case may be) or other relevant authorities have been duly and correctly delivered or made;
- 1.1.17 all the assets of the Company and the Group which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;
- 1.1.18 all the shares are free from encumbrances, charges and liens;
- 1.1.19 there will be no variation between the Prospectus in the form attached hereto and the Prospectus in the form registered by the SC without the prior written consent of the Managing Underwriter.
- 1.2 Upon any material breach of the said representations or warranties or any material failure to perform any of the said agreements or undertakings or any change rendering any of the said warranties, representations or agreements inaccurate in a material respect coming to the notice of the Underwriters prior to the Closing Date, the Underwriters or any of them, in consultation with the Managing Underwriter, shall be entitled by notice to the Company to elect to treat such breach, failure or change as releasing or discharging the Underwriters from its obligations hereunder PROVIDED THAT the Company shall remain liable for the payment of their respective costs and expenses referred to in this Agreement which are incurred prior to and in connection with such release and discharge AND PROVIDED FURTHER THAT failure to make such election as aforesaid shall be without prejudice to the rights of the Underwriters to claim for any loss or damage suffered as a result of such breach, failure or change and to treat any further or other breach, failure or change as releasing and discharging the Underwriters from their respective obligations as aforesaid.
- 1.3. The Company irrevocably and unconditionally, covenants and undertakes with the Underwriters to do the following:-
- 1.3.1 to pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution of the Public Issue Shares and the Offer Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;

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2. DETAILS OF THE IPO (CONT'D)

- 1.3.2 to apply for admission of the Company to the Official List of Bursa Securities and for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Securities within three (3) Market Days after the issuance of Prospectus and to comply with all requirements and provisions of the Companies Act 1965, the Securities Commission Act 1993, the Listing Requirements of Bursa Securities and all other applicable laws, rules and regulations and the requirements of all other relevant authorities, and to obtain Bursa Securities' approval in principle as soon as possible and if such approvals are conditional, all conditions are acceptable to the Underwriters and where applicable, compliance by the Company;
- 1.3.3 to comply with all the conditions, if any, imposed by the SC and Bursa Securities and any other relevant authority for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Securities;
- 1.3.4 to promptly and without any delay whatsoever notify the Underwriters and the Managing Underwriter of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, and of any breach of any of the representations, warranties or agreements or of any facts, information, situations or circumstances which the Company in its reasonable opinion believes may materially and adversely affect the business of the Company and/or the Group as a whole, or the success of the IPO and without prejudice to the generality of the foregoing, to take such steps as may be reasonably requested by the Managing Underwriter to remedy and/or publicise the same;
- 1.3.5 to give to the Underwriters and the Managing Underwriter any or all information which the Underwriters and/or Managing Underwriter may require in respect of the accounts or affairs of the Company or the Group or in connection with the Public Issue and Offer For Sale or the other proposals contained in the Prospectus attached thereto;
- 1.3.6 to fix the Closing Date together with the Managing Underwriter, and to consent to any request by the Managing Underwriter for extension of the Closing Date delivered to the Company after consultation with the Directors of the Company;
- 1.3.7 to do all other things and sign or execute such other documents as may reasonably be required by the Managing Underwriter;
- 1.3.8 not publish any amendment or supplement to the Prospectus which, the Managing Underwriter has not, previously been notified in writing, and, given their prior consent in writing or to which the Managing Underwriter or its legal advisers shall reasonably object PROVIDED ALWAYS that the giving of any such notice by the Company shall not affect or prejudice any of the rights of the Underwriters and/or the Managing Underwriter provided for in this Agreement; and
- 1.3.9 to the extent permitted by law, not make public any information which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms, the success of the proposed Public Issue, or the Offer For Sale.

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2. DETAILS OF THE IPO (CONT'D)

- 1.4 The commitment of the Underwriters to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Agreement and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite, the Company irrevocably and unconditionally undertakes with the Underwriters that it shall:-
- 1.4.1 hold and keep the Underwriters fully and effectively indemnified and shall save them harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, and legal fees, paid or incurred in disputing or defending any such claim or action) which the Underwriters may incur or suffer or which may be brought against the Underwriters as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to deposit the Underwritten Shares allotted to the Underwriters or its nominees pursuant to this Agreement into the Securities Accounts of the Underwriters (unless the Underwriters shall have been advised in writing of a change or breach of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to provisions in this Agreement and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations herein which entitles the Underwriters to terminate this Agreement pursuant to the provisions of this Agreement;
- 1.4.2 forthwith notify the Managing Underwriter who shall thereafter inform the other Underwriters of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters and/or Managing Underwriter provided for in this Agreement, and to take such steps to remedy as may be requested by the Managing Underwriter and/or Underwriters;
- 1.4.3 not publish any amendment or supplement to the Prospectus which the Managing Underwriter has not, previously been notified in writing, and given their prior consent in writing or to which the Managing Underwriter or their legal advisers shall reasonably object PROVIDED ALWAYS that the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters and/or the Managing Underwriter provided for in this Agreement;
- 1.4.4 to notify in writing and discuss with the Managing Underwriter any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriters and/or the Managing Underwriter provided for in this Agreement; and
- 1.4.5 to the extent permitted by law, not make public any information which will or is likely to affect the market price of the Issue Shares without prior written notice to and the prior written consent of the Underwriters unless required to do so by law.

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2. DETAILS OF THE IPO (CONT'D)

- 1.5 If any action, proceeding, claim or demand shall be brought or asserted against the Underwriters in respect of which indemnity is sought from the Company, then the Underwriters and/or the Managing Underwriter (as the case may be) shall notify the Company in writing thereof, and the Company shall to the extent required by the Underwriters and permitted by law assume the defence thereof on behalf of and/or in the name of the Underwriters, including the employment of legal advisers selected by the Managing Underwriters and/or the Underwriters (as the case may be), and the Company shall bear all fees and expenses in relation thereto or arising therefrom. The Managing Underwriter and/or the Underwriters (as the case may be) shall have the right to select separate legal advisers to assume such legal defence and otherwise to participate in the defence of such action, proceeding, claim or demand on behalf of the other Underwriters, and the Company shall bear all fees and expenses of such separate legal advisers in relation thereto and arising therefrom.
- 1.6 At any time prior to the Closing Date, the Company shall at the request of the Managing Underwriter and/or the Underwriters furnish or deliver to the Managing Underwriter and/or the Underwriters (as the case may be) all information and documents which the Underwriters may reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein.
- 1.7 The representations, warranties and undertakings set out in this Agreement shall survive the execution of this Agreement and shall be deemed to be repeated on each day up to the date of delivery of the notice of allotment in respect of the Underwritten Shares subscribed for by the Underwriters as if made on each such day with reference to the facts and circumstances existing on each such day and the rights and remedies conferred upon the Underwriters by the aforesaid representations, warranties, agreements and indemnities shall continue in full force and effect notwithstanding completion of the subscription and issue of the Issue Shares or any investigation by or on behalf of the Underwriters.

2. **Events Affecting The Public Issue And Offer For Sale**

- 2.1 Subject to prior consultation, any of the Underwriters (who have agreed herein to underwrite at least 50% of the Underwritten Shares) or any one of them acting through the Managing Underwriter shall be entitled to terminate this Agreement by notice in writing delivered to the Company prior to the Closing Date if the success of the Public Issue and Offer For Sale is, in the opinion of such Underwriter(s) (who have agreed herein to underwrite at least 50% of the Underwritten Shares) or any one of them acting through the Managing Underwriter giving the aforesaid notice, seriously or materially jeopardised by:-
- 2.1.1 the coming into force of any laws or governmental regulations or directives which seriously affects or will seriously affect the business of the Company and its subsidiaries; or
- 2.1.2 any material breach by the Company of any of its representations, warranties, obligations or undertakings under this Agreement;
- 2.1.3 any material and adverse change in the condition (financial or otherwise) of the Company from that described in the Prospectus;
- 2.1.4 any material and adverse changes in the markets of the Company's and its subsidiaries' products; and
- 2.1.5 any change in national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God as would in its reasonable opinion materially prejudice the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or in the event of national disorder, outbreak of war or the declaration of a state of national emergency.

2. DETAILS OF THE IPO (CONT'D)

- 2.2 On delivery of such a notice, the Underwriter(s) concerned and the Company shall be released and discharged from their respective obligations hereunder, and this Agreement shall become void and each Party's rights and obligations hereunder shall cease and none of the Parties (except for the liability of the Company in respect of payments of costs and expenses referred to in this Agreement incurred prior to or in connection with such termination) shall have any claim against each other. Thereafter the Underwriters and the Company shall confer with a view to deferring the Public Issue or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company or the Underwriters shall not be under any obligation to enter into such new agreement.

3. Withdrawal Or Non-Procurement Of Approval For Listing By Bursa Securities

- 3.1 The Underwriters shall have the right to terminate this Agreement by notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company in the event that the approval in principle of Bursa Securities for the admission of the Company to the Official List of Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Securities is withdrawn or not procured within six (6) weeks from the date of issue of Prospectus or such other period as may be specified by the SC, and upon such termination the liabilities hereto of the Company and the Underwriters shall become null and void and none of the Parties shall have a claim against each other save that each Party shall return any moneys paid to the other or others under this Agreement within forty-eight (48) hours of the receipt of such notice subject always to the payment of cost and expenses by the Company provided for in this Agreement.

4. Force Majeure

- 4.1 It will be an event of force majeure if in the reasonable opinion of any Underwriter that the success of the IPO is seriously and/or materially jeopardised by the Kuala Lumpur Composite Index falling below 700 points and remaining below 700 points for 3 consecutive Market Days at any time between the date of this Agreement and up to and including the Closing Date.
- 4.2 Where required and deemed necessary, including but not limited to the occurrence of a force majeure pursuant to the above clause, any Underwriter may, subject to prior consultation with the Company, at any time prior to the Closing Date:-
- (i) terminate this Agreement by giving notice to the Company in the manner as set out in this Agreement; or
 - (ii) request for the Closing Date to be extended to such reasonable date as the Managing Underwriter may decide.
- 4.3 Upon delivery of the notice of termination, this Agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other save for those expressly provided for in this Agreement.
- 4.4 In the event of a delivery of a request under clause 4.2(ii) above, the Company shall consent to such request for the extension of the Closing Date.
- 4.5 The delivery of a request under clause 4.2(ii) above shall not preclude any Underwriter from giving a further request for extension pursuant to clause 4.2(ii) or the giving of a notice to terminate pursuant to clause 4.2(i) above.

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2. DETAILS OF THE IPO (CONT'D)

5. Termination

5.1 Notwithstanding anything herein contained, the Underwriters and/or the Managing Underwriter (as the case may be) may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if in the reasonable opinion of the Managing Underwriter and/or Underwriters:-

5.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or

5.1.2 there is failure on the part of the Company to perform any of its obligations herein contained; or

5.1.3 there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue and Offer For Sale, or the distribution or sale of the Issue Shares; or

5.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or

5.1.5 there shall have occurred, or happened any of the following circumstances:-

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue and Offer For Sale, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

5.2 Upon any such notice(s) being given pursuant to clause 5.1, the Underwriters shall be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable in respect of its obligations and liabilities for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.

5.3 The obligations of the Underwriters herein shall lapse after the expiry of three (3) months from the date of this Agreement unless the Underwriter(s) has consented to an extension of time beyond such period.

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2. DETAILS OF THE IPO (CONT'D)

6. Undertakings Of The Underwriters

6.1 Each of the Underwriters severally undertakes with and represents and warrants to the Company that:-

6.1.1 it will duly observe and comply with all applicable laws and regulations in each jurisdiction in which it may offer or sell the Issue Shares;

6.1.2 its obligations under this Agreement constitute legal, valid and binding obligations of the Underwriter enforceable by the Company against the Underwriter in accordance with its terms;

6.1.3 subject to compliance by the Company with the terms hereof, it will consent to the inclusion of its name in the Prospectus in the form and context in which it appears in the Prospectus.

7. Sub-underwriting

7.1 Subject to any applicable law and regulations, the Underwriters shall be at liberty (but at its own cost and expense) to sub-underwrite its underwriting obligation under this Agreement upon such terms and conditions as it may deem fit and the Underwriters shall pay any sub-underwriting commission payable in connection with such sub-underwriting.

7.2 The Company hereby expressly consents to the disclosure of information, correspondence or documents relating to this Agreement by the Managing Underwriter or any of the Underwriters to any potential sub-underwriters as may be required from time to time by such sub-underwriters.

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3. RISK FACTORS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the following general and specific risks:-

3.1 Risks In Respect Of The Listing Scheme

3.1.1 Valuation Involved In The Acquisitions

The purchase considerations involved in the Acquisitions, albeit based on audited NTAs, are subjective in nature. The Directors of DPS Resources have considered the valuations of the acquiree companies, and are of the opinion that the valuations are reflective of realisable values of the acquiree companies. In spite of that, there is no assurance that the fair values accorded to the acquiree companies would be realized.

3.1.2 No Prior Market For DPS Resources Shares

Prior to this IPO, there is no public market for DPS Resources Shares. There can be no assurance that an active market for DPS Resources Shares will develop upon its listing on the Second Board of Bursa Securities or, if developed, that such a market will be sustained. The IPO Price has been determined after taking into consideration a number of factors relevant to DPS Resources Group, including but not limited to its financial and operating history and condition, its prospects and the prospects of the industry in which it operates, its management, and other factors which include the market prices for shares of companies engaged in business similar to that of DPS Resources Group and the prevailing economic and market conditions. There can be no assurance that the IPO Price will correspond to the price at which DPS Resources Shares will be traded on the Second Board of Bursa Securities upon or subsequent to its listing.

3.1.3 Capital Market Risk

The performance of our local bourse is very much dependent on external factors such as the performance of regional and world bourses, and the flows of foreign funds. Sentiments are also largely driven by internal factors which include political and economic conditions of the country. Being securities listed on Bursa Securities, DPS Resources Shares would also be subject to the vagaries of the capital market. However, it should be noted that the profitability of DPS Resources is not dependent on and has no direct correlation with the performance of Bursa Securities.

3.1.4 Delay In Or Abortion Of The Listing Of DPS Resources On Bursa Securities

The occurrence of inter alia, any one or more of the following events may cause a delay in or abortion of the listing of DPS Resources on Bursa Securities:-

- i) the Bumiputera investors approved by MITI fail to acquire and/or subscribe for the portion of the IPO Shares allocated to them;
- ii) the Underwriters exercising their rights pursuant to the Underwriting Agreement discharging itself from their obligations thereunder;
- iii) DPS Resources is unable to meet the public spread requirements, whereby at least 25% of the entire issued and fully paid-up share capital of DPS Resources must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each, at the point of the proposed listing of DPS Resources.

Nevertheless, the Directors of DPS Resources would endeavor to ensure compliance by DPS Resources of the various listing requirements for the successful listing of DPS Resources on Bursa Securities.

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3. RISK FACTORS (CONT'D)

3.2 Risks In Respect Of Operations Of DPS Resources Group

3.2.1 Control By Promoters And Related Persons

Upon the completion of this IPO, 52.82% of DPS Resources would be held by Datuk Dr Sow Chin Chuan, Datin Chu Kim Guek, spouse of Datuk Dr Sow, and Eric Sow Yong Shing, son of Datuk Dr Sow and Datin Chu. Together, they will effectively be able to control the outcome of certain matters requiring the vote of the shareholders of DPS Resources, unless they are required to abstain from voting by law and/or the relevant authorities.

3.2.2 Dependence On Directors And Key Management

DPS Resources Group is led by a competent team of Directors and key management with extensive experience in the wood-based industry. DPS Resources Group believes that its continuing success will depend to a significant extent, upon the abilities and continuing dedication of its Directors and key management. The loss of any key member may adversely affect the continued ability of DPS Resources Group to perform. In response, DPS Resources Group has put in place various human resource incentives and created conducive working environment, to retain existing key members and attract new skilled personnel.

3.2.3 Political, Economic And Regulatory Considerations

The Directors of DPS Resources keep themselves abreast with current political, economic and regulatory conditions, and aims to optimally adapt the business operations of DPS Resources Group in response to any change in the conditions. Adverse developments in the political, economic and regulatory conditions in Malaysia and DPS Resources Group's target markets, could materially and adversely affect the financial prospects of DPS Resources Group. Political and economic uncertainties include, but are not limited to the risks of war, renegotiation or nullification of existing contracts and methods of taxation and currency exchange controls.

The Malaysian Government has continuously encouraged the growth of the furniture industry, and has offered various investment incentives and facilities to players in the industry. There can be no assurance that any withdrawal of incentives and facilities would not materially and adversely affect the performance of local furniture manufacturers, including DPS Resources Group.

It is a policy of DPS Resources Group to comply with the relevant legislations governing its operations. All approvals, licences and permits required for its operations have been obtained and would be renewed upon expiration. There is no assurance that any change in the sovereign policies of the Malaysian Government and those of its target markets, would not materially and adversely affect the operations and profitability of DPS Resources Group.

3.2.4 Competition

Both the local and global furniture industries are competitive with numerous players. Buyers have become more demanding in terms of design, quality, safety and pricing. In efforts to maintain and subsequently increase its competitiveness, DPS Resources Group would continue with its winning formula of producing quality and innovative products in response to customers' needs and requirements.

The Directors of DPS Resources believe that DPS Resources Group with its established business track record since the assumption of control of DPS Industries and Shantawood by Datuk Dr Sow Chin Chuan in the early 1990s, and strong emphasis in provision of quality and innovative products at reasonable prices, is ready to face the challenges ahead. Absence of established customers, significance of economies of scale to ensure attractive pricing of products, and skilled manpower and high capital investments for process automation required, pose significant barriers to entry to the international rubberwood furniture market. (Source: *Infocredit D&B*). Although it is the intention of DPS Resources Group to grow and compete effectively, there is no assurance that it would be able to maintain or surpass its existing market shares in the future.

3. RISK FACTORS (CONT'D)

3.2.5 Substitutes

There are various types of furniture manufactured from a wide range of materials introduced and promoted in the market. In addition to rubberwood, furniture can also be manufactured using other types of wood, cement, ceramic, fiberglass, marbles, and other special materials (*source: Infocredit D&B*). These materials are potential substitutes of each other. Nonetheless, rubberwood furniture with its competitive attributes which include durability, natural colour and attractive wood texture, has been the mainstay of Malaysian furniture exports. However, there can be no assurance that rubberwood furniture would continue to be widely accepted by the international market. Nonetheless, the Directors of DPS Resources are of the opinion that with the production versatility of DPS Resources Group, despite its focus on rubberwood kitchen furniture, current profitability of DPS Resources Group is sustainable.

3.2.6 Major Suppliers And Raw Materials

DPS Resources Group has entered into various agreements with rubberwood suppliers which in essence, give the first rights of refusal to DPS Resources Group to purchase rubberwood at prevailing market prices. Although these suppliers do not have rubberwood concessions, they have been able to supply the quantities of rubberwood ordered by DPS Resources Group since the execution of the agreements in 2000. Whilst the relevant quantum of rubberwood supplies only form part of total requirements of DPS Resources Group, the Directors of DPS Resources are of the opinion that DPS Resources Group is not overly dependent on any single supplier, and would be thus be able to source for adequate rubberwood at competitive prices when required. The Directors of DPS Resources have confirmed that DPS Resources Group has not faced material shortages in supplies of its raw materials in the past five (5) years preceding the date of this Prospectus. Further, the Directors of DPS Resources have confirmed that rubberwood could also be sourced from neighbouring countries, or alternatively, other types of wood could also be used as raw materials.

Nevertheless, there can be no assurance that there would be no significant change in the supply and price of raw materials, and that the change would not have a material effect on the performance of DPS Resources Group. Similar to other commodities, rubberwood and other raw materials used by DPS Resources Group, are largely subject to the forces of demand and supply. Fluctuations in prices of its raw materials are therefore, grossly inevitable. In response, DPS Resources Group closely monitors the supply conditions, has in place a responsive stockholding policy, and frequently enters into forward contracts to hedge against anticipated fluctuations. However, there can be no assurance that its stock management and hedging positions it enters into, would always be beneficial, or adequate.

3.2.7 Dependence On Labour

As the operations of DPS Resources Group are still rather labour intensive, inadequate supply of labour would inevitably disrupt its operations. Similar to its counterparts, DPS Resources Group has sourced for foreign workers from countries such as Bangladesh, Indonesia, Nepal and Vietnam, for its operations. As at 15 July 2004, being the latest practicable date prior to printing of this Prospectus, approximately 81% of its employees are non-Malaysians. The Directors of DPS Resources have confirmed that they would actively liaise with recruitment agencies for renewal of work permits of the foreign workers. Nonetheless, there can be no assurance that any change in the regulations in employment of foreign labour would not adversely affect the operations of DPS Resources Group, and the local furniture industry as a whole. Nonetheless, as the Malaysian Government has continuously encouraged the growth of the local furniture industry, the authorities have been responsive in implementing various measures and policies to assist the industry. To promote a positive work environment and to increase employees' knowledge, DPS Resources Group places strong emphasis on Human Resource Development (HRD) and organises various training and development programmes throughout the year. Risk of dependence on labour is partly mitigated by the increasing usage of automated machineries in the manufacturing processes of DPS Resources Group.

3. RISK FACTORS (CONT'D)

3.2.8 Dependence On Major Customers

Whilst DPS Resources Group aims to continue with production of quality and innovative products at competitive prices, there can be no assurance that it would enjoy the continuing support of its customers, and that there would be no significant change in the demand and price of its products, and that the change would not adversely affect the profitability of DPS Resources Group. There are no long-term contractual agreements between DPS Resources Group and its customers. Nonetheless, despite absence of long-term contractual agreements, DPS Resources Group has long and established relationships with its customers. The Directors of DPS Resources strongly believe that the good relationship with customers gradually and steadily built over the years, is undeniably a distinct competitive advantage. Further, in view of its wide customer base of approximately 220 export customers spanning across 73 countries, the Directors of DPS Resources believe that DPS Resources Group is not dependent on any single customer.

3.2.9 Dependence On Overseas Markets

For the financial year ended 31 December 2003, whilst DPS Resources Group has sourced all its raw materials from local suppliers, approximately 70% of its turnover and 63% of its profit after taxation were from the export market. As such, the future growth and level of profitability of DPS Resources Group are also linked to the political and economic development of the countries, where some of its customers are located. There can be no assurance that any significant change to these markets will not have a material effect on the performance of DPS Resources Group. However, DPS Resources Group exports its products to 73 countries, thus reducing its dependence on any single country.

3.2.10 Compliance With Requirements Of International Accreditation Bodies

At present, the furniture manufactured by DPS Resources Group are not subject to requirements of any international accreditation bodies. Its furniture manufactured are regularly in compliance with customers' specification. However, there can be no assurance that the products of DPS Resources Group will not be subject to requirements of any international accreditation bodies in future.

The Directors and management of DPS Resources Group strive to ensure that quality of products of DPS Resources Group meet the expectations of its customers, via emphasis on stringent quality control procedures and continuous R&D. To signify and as a recognition of its commitment towards high quality manufacturing processes, Shantawood has obtained the ISO 9001:2000 certification issued by Certification Body, BM Trada Certification Ltd, UK, in August 2000 for its manufacturing of furniture. As international customers in non-tariff barrier markets such as the US and UK become more demanding in terms of quality, ISO certification is clearly a trade passport for these markets.

3.2.11 Foreign Exchange Fluctuations

As set out in section 3.2.9, for the financial year ended 31 December 2003, approximately 70% of its turnover was contributed by export sales. These sales are generally invoiced in USD. Hence, DPS Resources Group is inevitably exposed to foreign exchange fluctuation risks. Nonetheless, the imposition of currency controls in 1998 and the setting of the Ringgit peg at RM3.80:USD1.00 has, to a certain extent, stabilized the risks to the fluctuations of foreign exchange. DPS Resources Group has not been materially affected by foreign exchange fluctuations for the five (5) financial years ended 31 December 2003, and the three (3) months ended 31 March 2004. However there can be no assurance that the currency controls will remain, and that the potential resulting foreign exchange fluctuations if the currency controls are lifted, or the adjustment of the Ringgit peg, will not adversely impact DPS Resources Group. In view of this, DPS Resources Group constantly monitors its foreign exchange exposure and will hedge its foreign exchange risk whenever deemed appropriate.

3. RISK FACTORS (CONT'D)

3.2.12 Recoverability Of Debts

The risk of potential bad debts is considered to affect most businesses in general. However, recoverability of debts has not been a significant concern of DPS Resources Group for the past five (5) financial years ended 31 December 2003.

As at 31 December 2003, trade receivables of DPS Resources Group amounted to RM6,608,815. Aging analysis of the receivables are as set out below:-

Days	Within Credit Period				Exceeding Credit Period	Total (RM)
	0 - 30 (RM)	31 - 60 (RM)	61 - 90 (RM)	91 - 120 (RM)	121 - 180 (RM)	
Trade receivables	4,238,827	1,279,763	651,532	375,592	63,101	6,608,815

As at 31 December 2003, save for trade receivables of RM63,101 which represent approximately 1% of total trade receivables, the trade receivables' collection period of other trade receivables did not exceed the normal credit terms granted to its customers. As at 31 May 2004, the entire trade receivables outstanding as at 31 December 2003, have been recovered.

DPS Resources Group evaluates the creditworthiness of all its customers on a periodic basis to ensure credit risk is kept at a minimal level. DPS Resources Group sets and monitors the credit limits and credit terms extended to its customers on a continuous basis. Furthermore, its long and stable relationships with its customers are built on mutual understanding of the agreed terms on among others, prompt deliveries of quality products, and also prompt payment of invoices. The Directors of DPS Resources are confident that outstanding debts of DPS Resources Group are recoverable.

3.2.13 Financial Risks

It is inevitable for businesses to face limitations in their growth, and operating and financial flexibilities due to their indebtedness. Nonetheless, whilst as at 31 March 2004, on a proforma basis, DPS Resources Group had a net current liabilities of approximately RM11.0 million, DPS Resources Group has been able to continue its operations. Furthermore, on a proforma basis, upon completion of the Listing Scheme, the net current liabilities position would turnaround to a net current assets position.

The relatively low debt to equity ratio of approximately 26% based on the proforma consolidated balance sheets of DPS Resources as at 31 March 2004 (based on enlarged issued and fully paid-up share capital of 120,000,000 Shares and after utilization of proceeds of the Public Issue), also gives DPS Resources Group the capacity to borrow further if desired. DPS Resources Group monitors its exposure to interest rate risk and would hedge the risk if deemed appropriate. Further, in relation to its indebtedness and capital commitments, the Directors of DPS Resources are of the opinion that DPS Resources Group would be able to meet its commitments when they become due and payable, with internally generated funds and/or external borrowings, and the commitments would not adversely affect the financial performance of DPS Resources Group. The Directors of DPS Resources also believe that, taking into account the current cash flow position, the banking facilities available and the net proceeds from the Listing Scheme, DPS Resources Group will have adequate working capital for a period of 12 months from the date of issue of this Prospectus.

There are also various covenants in the credit facility agreements which may limit the operating and financial flexibilities of DPS Resources Group. The Directors of DPS Resources are of the view that the covenants are of a nature, which are commonly contained in credit facility agreements in Malaysia. Any act by DPS Resources Group falling within the ambit or scope of such covenants will require the consent of the relevant bank or financier. Breach of such covenants may give rise to a right to the bank or financier to terminate the relevant credit facility and/or enforce any security granted in relation to that credit facility. The Directors of DPS Resources are aware of such covenants and shall take all precautions necessary to prevent any such breach.

3. RISK FACTORS (CONT'D)

3.2.14 New And Proposed Products

As product life cycles of furniture models have become shorter due to the fast-moving furniture fashion trend, DPS Resources Group places continuous emphasis on production of new and innovative furniture to meet needs and requirements of its customers. Whilst new products would only be introduced to the market after taking into consideration, needs and expectations of consumers, there can be no assurance that the new products would be accepted by their target markets.

3.2.15 Dependence On Protection Of Intellectual Property

Despite the rather recent registration of Shantawood's three-leaves green trademark, going forward, the Directors of DPS Resources would place strong emphasis on goodwill of the trademark. As goodwill reflects quality of the products and perception of the customers, negative connotations to a trademark, would invariably adversely affect the market share of that trademark. Nonetheless, there can be no assurance that there would not be unauthorized third party copying, use or exploitation of its trademark. Furthermore, intellectual protection of Shantawood's three-leaves green trademark would expire in August 2010, upon which competitors could use the trademark, without recourse for DPS Resources Group. In addition, there are always the possibilities of challenges or disputes on use of intellectual property rights. However, the Directors of DPS Resources are of the opinion that Shantawood's usage of its three-leaves green trademark does not infringe the rights of third parties.

3.2.16 Environmental Concerns

DPS Resources Group is committed to environmentally sound business practices in its operations. It has installed a dust collector system where dusts from its manufacturing processes are converted into harmless steam before being discharged into the air. Other waste discharge from its manufacturing processes are disposed of in proper manners by nominated subcontractors approved by the Department Of Environment. There can be no assurance that introduction of more stringent standards on environmental protection by the Malaysian Government, or adoption of more environmentally-friendly processes on its own accord, would not materially and adversely affect the operations and profitability of DPS Resources Group.

3.2.17 Material Litigation, Claim Or Arbitration, Contingent Liability, And Legal Uncertainties

As at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, DPS Resources Group is not engaged in any material litigation, claim or arbitration, either as a plaintiff or defendant, and the Directors of DPS Resources do not have any knowledge of any other proceedings pending or threatened against DPS Resources Group, which might materially or adversely affect the position of DPS Resources Group. However, there can be no assurance that there would be no proceedings that would adversely affect the operations and profitability of DPS Resources Group in the future.

The Directors of DPS Resources have also declared that as at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, they are not aware of any contingent liability which, upon becoming enforceable, may materially affect the profit or net asset value of DPS Resources Group. Nonetheless, there is no assurance that all liabilities of DPS Resources Group have been accounted for.

DPS Resources Group enters into various agreements in its ordinary course of business. The Directors of DPS Resources are of the opinion that the agreements are properly prepared and executed, and are not aware of any legal uncertainty in respect of the agreements.

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3. RISK FACTORS (CONT'D)

3.2.18 Registered Ownership Of Properties

As detailed in section 8, certain pieces of properties of DPS Resources Group are yet to be registered under the name of DPS Resources or Shantawood or DPS Industries. The Directors of DPS Resources have undertaken to take the necessary actions to effect the registrations of the properties under DPS Resources Group. Whilst the Directors of DPS Resources believe that DPS Resources Group is the beneficial owner of the properties, there can be no assurance that the registrations would take effect, and that there would be no material adverse impact on the financial positions of DPS Resources Group should the properties be unable to be registered under DPS Resources Group.

3.2.19 Building Plans And Certificates Of Fitness

The Directors of DPS Resources have confirmed that save for the two (2) single storey terrace houses at P.T. No. 5718 and 5719 which are approximately 80% completed, all the buildings and structures have been issued with certificates of fitness or temporary permits. They have also confirmed that, building layout plans for the aforesaid buildings under construction, have been approved by the relevant authorities. The Directors of DPS Resources have undertaken and confirmed that they would use their best endeavor to obtain certificates of fitness for the said buildings upon completion of construction of the buildings. Further, DPS Resources had on 7 July 2004, submitted to the SC an undertaking to work diligently to obtain permanent approvals for the structures held under temporary permits from the relevant authorities by 27 April 2005.

3.2.20 Changes In Technology

Whilst production of rubberwood furniture is inevitably rather labour intensive, DPS Resources Group recognises that going forward, to ensure that its competitiveness is not eroded, DPS Resources Group would need to keep itself abreast with, and invest in, contemporary technologies. There can be no assurance that any change in technology would not have any material impact on the competitiveness of DPS Resources Group.

3.2.21 System Disruption

There is always a risk of system disruption due to among others, blackouts, natural disasters such as fire and flood, disruptions in water and electricity supply, and war.

In 2002, four (4) fire incidents occurred at the properties of DPS Resources Group. Part of the inventories, office equipment, and plant and machineries located at Lots 76 and 77, Kawasan Perindustrian Bukit Rambai, 75250 Bukit Rambai, Melaka, and No. 9558 (Plot No. 6), Kawasan Perindustrian Bukit Rambai Fasa II, 75250 Bukit Rambai, Melaka, were damaged in the fire incidents. DPS Resources Group had continued operations although operations at the affected areas were temporarily ceased for approximately two (2) weeks after each incident. In respect of the said fire incidents, in aggregate, DPS Resources Group submitted insurance claims which amounted to RM7.1 million. For prudence purposes, in the financial statements of DPS Resources Group, the value of the claims had been discounted to and recorded as RM6.5 million. Up to 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, with collection of RM5.2 million from the insurers, RM1.3 million remains as a receivable in the books of DPS Resources Group. Datuk Dr Sow Chin Chuan and Datin Chu Kim Guek, the Promoters, had on 4 June 2004, furnished undertakings to the SC that they would give full compensation to Shantawood and DPS Industries should the unsettled discounted insurance claims be rejected by the insurers.

Taking cognizance of the incidents, DPS Resources Group responded to enhance its existing fire prevention and safety measures. Most importantly, a 52,800 gallons high-pressure hydrant tank system and high-powered pumps were installed. In addition, a fire fighting and rescue team comprising 25 members specially trained by the fire department was formed. This team allows immediate and prompt response to any fire and emergency rescue need. Other fire prevention and safety measures include prohibition of smoking in the factory areas, installation of high-pressure fire hydrants at higher risk designated areas, and regular inspection and certification of fire extinguishers by the fire department.

3. RISK FACTORS (CONT'D)

Save for what is beyond DPS Resources Group's control, the Directors of DPS Resources believe that DPS Resources has taken the necessary precautions, and confirm that they would ensure that DPS Resource Group continuously undertakes scheduled maintenance, updates and checks. Nonetheless, there is no assurance that any occurrence of emergency or disaster, would not adversely affect the operations of DPS Resources Group.

3.2.22 Insurance Coverage

DPS Resources Group is aware of the adverse consequences which could arise from inadequate insurance coverage. In response, DPS Resources Group reviews and ensures adequate coverage for its assets on a continuous basis. As at 15 July 2004, DPS Resources Group has a total insurance coverage of approximately RM43.6 million for its fixed assets and inventories. Nonetheless, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or the consequential loss which may arise.

3.2.23 Achievability Of Financial Forecasts

This Prospectus contains financial forecasts of DPS Resources Group that are based on assumptions, which the Directors of DPS Resources deem to be reasonable, but are nonetheless, subject to uncertainties and contingencies. Because of the inherent uncertainties of forecasts and because events and circumstances frequently do not occur as predicted, there can be no assurance that the forecasts contained herein will be realized. Actual results may be materially different from those shown. Investors should read carefully and would be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecasts that are contained herein.

3.2.24 Forward-Looking Statements

Certain statements in this Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions of the Directors of DPS Resources Group, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty that the plans and objectives of DPS Resources Group will be achieved.

Save as disclosed in the preceding paragraphs, to the best knowledge of the Directors of DPS Resources, DPS Resources Group is not vulnerable to any other major specific risk factor or event.

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